# Heritage Brands Ltd and Controlled Entities

**ACN 081 149 635**

## Financial Statements

**For the Year Ended 31 July 2021**

## Heritage Brands Ltd and Controlled Entities

**ACN 081 149 635**

# Contents

## For the Year Ended 31 July 2021

# Chairman's Report

Dear Shareholder,

Heritage Brands Limited ('Heritage' or the 'Company') is pleased to advise that the Company has delivered a material improvement for the financial year ended 31 July 2021 with EBITDA of $2.1m (FY20: $1.7m) and net profit after tax of $106k (FY20: $2.4m loss).

Heritage continues to be impacted by the Covid lockdowns in key cities and key retailers which has caused a significant downturn in sales in both our beauty and self-tanning brands. However, our investment in pure essential oils and skin care has seen solid growth year-on-year and has been a significant contributor to the improved profitability of the Company.

Despite these challenges, the improved results in 2021 have set the platform for continued improvement through:

- a further restructure of the Company's overhead base which is now more aligned with current and forecast trading conditions;
- negotiating more equitable trading terms and improvement in distribution points with key retailers;
- more targeted and profitable promotional activity, rather than market share at any cost;
- investment in and growth of online ecommerce channels and export initiatives with a focus on our pure essential oil brands and skin care. In particular, In Essence and Le Tan are experiencing strong growth in key Asian markets;
- improving margin within the colour cosmetics portfolio; and
- ensuring that our existing portfolio and all new product development is ethical, sustainable and reduces the impact on our environment and their communities.

In light of the enduring economic impact of the Covid pandemic, especially in New South Wales and Victoria, we will continue to review all aspects of the business. Whilst the start to the first half of the 2022 financial year has shown improved results, we maintain a cautious outlook due to the continued uncertainty surrounding the economic health of retail markets both here and abroad.

Maxim Krok
Chairman
30th September 2021

# Directors' Report

## 31 July 2021

The directors' submit the financial report of the Heritage Brands Ltd ('the Company') and its controlled entities ('the Group') for the financial year ended 31 July 2021.

### 1. General information

#### Information on directors

The names, qualifications, experience and special responsibilities of each person who has been a director during the year and to the date of this report are:

| | |
|---|---|
| **KROK, Maxim** | Non-Executive Chairman |
| Qualifications | BProc LLB |
| Experience | Entrepreneur and Investor with over 37 years' experience across a wide range of business sectors, including pharmaceuticals, cosmetics, FMCG and medical devices, both as an Executive and Non-Executive Director. |
| Special responsibilities | Chairman of the Board of Directors |
| Other current directorships in listed entities | None |
| Other directorships in listed entities held in the previous three years | None |
| **KAPLAN, Elliott** | Director |
| Qualifications | B Acc, CA |
| Experience | Extensive board level experience in both private and public listed companies. His experience, from both an investor and investee perspective, spans a diverse range of industries including manufacturing, environmental, distribution and services. Mr Kaplan is the former CEO and MD of CVC Private Equity Limited and has served as a non-executive Director and Chairman of a number of unlisted companies and ASX listed companies. |
| Special responsibilities | Chairman of the Remuneration Committee |
| Other current directorships in listed entities | None |
| Other directorships in listed entities held in the previous three years | Chairman and non-executive Director of Pro-Pac Packaging Limited |
| **MASON, Stephen** | Non-Executive Director |
| Qualifications | LLB, BComm, DipCM, FCPA, FGIA, FCSA, JP |
| Experience | Former CEO of Creative Brands Pty Ltd and Finance Director of ASX-listed Lemarne Corporation Limited for over 10 years and Company Secretary for 20 years. Currently CEO of the Australian Patients Association. |
| Special responsibilities | Member of the Audit, Risk and Corporate Governance Committee |
| Other current directorships in listed entities | None |
| Other directorships in listed entities held in the previous three years | None |

# Directors' Report (continued)

## 31 July 2021

### 1. General information

**Information on directors (continued)**

| | |
|---|---|
| **MCCARTNEY, William** | Non-Executive Director |
| Experience | Over 53 years' experience in the cosmetic fragrance, toiletry, food and flavour industries in Australia, South East Asia and China.<br>Former MD and CEO of Bronson and Jacobs Group, Sunspirit Aromatherapy, Australian Plantations, Essential Oils of Tasmania, Bridestowe Estate, Kenkay Pharmaceuticals (for over 35 years) and former Non-Executive Director Leap Legal Software. Currently Group Director Business Development Bontoux SA. |
| Special responsibilities | Member of the Remuneration Committee |
| Other current directorships in listed entities | None |
| Other directorships in listed entities held in the previous three years | None |
| **SMITH, Brent** | Director |
| Qualifications | B Bus, F.Fin |
| Experience | Senior corporate finance executive with over 20 years' experience in principal investment and corporate advisory. |
| Special responsibilities | Chairman of the Audit, Risk and Corporate Governance Committee |
| Other current directorships in listed entities | None |
| Other directorships in listed entities held in the previous three years | None |
| **GENDIS, Constantinos** | Managing Director and Chief Executive Officer |
| Qualifications | B. App Sc, Grad Dip Marketing |
| Experience | Over 27 years' experience in the FMCG Industry both locally and abroad. |
| Special responsibilities | Managing Director |
| Other current directorships in listed entities | None |
| Other directorships in listed entities held in the previous three years | None |

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

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

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

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

# Directors' Report (continued)

## 31 July 2021

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

#### Operating results

For the year ending 31 July 2021, the consolidated net profit after tax of the Group was $106,323 which represents a $2,532,263 improvement compared to the previous financial year. The material improvement was largely the result of restructuring the Group's overhead structure to better reflect current and projected trading conditions and included certain austerity measures to counter the effects of COVID-19 which have impacted the Group's trading results since March 2020. Key restructuring initiatives included:

- More targeted media and consumer spending:
- A greater focus on driving online sales channels to counter the drop in more traditional foot traffic in bricks and mortar channels in key Australian cities;
- Margin improvement initiatives including a complete overhaul of the Company's vaporiser specifications which resulted in a better quality and cheaper unit. The Company also continued its focus on the disposal of slow and obsolete stock;
- Right sizing the colour cosmetics portfolio to help stabilise the business to better reflect the current sales reality.

Additionally, the Company was able to agree with key loan holders to roll over the Shareholders Loan until August 2022.

#### Review of operations

Net revenue decreased marginally compared to last year which was primarily due to the continuing impacts of COVID-19 which resulted in lower foot traffic in bricks and mortar sales channels plus lower sales in key categories including beauty and self-tanning. Pleasingly however the Company was able to quickly adapt to the new sales reality and implement a number of strategic initiatives (as indicated above) to significantly improve the quality of the Group's earnings. As a result of these actions, the Group is in a solid position and is well placed to capitalise on the growth opportunities available in the market.

### 3. Financial review

A summary of the performance and position of the Group is shown below:

| | | 2021 | 2020 | % |
|---|---|---|---|---|
| **Earnings** | | | | |
| **Net Revenue** | $'000 | 48,240 | 49,965 | -3% |
| **EBITDA before abnormal item and stand rentals** | $'000 | 2,111 | 1,715 | 23% |
| **Net profit before tax from Continuing Operations** | $'000 | 154 | (1,404) | nm |
| **Profit after tax from Continuing Operations** | $'000 | 106 | (950) | nm |
| **Loss from Discontinued Operations After Tax** | $'000 | - | (1,476) | nm |
| **Profit (loss) for the year** | $'000 | 106 | (2,426) | nm |

# Directors' Report (continued)

## 31 July 2021

### 3. Financial review (continued)

| | | 2021 | 2020 |
|---|---|---|---|
| **Financial Position** | | | |
| **Total Assets** | $'000 | 41,192 | 41,232 |
| **Total Liabilities** | $'000 | 18,992 | 19,137 |
| **Shareholders' Funds** | $'000 | 22,200 | 22,094 |

| | | | |
|---|---|---|---|
| **Key Ratios** | | | |
| **Earnings Per Share in Cents** | Cents | 0.01 | (0.05) |
| **Net Tangible Assets per Share in Cents** | Cents | 0.16 | 0.16 |

### 4. Other items

#### Significant changes in state of affairs

There have been no significant changes in the state of affairs of entities in the Group during the year.

#### Dividends paid or recommended

No dividends have been paid or proposed for the year ended 31 July 2021 (2020: None).

#### Events after the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the situation of the Group in future financial years, apart from further restructuring and cost reductions.

#### 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, Innoxa, Le Tan, Helios, In Essence, Oil Garden, Cottage Oil, Luma, Skin Republic, Cedel and 2XP.

#### Environmental issues

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

#### Impact of COVID-19 Pandemic

The COVID -19 pandemic has had a significant effect on the Colour Cosmetics and Self-tanning portfolios which saw declines of up to 20%. This decline was offset by a growth in Skincare and Pure Essential Oil sales both in traditional retail as well as online.

#### Company secretary

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

Christopher William McGibbon (CA (SA)) has been the Company secretary since 9 February 2009.

# Directors' Report (continued)

## 31 July 2021

### Meetings of directors

During the financial year, 21 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

| | Directors' Meetings | | Audit, Risk and Corporate Governance Committee | | Remuneration Committee | |
|---|---|---|---|---|---|---|
| | Number eligible to attend | Number attended | Number eligible to attend | Number attended | Number eligible to attend | Number attended |
| KROK, Maxim | 15 | 15 | | | | |
| McCARTNEY, William | 15 | 12 | | | 4 | 4 |
| MASON, Stephen | 15 | 15 | 2 | 2 | | |
| KAPLAN, Elliott | 15 | 14 | | | 4 | 4 |
| SMITH, Brent | 15 | 15 | 2 | 2 | | |
| GENDIS, Constantinos | 15 | 15 | | | | |

### 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, during or since the end of the financial year, for any person who is or has been an auditor of Heritage Brands Ltd and Controlled Entities.

### Options

10,000,000 share options previously issued to the Managing Director, Mr Constantinos Gendis at the AGM held in November 2015 lapsed on 26 December 2020. No shares were issued during the year prior to the lapse of the options.

# Directors' Report (continued)

## 31 July 2021

### Options (continued)

No options were granted as remuneration to key management personnel and other executives during the year.

During the year ended 31 July 2021, no ordinary shares of Heritage Brands Ltd and Controlled Entities were issued on the exercise of options granted.

No further shares have been issued since year end on the exercise of options granted.

Option holders do not have any rights to participate in any issues of shares or other interests in the Company or any other entity.

### Non-audit services

The Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: *Code of Ethics for Professional Accountants (including Independence Standards)* set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to the external auditors for non-audit services provided during the year ended 31 July 2021:

| | **2021** | **2020** |
|---|---|---|
| | **$** | **$** |
| Taxation compliance services to Rothsay Chartered Accountants | **11,870** | 10,192 |

### Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the Corporations Act 2001 for the year ended 31 July 2021 has been received and can be found on page 16 of the financial report.

# Directors' Report (continued)

## 31 July 2021

### Remuneration report (audited)

#### Remuneration policy

The remuneration policy of the Group has been designed to align key management personnel (‘KMP’) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The Board of Heritage Brands Ltd believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for key management personnel of the Group is as follows:

- The remuneration policy has been developed by the Remuneration Committee and approved by the Board following professional advice from independent external consultants;
- All key management personnel receive a base salary (which is based on factors such as qualifications and experience), superannuation, fringe benefits, and performance incentives;
- Performance incentives are based on predetermined key performance indicators;
- Incentives paid in the form of options or rights are intended to align the interests of the KMP and the Group with those of the shareholders. In this regard, key management personnel are prohibited from limiting risk attached to those instruments by use of derivatives or other means; and
- The Remuneration Committee reviews key management personnel packages annually by reference to the Group’s performance, executive performance and comparable information from industry sectors.

The performance of key management personnel is measured against criteria agreed bi-annually with each executive and is based predominantly on the forecast growth of the Group’s profits and shareholders’ value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the Committee’s recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Key management personnel receive a superannuation guarantee contribution required by the law, which is currently 10%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

Upon retirement, key management personnel are paid employee benefit entitlements accrued to the date of retirement. Any options not exercised before or on the date of termination will lapse.

All remuneration paid to key management personnel is valued at the cost to the Group and expensed.

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Remuneration Committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting, the current maximum is $250,000 which was approved at the 2016 AGM.

**Remuneration report (audited) (continued)**

**Relationship between remuneration policy and company performance**

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. Performance-based bonuses are based on key performance indicators and aim to encourage the alignment of personal and shareholder interests.

**Performance conditions linked to remuneration**

The key performance indicators (‘KPI’s) are set annually, with a certain level of consultation with key management personnel to ensure support. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greatest potential for the Group expansion and profit, covering financial and non-financial metrics as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Group and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the Remuneration Committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Group's goals and shareholder wealth, before the KPIs are set for the following year.

The satisfaction of the financial performance conditions are based on a review of the audited financial statements of the Group, as such figures reduce any risk of contention relating to payment eligibility. The Board does not believe that performance conditions should include a comparison with factors external to the Group at this time.

**Service Agreements**

The remuneration and other terms of employment for the Managing Director and senior executives are set out in formal service agreements as summarised below.

All service agreements are for an unlimited duration. The agreements for executives (other than the Managing Director, Chief Executive Officer and Chief Finance Officer which require six months’ notice) may be terminated by giving six weeks’ notice (except in cases of termination for cause where termination is immediate).

In cases of resignation, no separation payment is made to the executive, except for amounts due and payable up to the date of ceasing employment, including accrued leave entitlements.

**Remuneration details for the year ended 31 July 2021**

The following table of benefits and payment details, in respect to the financial year, the components of remuneration for each member of the key management personnel of the Group.

# Directors' Report (continued)

## 31 July 2021

### Remuneration report (audited) (continued)

**Remuneration details for the year ended 31 July 2021**

**Table of benefits and payments**

| 2021 | Short Term | | | Post-Employment | Long Term | |
|---|---|---|---|---|---|---|
| | Cash salary fees $ | Annual leave accrued $ | $ | Superannuation $ | Long service leave accrued $ | $ |
| **Directors** | | | | | | |
| KROK, Maxim | **47,000** | **-** | **47,000** | **-** | **-** | **47,000** |
| KAPLAN, Elliott | **40,669** | **-** | **40,669** | **-** | **-** | **40,669** |
| MASON, Stephen | **40,670** | **-** | **40,670** | **-** | **-** | **40,670** |
| MCCARTNEY, William | **40,669** | **-** | **40,669** | **-** | **-** | **40,669** |
| SMITH, Brent | **40,669** | **-** | **40,669** | **-** | **-** | **40,669** |
| GENDIS, Constantinos | **425,008** | **9,787** | **434,795** | **25,205** | **7,084** | **467,084** |
| **Key Management Personnel** | | | | | | |
| MCGIBBON, Christopher | **291,573** | **3,625** | **295,198** | **27,823** | **4,393** | **327,414** |
| | **926,258** | **13,412** | **939,670** | **53,028** | **11,477** | **1,004,175** |

| 2020 | Short Term | | | Post-Employment | Long Term | |
|---|---|---|---|---|---|---|
| | Cash salary fees $ | Annual leave accrued $ | $ | Superannuation $ | Long service leave accrued $ | $ |
| **Directors** | | | | | | |
| KROK, Maxim | 45,458 | - | 45,458 | - | - | 45,458 |
| KAPLAN, Elliott | 27,112 | - | 27,112 | - | - | 27,112 |
| MASON, Stephen | 42,113 | - | 42,113 | - | - | 42,113 |
| MCCARTNEY, William | 39,663 | - | 39,663 | - | - | 39,663 |
| SMITH, Brent | 27,112 | - | 27,112 | - | - | 27,112 |
| GENDIS, Constantinos | 452,239 | (28,415) | 423,824 | 35,118 | 8,872 | 467,814 |
| FAIRFULL, David | 16,717 | - | 16,717 | - | - | 16,717 |
| **Key Management Personnel** | | | | | | |
| MCGIBBON, Christopher | 291,573 | 9,969 | 301,542 | 27,699 | 4,422 | 333,663 |
| | 941,987 | (18,446) | 923,541 | 62,817 | 13,294 | 999,652 |

# Directors' Report (continued)

## 31 July 2021

### Remuneration report (audited)

#### Securities received that are not performance related

No members of key management personnel are entitled to receive securities which are not performance-based as part of their remuneration package.

#### Cash performance-related bonuses

No director or key management personnel received cash bonuses during the year due to the performance or service criteria not being met. No amounts vest in future financial years in respect of the bonus schemes for the current financial year.

#### Key management personnel shareholdings

The number of ordinary shares in Heritage Brands Ltd and Controlled Entities held by each key management person of the Group during the financial year is as follows:

| **31 July 2021** | **Balance at beginning of year** | **Other changes during the year** | **Balance at end of year** |
|---|---|---|---|
| **Directors** | | | |
| KROK, Maxim | **383,148,971** | **-** | **383,148,971** |
| KAPLAN, Elliott | **7,000,000** | **-** | **7,000,000** |
| MASON, Stephen | **163,895,060** | **-** | **163,895,060** |
| MCCARTNEY, William | **452,470,639** | **-** | **452,470,639** |
| SMITH, Brent | **-** | **-** | **-** |
| GENDIS, Constantinos | **9,616,666** | **(4,400,000)** | **5,216,666** |
| **Key Management Personnel** | | | |
| MCGIBBON, Christopher | **8,003,333** | **-** | **8,003,333** |
| | **1,024,134,669** | **(4,400,000)** | **1,019,734,669** |

| **31 July 2020** | **Balance at beginning of year** | **Other changes during the year** | **Balance at end of year** |
|---|---|---|---|
| **Directors** | | | |
| KROK, Maxim | 383,148,971 | - | 383,148,971 |
| KAPLAN, Elliott | - | 7,000,000 | 7,000,000 |
| MASON, Stephen | 163,895,060 | - | 163,895,060 |
| MCCARTNEY, William | 452,470,639 | - | 452,470,639 |
| SMITH, Brent | **-** | - | - |
| GENDIS, Constantinos | 13,333,333 | (3,716,667) | 9,616,666 |
| FAIRFULL, David | 3,172,254 | (3,172,254) | - |
| **Key Management Personnel** | | | |
| MCGIBBON, Christopher | 8,003,333 | - | 8,003,333 |
| | 1,024,023,590 | 111,079 | 1,024,134,669 |

# Directors' Report (continued)

## 31 July 2021

### Remuneration report (audited) (continued)

#### Key Management Personnel related party transactions

For details of other transactions with key management personnel, refer to Note 27 Related Parties.

#### End of Audited Remuneration Report

This director's report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.

Director: ...........................................................................
KROK, Maxim

Dated 30th September 2021

# Corporate Governance Statement
## 31 July 2021

The Board of Heritage Brands Ltd is committed to maintaining the highest standards of corporate governance. Corporate governance is about having a set of values that underpin the Group's everyday activities and values that ensure fair dealing, transparency of actions and to protect the interest of stakeholders.

The Group has been guided by the principles of corporate governance promoted by the National Stock Exchange ('NSX'). This statement outlines the main corporate governance practices followed by the Group, which takes into account the operational requirements of the Group. The Group's corporate governance framework includes a Board Charter and various policies, which are reviewed each year.

### Role of the Board and Management

The Board's primary role is the overall operation and stewardship of the Group for the protection and enhancement of long-term shareholder value.

To fulfil this role, the Board is responsible for setting the overall strategic direction, financial objectives and operational goals of the Group and monitoring management's implementation of these. The Board is also responsible for overseeing succession planning for directors and senior management, determining remuneration for senior management and for directors (within shareholder approved limits), identifying and managing risk, monitoring the integrity of internal control and management information systems and approving and monitoring financial and other reporting.

The Board has delegated responsibility for the day-to-day operations and administration of the Group to the senior management team and these responsibilities are delineated by formal delegated authority. These responsibilities are reviewed against appropriate performance indices and updated at regular intervals including annual salary reviews and setting of the Group's key milestones.

### Board Size and Composition

The Board determines its size and composition, subject to the limits imposed by the Group's Constitution, which requires a minimum of three and a maximum of ten directors. From time to time the Board may review the appropriate number of directors and may resolve to appoint additional directors who possess skills that will add value to the Board. New appointments are to be ratified by the members at the next Annual General Meeting.

### Role of the Chairman

The Chairman, who is elected by the Board, presides over Board meetings and General meetings of the Group. The Chairman's responsibilities include providing effective leadership and ensuring effective performance of the Board and any committees and representing the views of the board to all relevant stakeholders. The Chairman is a non-executive director.

### Board Meetings

Board Meetings are held in accordance with a calendar agreed to by Board members. The Chairman or any Director may convene additional meetings if required. The Chairman establishes meeting agendas to ensure adequate coverage of financial, strategic and major risk areas throughout the year.

### Access to Information and Advice

All Directors have unrestricted access to the Group’s records and information. The Board collectively, and each Director individually, has the right to seek independent professional advice at the Group's expense to help them carry out their responsibilities. The Chairman's prior approval is required, and it may not be unreasonably withheld and, in its absence, Board approval must be sought before committing to independent professional advice.

# Corporate Governance Statement (continued)

## 31 July 2021

### Access to Information and Advice

Functions that are commonly delegated to committees are performed by specific members of the Board and the CEO. In addition, there are specific committees as follows:

- Audit, Risk and Corporate Governance Committee, and
- Remuneration Committee.

Each of the above has a Chairman and meets when necessary.

### Risk Management

### Approach to Risk Management

Taking and managing risk are central to everyday business and to building shareholder value. The Group's approach is to identify, assess and control the risks which affect its business. The intention is to enable risks to be balanced against appropriate rewards. The risk management approach links the Group's vision and values, objectives and strategies, and procedures and training.

### Risk Management Roles and Responsibilities

The Board is responsible for approving and reviewing the Group's risk management strategy and policy. The Chief Executive Officer ('CEO') and Chief Financial Officer ('CFO') are responsible for implementing the Board's approved risk management strategy and developing policies, controls, processes and procedures to identify and manage risks in all of the Group's activities.

### Financial Reporting

The Board receives regular reports about the financial condition and operational results of the Group. The CFO periodically provides formal statements to the Board and is responsible for ensuring that:

- The Group's financial statements present a true and fair view of the Group’s financial condition and operational results; and
- the risk management and internal compliance and control systems are sound, appropriate and operating efficiently and effectively.

### Internal Audit

There is no internal audit department. The assessment of the control system is undertaken by the CEO, the CFO and the Audit, Risk and Corporate Governance Committee. The Board also assists where required in the review of the Internal Control System.

### Conflict of Interest

Any Director who has a conflict of interest must notify each other Director of this conflict prior to, or at the latest, at the first Board meeting subsequent to becoming aware of the conflict. Any services provided by Directors or transactions involving entities related to Directors or transactions involving entities related to Directors must be on arm's length terms and approved by the Board.

# Corporate Governance Statement (continued)

## 31 July 2021

### Code of Conduct

The Group has developed a Code of Conduct which deals with, amongst other areas, conflict of interest, personal gains and gifts, confidentiality, compliance with the law and policies and the work environment.

All Directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Group.

### Trading in Company Securities

The Board has adopted a Securities Dealing Policy, which applies to all Directors and employees. The policy specifies the periods during which the purchase and sale of the securities may not occur and sets out a notification procedure concerning transactions.

### Communication with Shareholders

The Board has adopted a Continuous Disclosure Policy and has implemented a procedure to ensure the prompt release to the NSX of price sensitive information. Shareholder newsletters are sent to shareholders at times deemed appropriate by the Board.

All Board members and the external auditor attend the Annual General Meeting and are available to answer questions. Notice of the AGM, and related papers, is sent to all Shareholders at least 28 days before the meeting. Resolutions are proposed on each substantially separate issue, including in relation to the Annual Accounts and the Director's Remuneration Report.

### Diversity Policy

The Group is committed to social inclusion and has a policy of employing the best individual for the position, irrespective of race, gender or creed.

ROTHSAY
CHARTERED ACCOUNTANTS

## AUDITOR'S INDEPENDENCE DECLARATION
## UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*

To the directors of Heritage Brands Ltd

As lead auditor for the audit of Heritage Brands Ltd and Controlled Entities for the year ended 31 July 2021, 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 audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

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

**Rothsay Chartered Accountants**

**Daniel Dalla**

Partner

Sydney, 30 September 2021

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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 Year Ended 31 July 2021

| | Note | 2021 | 2020 |
|---|---|---|---|
| | | $ | $ |
| Revenue | 4 | **48,262,625** | 49,987,458 |
| Other income | 4 | **50,001** | 50,030 |
| Cost of goods sold | | **(28,088,622)** | (29,875,810) |
| Advertising and promotion | | **(3,558,140)** | (3,537,999) |
| Depreciation and amortisation expenses | | **(988,338)** | (1,627,621) |
| Employee benefits expense | | **(8,931,570)** | (9,257,331) |
| Finance expenses | | **(755,711)** | (929,145) |
| Occupancy expenses | | **(410,000)** | (421,902) |
| Other Expenses | | **(5,426,434)** | (5,791,904) |
| **Profit (loss) before income tax** | | **153,811** | (1,404,224) |
| Income tax expense | 5 | **(47,488)** | 453,949 |
| **Profit (loss) for the year from continuing operations** | | **106,323** | (950,275) |
| **Loss from discontinued operations after Income Tax** | 28 | **-** | (1,475,665) |
| **Profit (loss) for the year** | | **106,323** | (2,425,940) |
| **Other comprehensive income for the year** | | **-** | - |
| **Total comprehensive income (loss) for the year** | | **106,323** | (2,425,940) |

**Earnings per share**

| | Note | 2021 | 2020 |
|---|---|---|---|
| From continuing operations: | | | |
| Basic earnings per share (cents) | 17 | **0.01** | (0.05) |
| Diluted earnings per share (cents) | 17 | **0.01** | (0.05) |
| From discontinued operations: | | | |
| Basic earnings per share (cents) | 17 | **-** | (0.08) |
| Diluted earnings per share (cents) | 17 | **-** | (0.08) |
| From continuing and discontinued operations: | | | |
| Basic earnings per share (cents) | 17 | **0.01** | (0.13) |
| Diluted earnings per share (cents) | 17 | **0.01** | (0.13) |

The accompanying notes form part of these financial statements.

# Statement of Financial Position
## As At 31 July 2021

| | Note | 2021 $ | 2020 $ |
|---|---|---|---|
| **ASSETS** | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 7 | **348,106** | 715,141 |
| Trade and other receivables | 8 | **6,598,813** | 6,478,936 |
| Inventories | 9 | **11,091,554** | 10,196,802 |
| TOTAL CURRENT ASSETS | | **18,038,473** | 17,390,879 |
| NON-CURRENT ASSETS | | | |
| Plant and equipment | 10 | **690,210** | 722,766 |
| Right of use assets | 10 | **122,575** | 729,480 |
| Deferred tax assets | 19 | **3,088,104** | 3,135,592 |
| Intangible assets | 11 | **19,253,136** | 19,253,136 |
| TOTAL NON-CURRENT ASSETS | | **23,154,025** | 23,840,974 |
| TOTAL ASSETS | | **41,192,498** | 41,231,853 |
| **LIABILITIES** | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 13 | **5,934,547** | 5,248,273 |
| Borrowings | 14 | **8,447,531** | 8,881,283 |
| Lease liabilities | 12 | **386,634** | 720,243 |
| Employee entitlements | 15 | **1,090,733** | 886,693 |
| TOTAL CURRENT LIABILITIES | | **15,859,445** | 15,736,492 |
| NON-CURRENT LIABILITIES | | | |
| Borrowings | 14 | **3,000,000** | 3,000,000 |
| Lease liabilities | 12 | **-** | 248,724 |
| Employee entitlements | 15 | **132,355** | 152,262 |
| TOTAL NON-CURRENT LIABILITIES | | **3,132,355** | 3,400,986 |
| TOTAL LIABILITIES | | **18,991,800** | 19,137,478 |
| NET ASSETS | | **22,200,698** | 22,094,375 |
| **EQUITY** | | | |
| Issued capital | 16 | **25,915,489** | 25,915,489 |
| Retained earnings | | **(3,714,791)** | (3,821,114) |
| TOTAL EQUITY | | **22,200,698** | 22,094,375 |

# Statement of Changes in Equity

## For the Year Ended 31 July 2021

**2021**

| | Issued Capital $ | Retained Earnings $ | Total $ |
|---|---|---|---|
| **Balance at 1 August 2020** | **25,915,489** | **(3,821,114)** | **22,094,375** |
| Profit for the year | **-** | **106,323** | **106,323** |
| Transactions with owners in their capacity as owners | **-** | **-** | **-** |
| **Balance at 31 July 2021** | **25,915,489** | **(3,714,791)** | **22,200,698** |

**2020**

| | Issued Capital $ | Retained Earnings $ | Total $ |
|---|---|---|---|
| **Balance at 1 August 2019** | 25,915,489 | (1,395,174) | 24,520,315 |
| Loss for the year | - | (2,425,940) | (2,425,940) |
| Transactions with owners in their capacity as owners | - | - | - |
| **Balance at 31 July 2020** | 25,915,489 | (3,821,114) | 22,094,375 |

The accompanying notes form part of these financial statements.

## Heritage Brands Ltd and Controlled Entities

**ACN 081 149 635**

# Statement of Cash Flows

## For the Year Ended 31 July 2021

| | Note | 2021<br>$ | 2020<br>$ |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | | |
| Receipts from customers | | **48,688,234** | 53,072,743 |
| Payments to suppliers and employees | | **(47,004,737)** | (49,522,839) |
| Interest received | | **207** | 790 |
| Interest paid | | **(755,711)** | (929,145) |
| Income tax refund | | **-** | 603,153 |
| Net cash provided by/(used in) operating activities | 25 | **927,993** | 3,224,702 |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | | |
| Purchase of plant and equipment | | **(348,943)** | (485,149) |
| Repayment of loan from associate | | **70,000** | - |
| Net cash provided by/(used in) investing activities | | **(278,943)** | (485,149) |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | | |
| Repayment of borrowings | | **(433,752)** | (1,275,285) |
| Repayment of lease liabilities | | **(582,333)** | (998,111) |
| Net cash provided by/(used in) financing activities | | **(1,016,085)** | (2,273,396) |
| Net increase/(decrease) in cash and cash equivalents held | | **(367,035)** | 466,157 |
| Cash and cash equivalents at beginning of year | | **715,141** | 248,984 |
| Cash and cash equivalents at end of financial year | 7 | **348,106** | 715,141 |

The accompanying notes form part of these financial statements.

# Notes to the Financial Statements

## For the Year Ended 31 July 2021

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 separate financial statements and notes of the parent entity, Heritage Brands Ltd, have not been presented within this financial report as permitted by amendments made to the *Corporations Act 2001*. The parent entity financial information is disclosed in Note 29.

The financial report was authorised for issue by the Directors on 30 September 2021.

Comparatives are consistent with prior years, unless otherwise stated.

### 1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Corporations Act 2001.*

These financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The significant accounting policies used in the preparation and presentation of these financial statements are provided below and are consistent with prior reporting periods unless otherwise stated.

The financial statements are based on historical costs, except for the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

### 2 Summary of Significant Accounting Policies

#### (a) Basis for consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a July financial year end.

A list of controlled entities is contained in Note 23 to the financial statements.

## 2 Summary of Significant Accounting Policies (continued)

### (a) Basis for consolidation (continued)

*Subsidiaries*

Subsidiaries are all entities over which the parent has control. Control is established when the parent is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

*Associates*

Interests in associates, where the investor has significant influence over the investee, are accounted for using the equity method in accordance with AASB 128 *Investments in Associates and Joint Ventures*. Under this method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

### (b) Business combinations

Business combinations are accounted for by applying the acquisition method which requires an acquiring entity to be identified in all cases. The acquisition date under this method is the date that the acquiring entity obtains control over the acquired entity.

The fair value of identifiable assets and liabilities acquired are recognised in the consolidated financial statements at the acquisition date.

Goodwill or a gain on bargain purchase may arise on the acquisition date, this is calculated by comparing the consideration transferred and the amount of non-controlling interest in the acquiree with the fair value of the net identifiable assets acquired. Where consideration is greater than the net assets acquired, the excess is recorded as goodwill. Where the net assets acquired are greater than the consideration, the measurement basis of the net assets are reassessed and then a gain from bargain purchase recognised in profit or loss.

All acquisition-related costs are recognised as expenses in the periods in which the costs are incurred except for costs to issue debt or equity securities.

Any contingent consideration which forms part of the combination is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity then it is not remeasured and the settlement is accounted for within equity. Otherwise subsequent changes in the value of the contingent consideration liability are measured through profit or loss.

### (c) Foreign currency transactions and balances

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

## 2 Summary of Significant Accounting Policies (continued)

### (c) Foreign currency transactions and balances (continued)

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income.

### (d) Revenue and other income

**Revenue from Contracts with Customers**

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer;

2. Identify the performance obligations;

3. Determine the transaction price;

4. Allocate the transaction price to the performance obligations; and

5. Recognise revenue as and when control of the performance obligations is transferred.

**Sale of Goods**

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods and the performance obligation has been satisfied.

**Other Income**

Other income is recognised on an accruals basis when the Group is entitled to it.

### (e) Leases

At the lease commencement, the Group recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Group believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Group's incremental borrowing rate is used.

**2 Summary of Significant Accounting Policies (continued)**

**(e) Leases (continued)**

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based or a change in the Group's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

**(f) Deferral of Expenditure**

Where goods or services have been paid for but not yet delivered, the Group recognises this expenditure as a prepayment until such time as the service has been delivered in full.

**(g) Income Tax**

The tax expense recognised in profit or loss comprises current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss);
- Taxable temporary differences arising on the initial recognition of goodwill; or
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

# Notes to the Financial Statements

## For the Year Ended 31 July 2021

**2 Summary of Significant Accounting Policies (continued)**

**(g) Income Tax (continued)**

**Tax Consolidated Group**

The Company and its wholly-owned Australian controlled entities have formed a tax-consolidated group under the tax consolidation legislation and as a consequence these entities are taxed as a single entity. Each entity in the Group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity.

The Group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 1 August 2010.

The tax consolidated group has entered into a tax funding agreement whereby each entity within the group contributes to the income tax payable by the Group in proportion to their contribution to the Group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding agreement are recognised as either a contribution by, or distribution to the head entity.

**(h) Goods and services tax (GST)**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (‘GST’), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (‘ATO’).

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

**(i) Cash and cash equivalents**

Cash and cash equivalents comprise of cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

**(j) Financial instruments**

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

**2 Summary of Significant Accounting Policies (continued)**

**(j) Financial instruments (continued)**

**Financial assets**

*Classification*

On initial recognition, the Group classifies its financial assets at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

*Amortised cost*

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less allowance for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

*Impairment of financial assets*

Impairment of financial assets is recognised on an expected credit loss (‘ECL’) basis.

When determining whether the credit risk of a financial assets has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

# Notes to the Financial Statements

## For the Year Ended 31 July 2021

### 2 Summary of Significant Accounting Policies (continued)

#### (j) Financial instruments (continued)

The Group uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Group in full, without recourse to the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows expected to be received.

*Other financial assets measured at amortised cost*

Impairment of financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced a significant increase in credit risk then the lifetime losses are estimated and recognised.

**Financial liabilities**

The Group measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Group comprise trade and other payables, bank and other loans and lease liabilities.

#### (k) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the weighted average costs basis and is net of any rebates and discounts received.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimate costs of completion and the costs necessary to make the sale. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence allowance if necessary.

**2 Summary of Significant Accounting Policies (continued)**

**(l) Plant and equipment**

Plant and equipment are measured using the cost model.

**Depreciation**

Plant and equipment is depreciated on a straight-line basis over the assets useful life to the Group, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

The depreciation rates used for each class of depreciable asset are shown below:

| Fixed asset class | Depreciation rate |
| --- | --- |
| Plant and Equipment | 7.5 - 40% |
| Leasehold improvements | 7.5 - 40% |

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

When an asset is disposed, the gain or loss is calculated by comparing proceeds received with its carrying amount and is taken to profit or loss.

**(m) Intangibles**

**Goodwill**

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

i) the consideration transferred;

ii) any non-controlling interest; and

iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired in a business combination.

Goodwill is not amortised but is tested for impairment annually and is allocated to the Group's cash generating units or groups of cash generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying values of goodwill.

## 2 Summary of Significant Accounting Policies (continued)

### (m) Intangibles (continued)

**Trademarks**

Trademarks are recognised at cost of acquisition. Trademarks have an indefinite life and are carried at cost less any accumulated amortisation and any impairment losses.

### (n) Impairment of non-financial assets

At the end of each reporting period the Group determines whether there is any evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit ('CGU') is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

### (o) Borrowings

Borrowings are recorded at fair value. Borrowings are classified as current liabilities unless the Group has the unconditional right to defer settlement of the liability for at least 12 months from the balance sheet date. Finance costs are expensed when incurred.

### (p) Employee entitlements

A liability is recognised for the Group's liability for employee entitlements arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

**Defined contribution schemes**

Obligations for contributions to defined contribution superannuation plans are recognised as an employee benefit expense in profit or loss in the periods in which services are provided by employees.

# Notes to the Financial Statements

## For the Year Ended 31 July 2021

### 2 Summary of Significant Accounting Policies (continued)

#### (q) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

#### (r) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share adjusts the basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

#### (s) Adoption of new and revised accounting standards

The Group has adopted all standards which became effective for the first time at 31 July 2021, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Group.

#### (t) New accounting standards for application in future periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The directors have decided against early adoption of these Standards, but does not expect the adoption of these standards to have any impact on the reported position or performance of the Group.

### 3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

**Key estimates - impairment of goodwill**

In accordance with AASB 136 Impairment of Assets, the Group is required to estimate the recoverable amount of goodwill at each reporting period.

Impairment testing is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate and using a terminal value to incorporate expectations of growth thereafter.

## 3 Critical Accounting Estimates and Judgments (continued)

### Key estimates - impairment of goodwill (continued)

In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectation of:

- growth in EBITDA, calculated as adjusted operating profit before income tax, depreciation and amortisation;
- timing and quantum of future capital expenditure;
- long-term growth rates; and
- the selection of discount rates to reflect the risks involved.

The Group prepares and approves next year's budget for its operations, which are used in the value in use calculations.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Group's impairment evaluation and hence results.

The Group's review includes the key assumptions related to sensitivity in the cash flow projections. Further details are provided in Note 11.

### Key estimates - receivables

Receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment allowance is included for any receivable where the entire balance is not considered collectible. The impairment allowance is based on the best information at the reporting date.

### Key estimates - inventory

The allowance for obsolete stock assessment requires a degree of estimation and judgement. The level of the allowance is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence. The Directors believe that an allowance for obsolete stock of $1,967,304 (2020: $3,202,700) is reasonable and that all other inventories are carried at their realisable values as at the end of the financial year.

# Notes to the Financial Statements

## For the Year Ended 31 July 2021

### 4 Revenue and Other Income

| | 2021 | 2020 |
|---|---|---|
| | $ | $ |
| Revenue from contracts with customers | | |
| - Gross sales from contracts with customers (recognised at a point in time) | **61,222,090** | 63,884,624 |
| - Trading terms | **(12,982,240)** | (13,919,734) |
| **Net Sales** | **48,239,850** | 49,964,870 |
| Revenue from other sources | | |
| - Bank interest | **207** | 790 |
| - Royalties | **22,568** | 21,798 |
| **Total Revenue** | **48,262,625** | 49,987,458 |

| | | |
|---|---|---|
| Other Income | | |
| - Sundry income | **50,001** | 50,030 |
| | **50,001** | 50,030 |

### 5 Income Tax Expense

| | | |
|---|---|---|
| (a) The major components of tax expense (income) comprise: | | |
| Current tax - continuing operations | **(41,229)** | (354,109) |
| Current tax - discontinued operations | **-** | (559,735) |
| Deferred tax expense | | |
| Deferred tax | **88,717** | (99,840) |
| | **47,488** | (1,013,684) |

# Notes to the Financial Statements

## For the Year Ended 31 July 2021

### 5 Income Tax Expense (continued)

(b) Reconciliation of income tax to accounting profit:

| | 2021 | 2020 |
|---|---|---|
| | $ | $ |
| Profit | **153,811** | (3,439,626) |
| Tax | **30.0%** | 27.50% |
| | **46,143** | (945,897) |
| Add: | | |
| Tax effect of: | | |
| - other non-allowable (other non-assessable) items | **1,345** | (165) |
| - adjustment for current tax of prior periods | **-** | (67,622) |
| Income tax expense | **47,488** | (1,013,684) |

### 6 Operating Segments

**Segment information**

**Identification of reportable segments**

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

Operating segments are determined on the basis of financial information reported to the Board of Directors which is at the Group level. Accordingly, the consolidated entity is treated as one operating segment.

Therefore, management identified the Group as having only one reportable segment. The financial results from this reportable segment are equivalent to the financial statements of the Group as a whole. There have been no changes in the operating segments during the year.

# Notes to the Financial Statements

## For the Year Ended 31 July 2021

### 6 Operating Segments (continued)

**Basis of accounting for purposes of reporting by operating segments**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision maker has been identified as the Board of Directors which makes strategic decisions.

**Geographical information**

Revenue attributable to external customers are mainly generated in Australia. All non-current assets are located in Australia.

**Major customers**

Revenues of approximately $40.0m (2020: $ 38.0 million) are derived from 10 customers. These revenues represent 65% (2020: 59%) of total external gross revenue.

### 7 Cash and Cash Equivalents

| | 2021 | 2020 |
|---|---|---|
| | $ | $ |
| Cash at bank and in hand | **348,106** | 715,141 |
| | **348,106** | 715,141 |

### 8 Trade and Other Receivables

| | 2021 | 2020 |
|---|---|---|
| CURRENT | | |
| Trade receivables | **6,005,983** | 6,381,732 |
| Allowance for impairment | **(2,772)** | (50,079) |
| Allowance for rebates, incentives and discounts | **(1,024,446)** | (1,145,986) |
| | **4,978,765** | 5,185,667 |
| Prepayments | **1,550,048** | 1,153,269 |
| Loan to Heritage Luma Pty Limited | **70,000** | 140,000 |
| | **6,598,813** | 6,478,936 |

# Notes to the Financial Statements

## For the Year Ended 31 July 2021

### 8 Trade and Other Receivables (continued)

#### (a) Credit Risk

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Credit risk arises from cash and cash equivalents and outstanding receivables.

The credit risk for liquid funds and other short-term financial assets is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The class of assets described as 'trade and other receivables' is considered to be the main source of credit risk related to the Group.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The following table details the Group's trade and other receivables exposure to credit risk with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Group and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there is objective evidence indicating that the debt may not be fully repaid to the Group.

| **31 July 2021** | **Current** | **< 30 Days Outstanding** | **< 90 Days Outstanding** | **> 90 Days Outstanding** | **Total** |
|---|---|---|---|---|---|
| Trade receivables | **4,000,181** | **1,700,817** | **231,674** | **73,311** | **6,005,983** |

| **31 July 2020** | **Current** | **< 30 Days Outstanding** | **< 90 Days Outstanding** | **> 90 Days Outstanding** | **Total** |
|---|---|---|---|---|---|
| Trade Receivables | 4,234,560 | 1,616,284 | 322,786 | 208,102 | 6,381,732 |

# Notes to the Financial Statements

## For the Year Ended 31 July 2021

### 8 Trade and Other Receivables (continued)

#### (b) Collateral held as security

A registered general security agreement over trade receivables has been provided for certain debt. Refer to Note 14 for further details.

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables in the financial statements.

### 9 Inventories

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| CURRENT | | |
| At net realisable value: | | |
| Finished goods | **12,635,808** | 12,574,752 |
| Provision for slow moving and obsolete stock | **(1,967,304)** | (3,202,700) |
| Inventory in transit | **423,050** | 824,750 |
| | **11,091,554** | 10,196,802 |

Write downs (write back) of inventories to net realisable value during the year were ($871,159) (2020: $2,035,400).

### 10 Plant and equipment and right of use assets

| | | |
|---|---|---|
| **Plant and equipment** | | |
| At cost | **4,894,386** | 5,276,817 |
| Accumulated depreciation | **(4,204,176)** | (4,554,172) |
| | **690,210** | 722,645 |
| **Leasehold improvements** | | |
| At cost | **78,282** | 78,282 |
| Accumulated amortisation | **(78,282)** | (78,161) |
| | **-** | 121 |
| | **690,210** | 722,766 |
| **Right-of-Use Assets – Point of sale assets** | | |
| At cost | **1,967,078** | 1,967,078 |
| Accumulated depreciation | **(1,844,503)** | (1,237,598) |
| | **122,575** | 729,480 |

# Notes to the Financial Statements
## For the Year Ended 31 July 2021

### 10 Plant and equipment and right of use assets (continued)

#### Movements in carrying amounts of plant and equipment

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year:

| | Plant and Equipment $ | Leasehold Improvements $ | Right-of-Use Assets $ | Total $ |
|---|---|---|---|---|
| **Year ended 31 July 2021** | | | | |
| Balance at the beginning of year | **722,645** | **121** | **729,480** | **1,452,246** |
| Additions | **348,943** | **-** | **-** | **348,943** |
| Depreciation expense | **(381,312)** | **(121)** | **(606,905)** | **(988,338)** |
| Disposals | **(66)** | **-** | **-** | **(66)** |
| **Balance at the end of the year** | **690,210** | **-** | **122,575** | **812,785** |

| | Plant and Equipment $ | Leasehold Improvements $ | Right-of-Use Assets $ | Total $ |
|---|---|---|---|---|
| **Year ended 31 July 2020** | | | | |
| Balance at the beginning of year | 626,337 | 1,303 | - | 627,640 |
| Additions | 485,149 | - | - | 485,149 |
| Additions on adoption of AASB 16 | - | - | 1,967,078 | 1,967,078 |
| Depreciation expense | (387,121) | (1,182) | (1,237,598) | (1,625,901) |
| Disposals | (1,720) | - | - | (1,720) |
| **Balance at the end of the year** | 722,645 | 121 | 729,480 | 1,452,246 |

### 11 Intangible Assets

| | 2021 $ | 2020 $ |
|---|---|---|
| Goodwill | | |
| Cost | **12,596,828** | 12,596,828 |
| Trademarks | | |
| Cost | **6,656,308** | 6,656,308 |
| | **19,253,136** | 19,253,136 |

### 11 Intangible Assets (continued)

Goodwill is not amortised. Trademarks have indefinite useful lives and are not amortised while they continue to exploit new channels without significant cost.

**Impairment Disclosures**

For the purpose of impairment testing, goodwill and trademarks are allocated to cash-generating units which are based on the Group's reportable segments. The Group has determined that it has one CGU being consumer products.

The recoverable amount of the cash-generating unit is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 5-year period, using an estimated growth rate (which does not exceed the long-term growth rate for the industry) on the next year's budget, and a terminal value multiple. The cash flows are discounted using the Company’s implied weighted average cost of capital.

The following assumptions were used in the value-in-use calculations:

| Growth Rate | | Discount Rate | |
|---|---|---|---|
| **2021** | **2020** | **2021** | **2020** |
| **%** | **%** | **%** | **%** |
| **4** | 4 | **10** | 10 |

**Sensitivity to Change of Assumptions**

The following assumptions were used in the value-in-use calculations:

If the next year's financial budget used in the value-in-use calculation had been 10% lower than management's estimates at 31 July 2021, the Group would have recorded an impairment charge of approximately $1.6 million against the carrying amount of intangible assets.

If the pre-tax discount rate applied to the cash flow projections of this CGU had been 5% higher than management's estimates (15% instead of 10%), the Group would have would have recorded an impairment charge of approximately $2.7 million against the carrying amount of intangible assets. In the financial year 31 July 2021, there were no reasonably possible changes in any of the key assumptions that would have caused the carrying amount of the CGU to exceed its recoverable amount.

The calculations using the current assumptions approximate the carrying amount of intangible assets.

# Notes to the Financial Statements

## For the Year Ended 31 July 2021

### 12 Leases

Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

| | < 1 year | 1 - 5 years | > 5 years | Total undiscounted lease liabilities | Lease liabilities included in this Statement of Financial Position |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| **2021** | **399,278** | **-** | **-** | **399,278** | **386,634** |
| **2020** | 720,243 | 248,724 | - | 1,020,775 | 968,967 |

### 13 Trade and Other Payables

| | 2021 | 2020 |
|---|---|---|
| | $ | $ |
| CURRENT | | |
| Trade payables | **4,716,820** | 3,681,787 |
| Employee benefits | **308,526** | 323,413 |
| Sundry payables and accrued expenses | **909,201** | 1,243,073 |
| | **5,934,547** | 5,248,273 |

Trade and other payables are unsecured, non-interest bearing and are normally settled within terms. 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 Year Ended 31 July 2021

### 14 Borrowings

| | 2021 $ | 2020 $ |
|---|---|---|
| CURRENT | | |
| Unsecured liabilities: | | |
| Insurance premium finance | **294,995** | 194,852 |
| | **294,995** | 194,852 |
| Secured liabilities: | | |
| Bank loans | **8,152,536** | 8,686,431 |
| | **8,152,536** | 8,686,431 |
| | **8,447,531** | 8,881,283 |
| NON-CURRENT | | |
| Secured liabilities: | | |
| Shareholder loans | **3,000,000** | 3,000,000 |
| | **3,000,000** | 3,000,000 |

**(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 Bank of Melbourne.

As at 31 July 2021, the Group has a credit facility of $15,000,000 (2020: $15,400,000) of which $6,862,618 (2020: $6,713,569) is unused.

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

- a capital ratio of no less than 23%;
- a minimum EBITDA of $4 million excluding any impacts of non-cash inventory impairments up to $1 million; and
- a stock turn ratio of no less than 2.30 times.

### 14 Borrowings (continued)

#### (b) Shareholder loan facility

A short-term secured loan facility for a maximum amount of up to $4.0 million has been made available to the Group from three of the Company's 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.

Material conditions of the shareholder loan are as follows:

- The loan facility is $4,000,000, of which $1,000,000 remains unused at 31 July 2021;
- An establishment fee of 2% was charged;
- Interest is charged at 12% per annum payable monthly in arrears;
- The shareholder loans are due for repayment on 1 August 2022; and
- 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.

#### (c) Defaults and Breaches

The Group has a long-term bank facility which is subject to certain financial covenants. The facility agreement states that these covenants will be assessed at the end of each half, and reported to the bank within 45 days of the end of each half.

The Group have been advised by the Bank of Melbourne that it is in breach of its capital ratio and EBITDA financial covenants as at 31 July 2021. At this point in time the Group has not been asked to take any action to remedy the breach. The Bank of Melbourne do however reserve their rights to take action in respect of these breaches in the future.

There were no defaults or breaches on any loans in the prior year.

### 15 Employee Entitlements

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| CURRENT | | |
| Annual leave | **601,452** | 500,661 |
| Long service leave | **489,281** | 386,032 |
| | **1,090,733** | 886,693 |

| | | |
|---|---|---|
| NON-CURRENT | | |
| Long service leave | **132,355** | 152,262 |
| | **132,355** | 152,262 |

# Notes to the Financial Statements

## For the Year Ended 31 July 2021

### 16 Issued Capital

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| 1,801,111,087 (2020: 1,801,111,087) Ordinary shares | **25,915,489** | 25,915,489 |
| **Total** | **25,915,489** | 25,915,489 |

**Ordinary shares**

| | 2021<br>No. | 2020<br>No. |
|---|---|---|
| At the beginning of the reporting period | **1,801,111,087** | 1,801,111,087 |
| At the end of the reporting period | **1,801,111,087** | 1,801,111,087 |

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

**Capital Management**

Capital of the Group is managed in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's capital includes ordinary share capital and financial liabilities, supported by financial assets

There are no externally imposed capital requirements.

The Group monitors capital through the gearing ratio, which is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is defined as equity per the statement of financial position plus net debt.

| | Note | 2021<br>$ | 2020<br>$ |
|---|---|---|---|
| Total borrowings | 14 | **11,447,531** | 11,881,283 |
| Total leases | 12 | **386,634** | 968,967 |
| Less Cash and cash equivalents | 7 | **(348,106)** | (715,141) |
| Net debt | | **11,486,059** | 12,135,109 |
| Equity | | **22,200,698** | 22,094,375 |
| Total capital | | **33,686,757** | 34,229,484 |
| Gearing ratio | | **34.10%** | 35.45% |

# Notes to the Financial Statements

## For the Year Ended 31 July 2021

### 17 Earnings per Share

Earnings used to calculate overall earnings per share:

| | 2021 | 2020 |
|---|---|---|
| | $ | $ |
| Earnings used to calculate overall earnings per share | **106,323** | (2,425,940) |

Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS.

| | 2021 | 2020 |
|---|---|---|
| | No. | No. |
| Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS | **1,801,111,087** | 1,801,111,087 |
| **Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS** | **1,801,111,087** | 1,801,111,087 |

### 18 Financial Risk Management

The Group is exposed to a variety of financial risks through its use of financial instruments. The Group only enters into defensive Financial Instruments.

The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The Group does not speculate in financial assets.

The most significant financial risks to which the Group is exposed to are described below:

**Specific risks**

- Liquidity risk
- Credit risk
- Market risk - being currency risk, interest rate risk and price risk

**Financial instruments used**

The principal categories of financial instruments of the Group are:

- Trade receivables;
- Cash at bank;
- Hedging of forward exchange contracts for overseas purchases; Trade and other payables; and
- Borrowings.

**Objectives, policies and processes**

Risk management is carried out by the Group's senior management under the delegated power from the Board of Directors. The Chief Financial Officer has primary responsibility for the development of relevant policies and procedures to mitigate the risk exposure of the Group, these policies and procedures are then approved by the Audit, Risk and Corporate Governance Committee and tabled at the board meeting following their approval.

Reports are presented at each board meeting regarding the implementation of these policies and any risk exposure which the Audit, Risk and Corporate Governance Committee believes the board should be aware of.

Specific information regarding the mitigation of each financial risk to which the Group is exposed is provided below.

# Notes to the Financial Statements

## For the Year Ended 31 July 2021

### 18 Financial Risk Management (continued)

**Liquidity risk**

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. it is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Group maintains cash and finance facilities to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for financial liabilities as well as cash-outflows due in day-to-day business.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day period are identified monthly.

At the reporting date, these reports indicate that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

The Group's liabilities have contractual maturities which are summarised below:

| | Within 1 Year | | 1 to 5 Years | | Total | |
|---|---|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** | **2021** | **2020** |
| | **$** | **$** | **$** | **$** | **$** | **$** |
| **Financial liabilities due for payment** | | | | | | |
| Trade and other payables (excluding estimated annual leave) | **5,934,547** | 5,248,273 | **-** | - | **5,934,547** | 5,248,273 |
| Borrowings (excluding leases) | **8,447,531** | 8,881,283 | **3,000,000** | 3,000,000 | **11,447,531** | 11,881,283 |
| **Total contractual outflows** | **14,382,078** | 14,129,556 | **3,000,000** | 3,000,000 | **17,382,078** | 17,129,556 |

The timing of expected outflows is not expected to be materially different from contracted cashflows.

## 18 Financial Risk Management (continued)

### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The utilisation of credit limits by customers is regularly monitored by line management. Customers who subsequently fail to meet their credit terms are required to make purchases on a prepayment basis until creditworthiness can be re-established.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Board receives monthly reports summarising the turnover, trade receivables balance and ageing profile of each of the key customers individually and the Group's other customers analysed by industry sector as well as a list of customers currently transacting on a prepayment basis or who have balances in excess of their credit limits.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

On a geographical basis, the Group has significant credit risk exposures in Australia given the substantial operations in that country.

## 18 Financial Risk Management (continued)

### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

*(i) Foreign exchange risk*

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

Exposures to currency exchange rates arise from the Group's overseas sales and purchases.

To mitigate the Group's exposure to foreign currency risk, non-Australian dollar cash flows are monitored and forward exchange contracts may be entered into in accordance with the Group's risk management policies.

Whilst these forward contracts are economic hedges of the cash flow risk, the Group does not apply hedge accounting to these transactions. The implications of this decision are that unrealised foreign exchange gains and losses are recognised in profit and loss in the period in which they occur.

The exposure to foreign currency denominated financial assets and liabilities at balance date is not considered to be material.

*(ii) Interest rate risk*

The Group is exposed to interest rate risk as funds are borrowed at floating and fixed rates. Borrowings issued at fixed rates expose the Group to fair value interest risk.

At the reporting date, the Group is exposed to changes in market interest rates through its bank borrowings, which are subject to variable interest rates.

At 31 July 2021, if interest rates had increased by 100 basis points or decreased by 100 basis points from the year end rates with all other variables held constant, post-tax profit for the period would have been $77k higher/$77k lower, mainly as a result of higher/lower interest expense from borrowings. Other components of equity would have been $77k lower/$77k higher mainly as a result of an increase/decrease in the fair value of borrowings.

# Notes to the Financial Statements

## For the Year Ended 31 July 2021

### 19 Tax assets and liabilities

| | Opening Balance | Charged to Income | Changes in Tax Rate | Closing Balance |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **Deferred tax assets** | | | | |
| Accruals and other timing differences | 340,716 | 99,840 | - | 440,556 |
| Tax losses | 1,781,192 | 913,844 | - | 2,695,036 |
| **Balance at 31 July 2020** | 2,121,908 | 1,013,684 | - | 3,135,592 |
| Accruals and other timing differences | **440,556** | **41,229** | **-** | **481,785** |
| Tax losses | **2,695,036** | **(88,717)** | **-** | **2,606,319** |
| **Balance at 31 July 2021** | **3,135,592** | **(47,488)** | **-** | **3,088,104** |

### 20 Dividends

No dividends have been declared or paid during the year (2020: $Nil).

Franking account

| | 2021 | 2020 |
|---|---|---|
| | $ | $ |
| The franking credits available for subsequent financial years at a tax rate of 30% | **5,034,881** | 5,034,881 |

The above available balance is based on the dividend franking account at year-end adjusted for franking credits that will arise from the payment of the current tax liabilities.

The ability to use the franking credits is dependent upon the Company's future ability to declare dividends.

# Notes to the Financial Statements
## For the Year Ended 31 July 2021

### 21 Key Management Personnel Remuneration

Key management personnel remuneration included within employee expenses for the year is shown below:

| | 2021 $ | 2020 $ |
|---|---|---|
| Short-term employee benefits | **939,670** | 923,541 |
| Long-term benefits | **11,477** | 13,294 |
| Post-employment benefits | **53,028** | 62,817 |
| | **1,004,175** | 999,652 |

### 22 Auditors' Remuneration

| | 2021 | 2020 |
|---|---|---|
| Remuneration of the auditor for: | | |
| - Audit and review of the financial report | **52,200** | 52,200 |
| - Taxation services provided by related practice of auditor | **11,870** | 10,192 |
| | **64,070** | 62,392 |

### 23 Interests in Subsidiaries

Composition of the Group

| | Principal place of business / Country of Incorporation | Percentage Owned (%)* 2021 | Percentage Owned (%)* 2020 |
|---|---|---|---|
| **Subsidiaries:** | | | |
| Heritage Brands (Australia) Pty Ltd | Australia | **100** | 100 |
| Innoxa Group Pty Ltd | Australia | **100** | 100 |
| Innoxa Holdings Pty Ltd | Australia | **100** | 100 |
| Innoxa 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.

### 24 Interests in Associates

| | Principal place of business / Country of Incorporation | Percentage Owned (%)* 2021 | Percentage Owned (%)* 2020 |
|---|---|---|---|
| **Associates:** | | | |
| Heritage Luma Pty Limited | Australia | **-** | 35 |

The Group's interest in Heritage Luma Pty Ltd was sold on 31st December 2020 and while the Group has no further investment in the Company, it retains the distribution rights of the brand. Outstanding Loans are being repaid according to the sale agreement.

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

# Notes to the Financial Statements
## For the Year Ended 31 July 2021

### 25 Cash Flow Information

Reconciliation of net income to net cash provided by operating activities:

| | 2021 | 2020 |
|---|---|---|
| | $ | $ |
| Profit (loss) for the year | **106,323** | (2,425,940) |
| Cash flows excluded from profit attributable to operating activities | | |
| Non-cash flows in profit: | | |
| - depreciation | **988,338** | 1,625,901 |
| - impairment of receivables | **(47,307)** | 46,399 |
| - loss on disposal of plant and equipment | **66** | 1,720 |
| - write-down of inventory | **(871,159)** | 2,035,400 |
| - write-down of investments in associates | **-** | 140,000 |
| Changes in assets and liabilities: | | |
| - (increase)/decrease in trade and other receivables | **254,209** | 1,686,276 |
| - (increase)/decrease in prepayments | **(396,779)** | (272,827) |
| - (increase)/decrease in inventories | **(23,593)** | 426,964 |
| - (increase)/decrease in deferred tax asset | **47,488** | (1,013,684) |
| - increase/(decrease) in trade and other payables | **686,274** | 332,930 |
| - increase/(decrease) in income taxes payable | **-** | 603,153 |
| - increase/(decrease) in employee entitlements | **184,133** | 38,410 |
| Cashflows from operations | **927,993** | 3,224,702 |

### 26 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 July 2021 (31 July 2020: None).

### 27 Related Parties

The Group's main related parties are as follows:

The Group's main related parties are Key management personnel (including all directors) - refer to Note 21.

Key management personnel - refer to Note 21.

Refer to interests in subsidiaries in Note 23 and interest in Associates in Note 24.

Refer to Note 14(b) for details on shareholder loans.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

There were no other transactions between related parties during the year.

# Notes to the Financial Statements

## For the Year Ended 31 July 2021

### 28 Discontinued Operations

During the prior year the Group discontinued certain brands.

Financial information relating to the discontinued operations is set out below.

The financial performance of the discontinued operations which is included in loss from discontinued operations is as follows:

| | 2021 $ | 2020 $ |
|---|---|---|
| Revenue | - | - |
| Expenses - Stock Provision | - | (2,035,400) |
| Loss before income tax | - | (2,035,400) |
| Loss attributable to members of the parent entity | - | (2,035,400) |
| Income tax benefit | - | 559,735 |
| Total loss after tax attributable to the discounted operation | - | (1,475,665) |

### 29 Parent entity

The following information has been extracted from the books and records of the parent, Heritage Brands Ltd and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, Heritage Brands Ltd and Controlled Entities has been prepared on the same basis as the consolidated financial statements except as disclosed below.

*Investments in subsidiaries and associates*

Investments in subsidiaries and associates are accounted for at cost in the financial statements of the parent entity. Dividends received from associates are recognised in the parent entity profit or loss, rather than being deducted from the carrying amount of these investments.

*Tax consolidation legislation*

Heritage Brands Ltd and its wholly-owned Australian subsidiaries have formed an income tax consolidated group.

Each entity in the tax consolidated group accounts for their own current and deferred tax amounts. These tax amounts are measured using the 'stand-alone taxpayer' approach to allocation.

Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the parent entity.

The tax consolidated group has entered into a tax funding agreement whereby each entity within the group contributes to the income tax payable by the Group in proportion to their contribution to the Group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding agreement are recognised as either a contribution by, or distribution to the head entity.

# Notes to the Financial Statements

## For the Year Ended 31 July 2021

### 29 Parent entity (continued)

| | 2021 $ | 2020 $ |
|---|---|---|
| **Statement of Financial Position** | | |
| Assets | | |
| Current assets | **-** | - |
| Non-Current assets | **16,835,015** | 16,835,015 |
| Total Assets | **16,835,015** | 16,835,015 |
| Equity | | |
| Issued capital | **25,915,488** | 25,915,488 |
| Retained earnings | **(9,080,474)** | (9,080,474) |
| Total Equity | **16,835,014** | 16,835,014 |
| **Statement of Profit or Loss and Other Comprehensive Income** | | |
| Total profit or loss for the year | **-** | - |
| **Total comprehensive income** | **-** | - |

**Contingent liabilities**

The parent entity did not have any contingent liabilities as at 31 July 2021 or 31 July 2020.

**Contractual commitments**

The parent entity did not have any commitments as at 31 July 2021 or 31 July 2020.

No amounts are recorded in the statement of financial position with regard to the discontinued operations.

### 30 Events Occurring After the Reporting Date

The financial report was authorised for issue on 30th September 2021 by the board of directors.

No matters or circumstances have arisen since the end of the financial 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, apart from further restructuring and cost reductions.

### 31 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 for the year ended 31 July 2021 are in accordance with the *Corporations Act 2001* and:

   a. comply with Accounting Standards, which, as stated in basis of preparation Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

   b. give a true and fair view of the financial position and performance of the consolidated group;

2. the Chief Executive Officer and Chief Finance Officer have given the declarations required by Section 295A that:

   a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;

   b. the financial statements and notes for the financial year comply with the Accounting Standards; and

   c. the financial statements and notes for the financial year give a true and fair view.

3. 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 ...........................................................................
Maxim Krok

Dated 30th September 2021

# HERITAGE BRANDS LTD

## INDEPENDENT AUDITOR'S REPORT

To the members of Heritage Brands Ltd

### Opinion

We have audited the financial report of Heritage Brands Ltd ("the Company") and its controlled entities ("the Group"), which comprises the statement of financial position as at 31 July 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the director's declaration.

In our opinion the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 31 July 2021 and of its performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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| Recoverability of Intangible Assets | How our Audit Addressed the Key Audit Matter |
| --- | --- |
| At 31 July 2021 the Group has intangible assets of $19,253,135.<br><br>The recorded value of intangible assets is assessed for recoverability by the directors at least annually or more frequently if events or changes in circumstances indicate that the asset may have suffered an impairment.<br><br>Recoverability is assessed through a discounted cash flow analysis, whereby future cash flows are estimated and a discount is applied in order to arrive at a present value of the future cash flows. The value derived is then compared with the recorded value of the intangible assets and if lower an impairment charge will be recorded.<br><br>We focused on this area given the significant judgement involved in assessing the recoverable amount of these assets. | We checked the calculations and assessed the reasonableness of inputs into the directors' discounted cash flow analysis.<br><br>We also performed sensitivity checks of the discounted cash flow analysis.<br><br>We considered the appropriateness of the recoverability assessment and considered whether it was in line with Australian Accounting Standards and generally accepted accounting principles.<br><br>We assessed whether the disclosures included in the financial report met the requirements of Australian Accounting Standards. |
| **Going Concern** | **How our Audit Addressed the Key Audit Matter** |
| We note that the Group has a cash balance of $0.35 million, current assets of $18.04 million, current liabilities of $15.86 million and net current assets of $2.18 million.<br><br>We also note that the company incurred a profit for the year of $0.1 million and had cash inflows from operations of $0.93 million.<br><br>Going concern was considered a key audit matter given historical losses and the close to break-even performance in the current year. | We considered the current financial position of the Group, Management's forecasts and results subsequent to year end. |

| Inventory Obsolescence | How our Audit Addressed the Key Audit Matter |
| --- | --- |
| At 31 July 2021, the Group has inventories of $11,091,554.<br><br>The Group recognises an allowance for obsolescence where it expects the net realisable value of inventory to fall below its cost price.<br><br>This will occur where inventory becomes aged, damaged or obsolete and will be sold below its cost price in order to clear.<br><br>We considered this area significant because management exercises significant judgement in assessing the adequacy of the allowance for inventory obsolescence. Judgement involves the consideration of expected future sales, demand in inventory, probability of inventory becoming obsolete, aging profile of inventory and related historical sales experience. As such we determined that this is a key audit matter. | We assessed the consistency and reasonableness of management's basis for allowance of inventory obsolescence with respect to aged or slow-moving inventories.<br><br>We considered the results of management's previous actions to sell slow-moving inventory.<br><br>We assessed whether the disclosures included in the financial report met the requirements of Australian Accounting Standards. |
| **Doubtful Debtors** | **How our Audit Addressed the Key Audit Matter** |
| At 31 July 2021, the Group's trade and other receivables balance was $6,598,813.<br><br>The assessment of recoverability of trade and other receivables requires significant judgement in assessing the probability of significant financial difficulty of the debtor defaulting or delaying receipt of payments.<br><br>We focussed on this area given the significant judgement involved in assessing the recoverable amount of these assets. | We obtained an understanding of the Group's processes and controls relating to the monitoring of trade receivables and review of credit risk of customers.<br><br>We selected a sample of debtors and checked the evidence of receipts from the customers subsequent to the year end.<br><br>We evaluated management's assumptions and estimates used to determine the allowance for doubtful debts<br><br>We assessed whether the disclosures included in the financial report met the requirements of Australian Accounting Standards. |

### Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 July 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Director's Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## Report on the Remuneration Report

We have audited the Remuneration Report included on pages 8 to 12 of the directors' report for the year ended 31 July 2021. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

## Opinion

In our opinion the Remuneration Report of Heritage Brands Ltd, for the year ended 31 July 2021, complies with section 300A of the *Corporations Act 2001.*

**Rothsay Chartered Accountants**

Daniel Dalla

Partner

Sydney, 30 September 2021

# Additional Information for Listed Public Companies

## 31 July 2021

### NSX Additional Information

Additional information required by the NSX Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 31 July 2021.

### Substantial shareholders

The number of substantial shareholders and their associates are set out below.

### Voting rights

*Ordinary Shares*
On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Options*
No voting rights.

### Distribution of equity security holders

| | Ordinary shares | |
|---|---|---|
| **Holding** | **Number of Shareholders** | **Number of shares** |
| 1 - 1,000 | Nil | Nil |
| 1,001 - 5,000 | 4 | 12,614 |
| 5,001 - 10,000 | 71 | 620,472 |
| 10,001 - 100,000 | 105 | 4,628,228 |
| 100,000 and over | 82 | 1,795,849,773 |

There were 82 security holders of less than a marketable parcel ($500) of ordinary shares at 31 July 2021.

### Twenty largest shareholders

| | Ordinary shares | |
|---|---|---|
| | **Number held** | **% of issued shares** |
| Souls Private Equity Limited | 452,470,639 | 25.1% |
| Rawlo International Pty Ltd * | 341,797,912 | 19.0% |
| Maxim Krok * | 160,174,133 | 8.9% |
| CVC Limited | 138,038,827 | 7.7% |
| Akoca Pty Ltd * | 120,174,134 | 6.7% |
| Rawlo International Pty Ltd * | 110,672,727 | 6.1% |
| Mr Stephen Mason * | 94,046,177 | 5.2% |
| Maximize Equity Pty Ltd * | 91,431,644 | 5.1% |
| Mr Stephen Leslie Mason * | 69,848,883 | 3.9% |
| S Goodey Pty Ltd | 39,487,967 | 2.2% |
| PTJ Holdings Pty Limited | 31,698,634 | 1.8% |
| JKL Developments Pty Limited | 31,698,634 | 1.8% |
| Mr Steven Andrew O'Neill | 18,299,034 | 1.0% |
| National Nominees Limited | 11,500,000 | 0.6% |
| Kistani Holdings Pty Limited * | 11,369,060 | 0.6% |
| Mr Christopher McGibbon & Mrs Elizabeth McGibbon | 8,003,333 | 0.4% |
| Mr Elliott Kaplan & Mrs Brenda Kaplan * | 7,000,000 | 0.4% |
| Mr Alexander Damien Beard & Mrs Marie Pascale Beard | 7,000,000 | 0.4% |
| Harness Capital Pty Ltd | 6,500,000 | 0.4% |
| Mr Constantinos Gendis * | 5,216,666 | 0.3% |

* Signifies a Director controlled entity.

# Additional Information for Listed Public Companies

## 31 July 2021

**Unissued equity securities**
There are no unissued equity securities.

**Company secretary**
The name of the Group secretary is Christopher William McGibbon.

**Principal address**
The address of the principal registered office in Australia is 30 Bando Road, Springvale, VIC 3171.
Telephone 03 9574 2100.

**Registers of securities**
Registers of securities are held at the following addresses:

| | |
|---|---|
| NSW | Boardroom Pty Ltd, Level 7, 207 Kent Street, Sydney, NSW 2000. |
| Victoria | 30 Bando Road, Springvale, VIC 3171. |

**Securities exchange**
The Group is listed on the National Stock Exchange. Quotation has been granted for all the ordinary shares of the Group on all member exchanges of NSX.

**Unquoted securities**
There are no unquoted securities.