



Heritage Brands Ltd and Controlled Entities

ACN 081 149 635

Financial Report

For the Year Ended 31 July 2025

Heritage Brands Ltd and Controlled Entities

ACN 081 149 635

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Chairman's Report For the Year Ended 31 July 2025

Dear Shareholders,

In a year marked by challenges across the retail environment and within the competitive cosmetics and skincare sectors, Heritage Brands Ltd ("HBL" or "the Company") has delivered an improved 2025 EBITDA of **(\$396,880)**, compared to **(\$1,014,768)** in 2024. Revenue, however, declined by 8% due to supply chain disruptions, revised strategic trading terms, and difficult retail conditions.

The implementation of our transitional turnaround strategy has strengthened the foundations of the business across all divisions. The reorganisation along the value chain focused on team building, margin improvement, expense reduction, third-party sales representation, new product development, and export opportunities. We have also seen strong momentum in brand line extensions, particularly within the Oil Garden range. Our **Rosemary Hair and Scalp Oil** product exceeded expectations and is now ranked **No. 1 in its category**. Management has developed more flexible plans, aligned with market conditions and priority areas, to deliver stronger returns.

None of these achievements would have been possible without the dedication and commitment of our employees and leadership team. Our CEO, **Jim Filis**, has been instrumental in driving the company forward, implementing fundamental change, and nurturing our culture. Similarly, our CFO, **Donna Richardson**, has brought outstanding financial acumen and determination to the company's transformation, which is both notable and highly valued.

I also wish to thank my fellow board members for their contributions and commitment as we continue the challenging task of turning around the company's fortunes.

On behalf of the Board, thank you for your continued support.



Maxim Krok
Chairman

Heritage Brands Ltd and Controlled Entities

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CEO's Report

For the Year Ended 31 July 2025

Dear Shareholders,

The FY25 financial results reflect a difficult operating environment impacted by cost-of-living pressures and an increasingly competitive market. Whilst trading has continued to be challenging, we have delivered solid progress both financially and in our strategic initiatives. The improved financial performance in FY25 has come despite a challenging retail environment due to cost-of-living pressures, revenue reshaping and one-off supply impacts. I am proud that we have created momentum in the areas we have invested in, through disciplined strategic execution and increased productivity.

Since the refreshed strategy set out in November 2023 the focus has been on improving the value proposition to our retail partners, strengthening our core brands and ensuring our key manufacturers are strategic partners in delivering our competitive advantage. Whilst we have improved the profit trajectory, we have not achieved our expectations, but we remain focussed and disciplined to an improved 2026.

Lower revenue than 2025, -8%, core brand revenue* continues to grow faster than non-core. Material supply impacts in the Aromatherapy portfolio experienced in the first half now corrected but have impacted 2025 EBITDA overall. Adjusting for supply that impacted revenue for both Oil Garden and In Essence, the business would have achieved EBITDA profit in 2025.

The Oil's portfolio which comprises Oil Garden and In Essence has grown by +2.3%. Oil Garden has achieved growth of 10.4%, driven by Oil Gardens strong New Product Development (NPD) and brand building program. Skin Republic has seen modest growth with revenue reshaping in Grocery offset by strong double-digit growth in pharmacy.

The overall Pharmacy Channel performance was flat with the success of Oil Garden and Skin Republic offset by challenges in In Essence, Le Tan – Self Tanning and Australis. Decline in the Grocery channel came mostly from Skin Republic after exiting unprofitable promotions and Le Tan – Self Tanning impact of range loss in Woolworths. Export performed strongly +14.3% with New Zealand +16.3% driven by Oil Garden NPD, and Rest of world also grew at double digit.

Looking ahead

The team has been working hard in 2025 to lay growth foundations for 2026 and beyond. Whilst reshaping revenue has been critical and with the impacts felt in 2025, sell outgrowth of +5.5% in our core channels compared to the category of +6.2% sets up well for 2026. We continue to compete in highly attractive growth categories that will continue to grow strongly and with our unique portfolio, I am confident we will see upside.

While the external environment remains uncertain, our attractive category is resilient, and we are confident in the capability of our team, our strategy, and our value proposition to customers.

2026 will be centred on focussing on the 4 key pillars below.

1. Retailer Engagement and Category Management improvement.
2. Attracting consumers back to our brands to fuel growth across our categories.
3. Net Distribution gains of our core into existing and new channels and NPD that increases consumption.
4. Financial and Operational Excellence, improved return on investment and a continued focus on Inventory and improved free cash flow.

*Core Brands: Oil Garden, In Essence, Le Tan, Skin Republic and Australis.

Jim Filis

Chief Executive Officer and Managing Director

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Directors' Report

31 July 2025

The Directors submit their report, together with the financial statements of Heritage Brands Ltd (the "Company") and its controlled entities (the "Group") for the financial year ended 31 July 2025.

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 40 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	Non-Executive Director (resigned 2 October 2024)
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	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
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 former ASX-listed Lemarne Corporation Limited for over 12 years and Company Secretary for 22 years. Mr Mason has also served as an executive and non-executive director of a number of unlisted companies and ASX listed companies.
Special responsibilities	Chair 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

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Directors' Report

31 July 2025

1. General information (continued)

Information on Directors (continued)

McCartney, William	Non-Executive Director
Experience	Over 57 years' experience in the cosmetic fragrance, toiletry, food and flavour industries in Australia, South East Asia and China. 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	Chair of the Remuneration Committee
Other current directorships in listed entities	None
Other directorships in listed entities held in the previous three years	None
Filis, Dimitrios (Jim)	Managing Director and Chief Executive Officer
Qualifications	B. Commerce, CPA, Master of Business Administration
Experience	Over 30 years' experience in the FMCG Retail Industry.
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, face masks and serums, skincare, self-tanning, nail care products, oils and toiletries.

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

Directors' Report

31 July 2025

2. Operating results and review of operations for the year

Operating results

For the year ended 31 July 2025, the consolidated net loss after tax of the Group was \$8,432,165. The Group's EBITDA (before abnormal items) was (\$396,880) for the year compared to (\$1,014,768) the previous year.

Review of Group's operations

Although FY25 has continued to be challenging for Heritage Brands, we have achieved solid progress both financially and in our strategic initiatives.

Review of the Group's financial performance;

- Revenue of \$37.4m is lower than 2024 by 8%, Core brand revenue continues to grow faster than non-core revenue. Supply impacts in the Aromatherapy portfolio experienced in the first half are now corrected but have impacted 2025 EBITDA result.
- The Oil's portfolio which comprises Oil Garden and In Essence has grown by 2.3% driven by Oil Gardens strong new product development and brand building program. Oil Garden has achieved growth of 10.4%.
- Skin Republic, increased net sales by 1.4% has seen masks and serums in pharmacy accelerate in 2025 with stronger demand.
- Internet Sales declined 3% on the previous year.
- International Sales \$4m, higher by \$0.4m on the previous year.
- Gross Margin pressure was due to lower overall volume, a difficult promotional environment, and a weaker AUD. Volume loss in non – core brand Cedel and Innoxia, and the exit of unprofitable business in the Grocery Channel also impacted gross profit.
- Overall expenses were reduced by \$2.1m.
- EBITDA of (\$0.4m) is a \$0.6m improvement compared to 2024 with H2 improving by \$1.1m with an EBITDA of 2.3%. EBITDA of 2.3% is a 610 basis points improvement versus 2nd half FY24.
- The Group reported a Statutory Net loss after Tax (NPAT) of \$8.4 million.
- Inventory management delivered a 7% reduction as we exited unprofitable ranges and aligned inventory holdings to our changed trading profile.

Directors' Report

31 July 2025

2. Operating results and review of operations for the year (continued)

Business Risks

The Directors consider the following to be the key material risks currently facing the Group:

- **Economy:** Consumer confidence and cost of living pressures.
- **Inflation:** Increasing global cost pressures and the Group's ability to mitigate through price rises.
- **Cyber Risk:** The Company takes a risk-based approach to review potential cyber security impacts including fraud, financial crime, data loss or loss of system availability. The Company is reliant on its Information Technology (IT) systems to transact with customers and connect with consumers. The inability to utilise or access our IT systems through a successful denial of service, ransomware or other form of attack could materially impact the Company's ability to transact and hence affect its earnings. The Company uses firewall monitoring software and anti-virus software to block potential cyber threats. Additionally, it has a network monitoring and alert tool that is designed to detect and signal unusual network behaviour. Ongoing internal staff training, external review and input are implemented to ensure the effectiveness of 'cyber' controls to meet ever evolving threats of this nature.
- **Competition Risk:** Given the Company's reliance on consumer spending, adverse changes to the general economic landscape in Australasia or consumer sentiment for the Company's products could impact its financial results. This risk is addressed through keeping abreast of consumer purchasing trends, such as the increase in on-line shopping, economic and consumer data/research, innovative product development and brand building.

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Directors' Report

31 July 2025

3. Financial review

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

	2025	2024
	\$'000	\$'000
Earnings		
Net Revenue	37,138	40,630
Other income	227	-
EBITDA before abnormal items (a non-IFRS measure)	(397)	(1,015)
Abnormal items	(32)	(387)
Depreciation and amortisation expenses	(1,568)	(832)
Finance expenses	(1,248)	(905)
Loss on sale of trademarks	-	(796)
Impairment of Intangible Assets	-	(4,094)
Net Loss before tax	(3,245)	(8,029)
Income tax benefit	-	938
Write off of Deferred Tax Assets	(5,187)	-
Net Loss after tax for the year	(8,432)	(7,091)
Financial Position		
Total Assets	32,884	36,157
Total Liabilities	24,754	21,439
Shareholders' Funds	8,130	14,719
Key Ratios		
	Cents	Cents
Earnings Per Share in Cents *	(15.76)	(17.82)
Net Tangible Assets per Share in Cents *	(13.52)	(0.21)
* The share consolidation has been applied to the prior year calculations to provide a like for like comparative		

4. Other items

Significant changes in state of affairs

- On the 29th October 2024 the group completed a 1 for 2 non-renounceable rights issue, raising \$1,559,357 before costs.
- On the 6th December 2024 the group completed a 1 for 50 consolidation of the Company's issued shares
- On the 6th December 2024 the group issued 1,200,000 shares raising \$240,000
- On the 20th December 2024 the group issued 500,000 shares raising \$100,000.

Dividends paid or recommended

No dividends have been declared or paid during the year (2024: \$Nil)

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Directors' Report

31 July 2025

4. Other items (continued)

Events after the reporting date

On 19th September 2025, the Group's financiers have extended financing facilities to December 2025, whilst the annual review is completed.

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, Innoxia, Le Tan, Helios, In Essence, Oil Garden, Skin Republic, Cedel.

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.

Company secretary

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

Stephen Leslie Mason has been the Company secretary since 21 July 2022.

Meetings of Directors

During the financial year, 24 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	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Krok, Maxim	24	23	-	-
Kaplan, Elliott	4	3	1	1
Mason, Stephen	24	23	2	2
McCartney, William	24	23	-	-
Filis, Dimitrios (Jim)	24	23	-	-

*There were no separate remuneration committee meetings during the year. Matters were discussed during the Board Meetings.

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Directors' Report

31 July 2025

4. Other items (continued)

Indemnification and insurance of officers and auditors

The Group 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 officer or auditor of Heritage Brands Ltd and Controlled Entities.

Options

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

During the year ended 31 July 2025, no ordinary shares of Heritage Brands Ltd and Controlled Entities were issued on the exercise of options granted. No shares were issued during the year prior to the lapse of the options.

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 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 2025:

	2025	2024
	\$	\$
Taxation Compliance Services	14,440	12,730

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 2025 has been received and can be found on page 18 of the financial report.

Directors' Report

31 July 2025

Remuneration report (audited)

Remuneration policy

The remuneration policy of Heritage Brands Ltd and Controlled Entities has been designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and offering short-term and specific long-term incentives based on key performance areas affecting the Group's financial results. The Board of Heritage Brands Ltd and Controlled Entities 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.
- 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 until 30 June 2025 was 11.5% and thereafter changed to 12%, 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.

Directors' Report

31 July 2025

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 bonus based on key performance indicators aim to encourage the alignment of personal and shareholder interests.

Performance conditions linked to remuneration

The key performance indicators (KPIs) 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 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 is 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.

Employment details of members of key management personnel

The following table provides employment details of persons who were, during the financial year, members of key management personnel of the Group. The table also illustrates the proportion of remuneration that was performance based and the proportion of remuneration received in the form of options.

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 executive service agreements are for an unlimited duration. The agreements for executives (other than the Chief Executive Officer which requires six months' notice) may be terminated by giving between four and twelve weeks notice depending on the role (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.

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Directors' Report

31 July 2025

Remuneration report (audited) (continued)

Remuneration details for the year ended 31 July 2025

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.

Table of benefits and payments

	Short Term				Post-employment	Long Term	
	Cash salary fees	Annual leave accrued	Secretarial Fees	Total	Superannuation	Long Service Leave accrued	
2025	\$	\$	\$	\$	\$	\$	\$
Directors							
Krok, Maxim	39,167	-	-	39,167	-	-	39,167
Kaplan, Elliott	6,778	-	-	6,778	-	-	6,778
Mason, Stephen	33,892	-	34,500	68,392	-	-	68,392
McCartney, William	-	-	-	-	-	-	-
Filis, Dimitrios	328,849	(11,190)	-	317,659	37,892	12,710	368,261
Key Management Personnel							
Richardson, Donna	195,254	(5,488)	-	189,766	22,499	3,805	216,070
	603,940	(16,678)	34,500	621,762	60,391	16,515	698,668

	Short Term				Post-employment	Long Term	
	Cash salary fees	Annual leave accrued	Secretarial Fees	Total	Superannuation	Long Service Leave accrued	
2024	\$	\$	\$	\$	\$	\$	\$
Directors							
Krok, Maxim	47,000	-	-	47,000	-	-	47,000
Kaplan, Elliott	40,669	-	-	40,669	-	-	40,669
Mason, Stephen	40,669	-	36,000	76,669	-	-	76,669
McCartney, William	30,502	-	-	30,502	-	-	30,502
Gendis, Constantinos	13,756	-	-	13,756	1,452	-	15,208
Filis, Dimitrios	338,434	12,092	-	350,526	37,368	7,041	394,935
Key Management Personnel							
Richardson, Donna	200,131	6,767	-	206,898	22,099	3,561	232,558
	711,161	18,859	36,000	766,020	60,919	10,602	837,541

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Directors' Report

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Remuneration report (audited) (continued)

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:

	Balance at beginning of year	Changes during the year	Balance at end of year
31 July 2025			
Directors			
Krok, Maxim	7,662,977	-	7,662,977
Kaplan, Elliott	140,000	(140,000)	-
Mason, Stephen	4,527,900	-	4,527,900
McCartney, William	18,098,826	7,666,790	25,765,616
Filis, Dimitrios	-	1,200,000	1,200,000
Richardson, Donna	-	500,000	500,000
	30,429,703	9,226,790	39,656,493

	Balance at beginning of year	Changes during the year	Balance at end of year
31 July 2024			
Directors			
Krok, Maxim	7,662,979	-	7,662,979
Kaplan, Elliott	140,000	-	140,000
Mason, Stephen	3,277,901	1,250,000	4,527,901
McCartney, William	9,049,410	9,049,413	18,098,823
	20,130,290	10,299,413	30,429,703

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Directors' Report
31 July 2025

Remuneration report (audited) (continued)

KMP related party transactions

For details of other transactions with key management personnel, refer to Note 26 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: 26 September 2025

Heritage Brands Ltd and Controlled Entities

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Corporate Governance Statement

31 July 2025

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.

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 of 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 Company'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.

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 – convened as part of the Board Meeting.

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

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Corporate Governance Statement

31 July 2025

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.

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.

Heritage Brands Ltd and Controlled Entities

ACN 081 149 635

Corporate Governance Statement

31 July 2025

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.

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

To the Directors of Heritage Brands Ltd

As lead auditor of the audit of Heritage Brands Ltd for the year ended 31 July 2025, 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 respect of Heritage Brands Ltd and the entities it controlled during the year.

In.Corp Audit & Assurance Pty Ltd



Graham Webb
Director

Sydney, 26 September 2025

In.Corp Audit & Assurance Pty Ltd
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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 2025

		2025	2024
	Note	\$	\$
Revenue	4	37,137,623	40,630,211
Costs of goods sold		(23,421,937)	(25,535,186)
Gross profit		13,715,686	15,095,025
Other income	4	227,884	38
Advertising and promotion		(2,489,828)	(3,250,900)
Depreciation and amortisation expense		(1,567,955)	(832,535)
Employee benefits expense	5	(6,019,713)	(7,619,808)
Finance expenses	5	(1,248,362)	(905,166)
Other expenses	5	(5,862,324)	(5,626,145)
Loss on sale of goodwill		-	(795,749)
Impairment of intangible assets	12	-	(4,093,903)
Loss before income tax		(3,244,612)	(8,029,143)
Income tax (expense)/benefit	6	(5,187,553)	938,246
Loss for the year		(8,432,165)	(7,090,897)
Other comprehensive income, net of income tax		-	-
Total comprehensive income for the year		(8,432,165)	(7,090,897)
Earnings per share			
Basic earnings per share (cents)	18	(15.76)	(17.82)
Diluted earnings per share (cents)	18	(15.76)	(17.82)

Heritage Brands Ltd and Controlled Entities

ACN 081 149 635

Statement of Financial Position

As At 31 July 2025

	Note	2025 \$	2024 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	9,349	94,226
Trade and other receivables	9	6,189,515	5,444,262
Inventories	10	9,189,438	9,830,195
TOTAL CURRENT ASSETS		15,388,302	15,368,683
NON-CURRENT ASSETS			
Plant and equipment	11	1,094,797	800,399
Right-of-use assets	11	1,041,630	-
Deferred tax assets	20	-	5,187,553
Intangible assets	12	15,359,025	14,800,548
TOTAL NON-CURRENT ASSETS		17,495,452	20,788,500
TOTAL ASSETS		32,883,754	36,157,183
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	9,228,513	8,111,957
Borrowings	15	9,137,684	9,949,724
Lease liabilities	13	509,016	-
Employee entitlements	16	265,438	376,737
TOTAL CURRENT LIABILITIES		19,140,651	18,438,418
NON-CURRENT LIABILITIES			
Borrowings	15	4,964,268	2,947,747
Lease liabilities	13	624,399	-
Employee entitlements	16	24,723	52,468
TOTAL NON-CURRENT LIABILITIES		5,613,390	3,000,215
TOTAL LIABILITIES		24,754,041	21,438,633
NET ASSETS		8,129,713	14,718,550
EQUITY			
Issued capital	17	29,828,914	27,985,586
Retained earnings		(21,699,201)	(13,267,036)
TOTAL EQUITY		8,129,713	14,718,550

Heritage Brands Ltd and Controlled Entities

ACN 081 149 635

Statement of Changes in Equity For the Year Ended 31 July 2025

2025

	Issued Capital \$	Retained Earnings \$	Total \$
Balance at 1 August 2024	27,985,586	(13,267,036)	14,718,550
Loss for the year	-	(8,432,165)	(8,432,165)
Transactions with owners in their capacity as owners			
Issue of shares, net of capital raising costs	1,843,328	-	1,843,328
Balance at 31 July 2025	29,828,914	(21,699,201)	8,129,713

2024

	Issued Capital \$	Retained Earnings \$	Total \$
Balance at 1 August 2023	25,915,489	(6,176,139)	19,739,350
Loss for the year	-	(7,090,897)	(7,090,897)
Transactions with owners in their capacity as owners			
Issue of shares, net of capital raising costs	2,070,097	-	2,070,097
Balance at 31 July 2024	27,985,586	(13,267,036)	14,718,550

Heritage Brands Ltd and Controlled Entities

ACN 081 149 635

Statement of Cash Flows For the Year Ended 31 July 2025

		2025	2024
	Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		36,434,206	42,863,107
Payments to suppliers and employees		(36,419,125)	(44,017,339)
Interest received		611	38
Finance costs – bank interest		(949,341)	(604,344)
Net cash used in operating activities	27	<u>(933,649)</u>	<u>(1,758,538)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of plant and equipment	11	(820,051)	(651,165)
Proceeds from sale of goodwill		-	800,000
Payments for product and website development	12	<u>(1,079,964)</u>	<u>(1,246,431)</u>
Net cash used in investing activities		<u>(1,900,015)</u>	<u>(1,097,596)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings		334,489	165,612
Proceeds from issue of shares, net of costs		1,843,328	2,070,097
Repayment of lease liabilities		(429,030)	(460,144)
Proceeds from shareholder loans		<u>1,000,000</u>	<u>-</u>
Net cash provided by financing activities		<u>2,748,787</u>	<u>1,775,565</u>
Net (decrease) in cash and cash equivalents held		(84,877)	(1,080,569)
Cash and cash equivalents at beginning of year		<u>94,226</u>	<u>1,174,795</u>
Cash and cash equivalents at end of financial year	8	<u><u>9,349</u></u>	<u><u>94,226</u></u>

Heritage Brands Ltd and Controlled Entities

ACN 081 149 635

Notes to the Financial Statements

For the Year Ended 31 July 2025

The financial report covers Heritage Brands Ltd (the “Company”) and its controlled entities (the “Group”). Heritage Brands Ltd and controlled entities 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 26 September 2025.

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 financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Material accounting policy information relating to the preparation of these financial statements are presented below, and are consistent with prior reporting periods unless otherwise stated.

2 Material Accounting Policy Information

(a) 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.

Notes to the Financial Statements

For the Year Ended 31 July 2025

2 Material Accounting Policy Information (continued)

(a) Revenue and other income (continued)

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Group are:

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 obligations have been satisfied. Revenue is recognised upon delivery of goods to the customer, or when the customer collects the goods, as this satisfies the performance obligation.

Other Income

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

(b) Income tax

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.

(c) Plant and equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment.

Notes to the Financial Statements

For the Year Ended 31 July 2025

2 Material Accounting Policy Information (continued)

(c) Plant and equipment (continued)

Depreciation

Plant and equipment is depreciated on a straight-line basis over the asset's 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.

(d) Intangible assets

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;
- iii. the acquisition date fair value of any previously held equity interest;
- iv. 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.

Notes to the Financial Statements

For the Year Ended 31 July 2025

2 Material Accounting Policy Information (continued)

(d) Intangible assets (continued)

Trademarks

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

Research and development costs

Costs incurred in developing products that are identifiable and will contribute to future period financial benefits through revenue generation or cost reduction are capitalised as intangible assets. Capitalised costs include external direct costs of materials and services, direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis generally over three years.

Research expenditure and development expenditure that do not meet the criteria above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(e) Going concern

These financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

- As disclosed in the financial statements, the Group incurred a loss of \$8,432,165 (2024: \$7,090,897) had net cash outflows from operating activities of \$933,649 (2024: outflows of \$1,758,538) and has a deficit in net current assets of \$3,752,349 as at 31 July 2025 (31 July 2024: deficiency of \$3,069,735).
- On the 19th September, 2025 the Group has received an extension of bank facilities to 31st December 2025. The Group has received an extension on shareholder loans amounting to \$1,589,247 to 31st October 2025 and \$4,084,267 to 1 August 2026.
- The Group has forecast to trade profitably in FY26 and maintain positive cashflows. This forecast is based on additional retailer ranging outcomes already secured and a reduction in contract rates for commissions and operating expenses.
- The Group has received a commitment from Directors to provide funding of \$825,000 in the first half of FY26 due to the breach of the Group's covenants during FY25. This funding may be either additional equity, which is subject to shareholder approval, or a sub-ordinated loan.
- The Group is able to sell brands to fund cash flows as demonstrated by the sale of Innox Marks Pty Ltd for \$800,000 in the prior year.

At the date of this report the Directors are satisfied that there are reasonable grounds to believe that the Group will continue as a going concern.

Notes to the Financial Statements

For the Year Ended 31 July 2025

2 Material Accounting Policy Information (continued)

(e) Going concern (continued) ,

,Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, nor to amounts of classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

(f) Adoption of new and revised accounting standards

The Group has adopted all standards which became effective for the first time at 31 July 2024, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Group.

(g) New accounting standards and interpretations issued but not yet effective

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.

(h) New accounting standards and interpretations not yet adopted by the Group

AASB 18 Presentation and Disclosure in Financial Statements

This standard is applicable to annual reporting periods beginning on or after 1 January 2027 and early adoption is permitted. The standard replaces AASB 101 'Presentation of Financial Statements', with many of the original disclosure requirements retained and there will be no impact on the recognition and measurement of items in the financial statements. The standard will affect presentation and disclosure in the financial statements, including introducing five categories in the statement of profit or loss and other comprehensive income: operating, investing, financing, income taxes and discontinued operations. The standard introduces two mandatory sub-totals in the statement: 'Operating profit' and 'Profit before financing and income taxes'. There are also new disclosure requirements for 'management-defined performance measures', such as earnings before interest, taxes, depreciation and amortisation ('EBITDA') or 'adjusted profit'. The standard provides enhanced guidance on grouping of information (aggregation and disaggregation), including whether to present this information in the primary financial statements or in the notes. The Group will adopt this standard from 1 July 2027 and it is expected that there will be a significant change to the layout of the statement of profit or loss and other comprehensive income.

Notes to the Financial Statements

For the Year Ended 31 July 2025

3 Critical Accounting Estimates and Judgements

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.

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 expectations of:

- growth in EBITDA, calculated as adjusted operating profit before depreciation and amortisation, interest and tax;
- 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 formal five-year management plans 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 sensitivities in the cash flow projections. Further details are provided in Note 12 to the consolidated financial statements.

Key estimates - receivables

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

Notes to the Financial Statements

For the Year Ended 31 July 2025

3 Critical Accounting Estimates and Judgements (continued)

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 \$186,927 (2024: \$181,619) is appropriate and that all other inventories are carried at their realisable values as at the end of the financial year.

Key estimates – deferred taxes

Deferred tax is recognised on tax losses not yet used and on temporary differences where it is probable that there will be taxable revenue against which these can be offset. Management has made judgments as to the probability of future taxable revenues being generated against which tax losses will be available for offset based on budgets, current and future expected economic conditions. As at 31 July 2025, management has assessed that deferred tax assets should be derecognised until such time as future tax profits will be generated.

4 Revenue and Other Income

	2025 \$	2024 \$
Sales Revenue		
- Gross Sales – point in time	50,825,966	54,867,997
- Trading Terms – point in time	(13,688,343)	(14,237,786)
Net Sales	37,137,623	40,630,211
Other Income		
- Funding of retail stands	227,273	-
- Bank Deposit Interest	611	38
	37,365,507	40,630,249

5 Employee Benefits, Finance and Other Expenses

	2025 \$	2024 \$
Employee Benefits Expense		
Employee Benefits	5,429,729	7,035,303
Superannuation	589,984	584,505
	6,019,713	7,619,808
Finance Expenses		
Interest Expense – External	856,671	591,393
Interest Expense – Lease	92,670	12,951
Interest Expense - Shareholder Loans	299,021	300,822
	1,248,362	905,166

Notes to the Financial Statements

For the Year Ended 31 July 2025

5 Employee Benefits, Finance and Other Expenses (continued)

	2025	2024
	\$	\$
Other Expenses		
Sales Commission	1,990,415	1,921,381
Digital Media Costs	931,411	778,170
Restructuring Costs	32,027	1,182,771
Other Expenses	2,908,471	1,743,823
	5,862,324	5,626,145

6 Income Tax Benefit

(a) The major components of tax (expense)/ benefit comprise:

	2025	2024
	\$	\$
Current tax benefit		
Current tax – continuing operations	973,384	896,544
Deferred tax benefit		
Deferred tax assets not brought to account	(973,384)	41,702
Deferred tax assets de-recognised*	(5,187,553)	-
	(5,187,553)	938,246

*Deferred tax assets totalling \$5,187,553 were de-recognised at year end. Although the Group expects to utilise these tax assets, including carry forward tax losses of \$20m, as the timing and recovery of these tax losses is uncertain, it is considered prudent and in accordance with Australian Accounting Standards, to derecognise this asset.

(b) Reconciliation of income tax to accounting profit:

	2025	2024
	\$	\$
Loss before Income Tax	3,244,612	8,029,143
Tax Rate*	25.00%	25.00%
	811,153	2,007,286
Tax effect of:		
- deferred tax assets not brought to account	(973,384)	-
- adjustment to deferred taxes for change in tax rate	162,231	156,957
- deferred tax assets de-recognised	(5,187,553)	-
- capital loss on disposal of goodwill	-	(198,937)
- impairment of goodwill	-	(1,023,476)
- adjustment for current tax of prior periods	-	(3,584)
Income tax (expense)/benefit	(5,187,553)	938,246

*As revenue, net of trading terms, is below \$50 million the corporate tax rate of 25% is applied.

The Group has unrecognised capital losses of \$959,237 with an unrecognised benefit of \$287,771. The Group has unrecognised deferred tax assets of \$6,160,937 largely consisting of carry forward tax losses.

Notes to the Financial Statements

For the Year Ended 31 July 2025

7 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 Maker) 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.

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.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers whereas segment assets are based on the location of the assets.

Major customers

Revenues of approximately \$41.0 million (2024: \$44.7 million) are derived from 10 customers. These revenues represent 81% (2024: 81%) of total external gross revenue.

Notes to the Financial Statements

For the Year Ended 31 July 2025

8 Cash and Cash Equivalents

	2025	2024
	\$	\$
Cash at bank and in hand	9,349	94,226
	<u>9,349</u>	<u>94,226</u>

9 Trade and Other Receivables

	2025	2024
	\$	\$
CURRENT		
Trade receivables	6,435,981	4,825,548
Provision for doubtful debts	(10,058)	(14,000)
Allowance for rebates, incentives and discounts	(1,525,281)	(845,538)
	<u>4,900,642</u>	<u>3,966,010</u>
Prepayments and other debtors	1,288,873	1,478,252
	<u>6,189,515</u>	<u>5,444,262</u>

(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 describes as 'trade and other receivables' is considered to be the main source of credit risk related to the Group.

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

Notes to the Financial Statements

For the Year Ended 31 July 2025

9 Trade and Other Receivables (continued)

(a) Credit risk (continued)

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. The Group has a history of recovering overdue balances, which may remain outstanding for an extended period, whilst promotional claims are reviewed and documentation provided.

31 July 2025	Current	< 30 days overdue	< 90 days overdue	> 90 days overdue	Total
Trade receivables	4,189,196	1,683,591	396,100	167,094	6,435,981

31 July 2024	Current	< 30 days overdue	< 90 days overdue	> 90 days overdue	Total
Trade receivables	3,533,840	976,938	172,600	142,170	4,825,548

(b) Collateral held as security

A registered general security agreement over trade receivables has been provided for certain debts. Refer to Note 15 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.

10 Inventories

	2025	2024
	\$	\$
CURRENT		
At net realisable value:		
Finished goods	8,797,009	9,193,652
Provision for slow moving and obsolete stock	(186,927)	(181,619)
Inventory in transit	579,356	818,162
	<u>9,189,438</u>	<u>9,830,195</u>

Notes to the Financial Statements

For the Year Ended 31 July 2025

11 Plant and Equipment

	2025	2024
	\$	\$
Plant and Equipment		
At cost	6,277,405	5,457,355
Accumulated depreciation	(5,182,608)	(4,659,122)
	<u>1,094,797</u>	<u>798,233</u>
Leasehold Improvements		
At cost	92,474	92,474
Accumulated depreciation	(92,474)	(90,308)
	<u>-</u>	<u>2,166</u>
	<u>1,094,797</u>	<u>800,399</u>
Right-of-Use Assets		
At cost	1,562,445	-
Accumulated depreciation	(520,815)	-
	<u>1,041,630</u>	<u>-</u>

(a) 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 2025				
Balance at the beginning of the year	798,233	2,166	-	800,399
Additions	820,051	-	1,562,445	2,382,496
Depreciation expense	(523,487)	(2,166)	(520,815)	(1,046,468)
Balance at the end of the year	<u>1,094,797</u>	<u>-</u>	<u>1,041,630</u>	<u>2,136,427</u>

	Plant and Equipment	Leasehold Improvements	Right-of-Use - Assets	Total
	\$	\$	\$	\$
Year ended 31 July 2024				
Balance at the beginning of the year	478,831	9,162	438,163	926,156
Additions	651,165	-	-	651,165
Depreciation expense	(331,763)	(6,996)	(438,163)	(776,922)
Balance at the end of the year	<u>798,233</u>	<u>2,166</u>	<u>-</u>	<u>800,399</u>

Notes to the Financial Statements

For the Year Ended 31 July 2025

12 Intangible Assets

	2025 \$	2024 \$
Capitalised Development costs		
At cost	2,326,395	1,246,431
Accumulated amortisation	(577,100)	(55,613)
	1,749,295	1,190,818
Goodwill		
At cost	6,953,422	6,953,422
Trademarks		
At cost	6,656,308	6,656,308
	15,359,025	14,800,548

(a) Movements in carrying amounts of intangible assets

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

	Capitalised Development costs \$	Goodwill \$	Trademarks \$	Total \$
Year ended 31 July 2025				
Balance at the beginning of the year	1,190,818	6,953,422	6,656,308	14,800,548
Additions	1,079,964	-	-	1,079,964
Amortisation expense	(521,487)	-	-	(521,487)
Balance at the end of the year	1,749,295	6,953,422	6,656,308	15,359,025

	Capitalised Development costs \$	Goodwill \$	Trademarks \$	Total \$
Year ended 31 July 2024				
Balance at the beginning of the year	-	12,596,828	6,656,308	19,253,136
Additions	1,246,431	-	-	1,246,431
Disposals	-	(1,549,503)	-	(1,549,502)
Impairment	-	(4,093,903)	-	(4,093,903)
Amortisation expense	(55,613)	-	-	(55,613)
Balance at the end of the year	1,190,818	6,953,422	6,656,308	14,800,548

Notes to the Financial Statements

For the Year Ended 31 July 2025

12 Intangible Assets (continued)

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), and a terminal value multiple. The cash flows are discounted using the Group's implied weighted average cost of capital.

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

- A pre-tax discount rate of 13%
- Sales growth for FY26 is based on forecasts of known retailer ranging decisions, consumer sales trends, and promotional strategies. A full year impact of these assumptions results in growth of 29% across FY27 and FY28.
- Expense growth of between 4% and 5%. This is below sales growth assumptions as significant reductions in expenses have already been secured in commissions, insurance and other operating costs.
- Terminal growth rate of 2.5%
- Gross margin of between 39.0% and 45%.

Sensitivity to Change of Assumptions

If the pre-tax discount rate applied to the cash flow projections of this CGU had been 1% higher than management's estimate (14% instead of 13%), the Group would still have headroom. If the sales growth applied is reduced to 5.7%, this is the effective break-even point, below which an impairment would be recorded.

Notes to the Financial Statements

For the Year Ended 31 July 2025

13 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
	\$	\$	\$	\$	\$
2025					
Lease liabilities	509,016	624,399	-	-	1,133,415
2024					
Lease liabilities	-	-	-	-	-

Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Group is a lessee are shown below:

	2025	2024
	\$	\$
Interest expense on lease liabilities	92,670	12,956
Depreciation of right-of-use assets	520,815	438,166
	<u>613,485</u>	<u>451,122</u>

Statement of Cash Flows

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Group is a lessee are shown below:

	2025	2024
	\$	\$
Total cash flow for leases	<u>429,030</u>	<u>473,100</u>

Heritage Brands Ltd and Controlled Entities

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Notes to the Financial Statements For the Year Ended 31 July 2025

14 Trade and Other Payables

	2025	2024
	\$	\$
CURRENT		
Trade payables	7,437,061	6,743,474
Sundry payables and accrued expenses	1,791,452	1,368,483
	<u>9,228,513</u>	<u>8,111,957</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 to 90 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

15 Borrowings

	2025	2024
	\$	\$
CURRENT		
Unsecured liabilities:		
Insurance premium finance	198,767	329,380
	<u>198,767</u>	<u>329,380</u>
Bank facilities	7,349,670	8,193,599
Shareholder loans	1,589,247	1,426,745
	<u>9,137,684</u>	<u>9,949,724</u>
NON-CURRENT		
Secured liabilities:		
Bank facilities	880,000	-
Shareholder loans	4,084,268	2,947,747
	<u>4,964,268</u>	<u>2,947,747</u>

(a) Bank facilities

The bank facilities are 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;

Notes to the Financial Statements

For the Year Ended 31 July 2025

15 Borrowings (continued)

(a) Bank facilities

- Right of entry deed with respect to the property at 30 Bando Road, Springvale, Victoria; and
- Flawed asset arrangement over any cash deposits held with the National Australia Bank.

As at 31 July 2025, the Group has bank loan facilities of \$11,200,000 (31 July 2024: \$12,000,000) of which \$2,970,329 (31 July 2024: \$3,806,401) is unused.

(b) Shareholder loans

Loan facilities of \$5,000,000 have been made available to the group from shareholders. \$3,000,000 is secured and \$2,000,000 unsecured.

Material conditions of the shareholder loans are as follows:

- Interest is charged at 13% per annum on \$1,250,000 (2023: 13%) from 1st August 2022 payable yearly in arrears, Interest rate at 5% per annum on \$2,750,000 from 15th July 2023 payable yearly in arrears, Interest rate at 10% per annum on \$1,000,000 from 15th July 2023 payable yearly in arrears, all subject to bank approval.
- The shareholder loans which expired on the 1 August 2025 were rolled-over, one to 31 October 2025 for \$1,250,000 and the others to 1 August 2026 for \$2,750,000.
- The secured loans are secured by a second registered general security agreement over the assets and undertakings of each Company in the Group consented to by the Group's banker. Loan repayments are subject to formal bank approval.

(c) Defaults and Breaches

Borrowing Covenants

As at 31 July 2025 the Group has breached its interest cover, inventory turnover and EBITDA covenants. The facility agreement requires that if 2 consecutive quarterly breaches occur, which has been the position in FY25, the Group will be required to source additional equity, or provide a sub-ordinated loan, equal to the minimum EBITDA covenant amount less actual EBITDA for the preceding 6 months. Arrangements have been made for these funds to be injected into the group.

16 Employee Entitlements

	2025	2024
	\$	\$
CURRENT		
Long service leave	112,628	129,996
Annual leave	152,810	246,741
	<u>265,438</u>	<u>376,737</u>
NON-CURRENT		
Long service leave	<u>24,723</u>	<u>52,468</u>

Notes to the Financial Statements

For the Year Ended 31 July 2025

17 Issued Capital

	2025	2024
	\$	\$
56,021,297 (2024: 2,326,423,723 converted on share consolidation to 46,528,474) Ordinary shares	29,828,914	27,985,586

(a) Ordinary shares

	2025		2024	
	\$	No.	\$	No.
At the beginning of the reporting period	27,985,586	2,326,423,723	25,915,489	1,801,111,087
Shares issued 1 for 2 non-renounceable rights issue	1,559,357	389,643,757	2,101,250	525,312,636
Share consolidation on 50 to 1 basis (6 December 2024)		(2,661,746,183)		
Shares issued	340,000	1,700,000		
Capital raising costs	(56,029)	-	(31,153)	-
At the end of the reporting period	29,828,914	56,021,297	27,985,586	2,326,423,723

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.

(b) 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	2025	2024
		\$	\$
Total borrowings	15	14,101,952	12,897,471
Total leases	13	1,133,415	-
Less Cash and cash equivalents	8	(9,349)	(94,226)
Net debt		15,226,018	12,803,245
Equity		8,129,714	14,718,550
Total capital		23,355,731	27,521,795
Gearing ratio		65.2%	46.5%

Notes to the Financial Statements

For the Year Ended 31 July 2025

18 Earnings Per Share

(a) Earnings used to calculate overall earnings per share

	2025	2024
	\$	\$
Earnings used to calculate overall earnings per share	<u>(8,432,165)</u>	<u>(7,090,897)</u>

(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS

	2025	2024
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	<u>53,490,470</u>	<u>39,792,959</u>
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS (the share consolidation has been applied to the prior year calculation to provide a like for like comparative)	<u>53,490,470</u>	<u>39,792,959</u>

19 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 - currency risk, interest rate risk and price risk

Financial instruments used

The principal categories of financial instrument of the Group are:

- Trade receivables
- Cash at bank
- Trade and other payables; and
- Borrowings.

Notes to the Financial Statements

For the Year Ended 31 July 2025

19 Financial Risk Management (continued)

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 CEO and the CFO have 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.

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.

	Within 1 Year		1 to 5 Years		Total	
	2025	2024	2025	2024	2025	2024
	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment						
Trade and other payables (excluding estimated annual leave)	9,228,513	8,117,927	-	-	9,228,513	8,117,927
Lease liabilities	555,234	-	578,181	-	1,133,415	-
Borrowings (excluding leases)	9,137,684	9,949,724	4,964,268	2,947,747	14,101,952	12,897,471
Total contractual outflows	18,921,431	18,067,651	5,542,449	2,947,747	24,463,880	21,015,398

Notes to the Financial Statements

For the Year Ended 31 July 2025

19 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, 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 mainly across Australia. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Board receives monthly reports summarising the turnover, trade receivables balance and aging 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.

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.

Notes to the Financial Statements

For the Year Ended 31 July 2025

19 Financial Risk Management (continued)

Market risk (continued)

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 as there are minimal sales to overseas customers and purchases from overseas suppliers.

(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 rate 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 2025, 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 \$82k higher/\$82k lower, mainly as a result of higher/lower interest expense from borrowings. Other components of equity would have been \$82k lower/\$82k higher mainly as a result of an increase/decrease in the fair value of borrowings.

20 Tax Assets and Liabilities

	Opening Balance	Charged to Income	Closing Balance
	\$	\$	\$
Deferred tax assets			
Accruals and other timing differences	298,249	(134,004)	164,245
Tax losses	3,951,058	1,072,250	5,023,308
Balance at 31 July 2024	4,249,307	938,246	5,187,553
Accruals and other timing differences	164,245	(164,245)	-
Tax losses	5,023,308	(5,023,308)	-
Balance at 31 July 2025	5,187,553	(5,187,553)	-

The deferred tax assets recognised in prior years were calculated at a tax rate of 30%, on the basis that management expected turnover be higher than \$50 million in the future to utilise these losses.

Notes to the Financial Statements

For the Year Ended 31 July 2025

21 Dividends

No dividends have been declared or paid during the year (2023: \$Nil).

Franking credits account

	2025	2024
	\$	\$
The franking credits available for subsequent financial years	5,034,881	5,034,881

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

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

22 Key Management Personnel Remuneration

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

	2025	2024
	\$	\$
Short-term employee benefits	621,762	766,020
Long-term benefits	16,515	10,602
Post-employment benefits	60,391	60,919
	698,668	837,541

23 Auditors' Remuneration

	2025	2024
	\$	\$
Remuneration of the auditor, for:		
- auditing or reviewing the financial statements	62,000	59,500
- taxation services	14,440	12,730
	76,440	72,230

Heritage Brands Ltd and Controlled Entities

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Notes to the Financial Statements For the Year Ended 31 July 2025

24 Interests in Subsidiaries

Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2025	Percentage Owned (%)* 2024
Subsidiaries:			
Heritage Brands (Australia) Pty Ltd	Australia	100	100
A.C.N. 134 223 804 PTY LTD (change of name from Innoxia Group Pty Ltd)	Australia	100	100
A.C.N. 103 420 024 PTY LTD (change of name from Innoxia Holdings Pty Ltd)	Australia	100	100
Incolabs Pty Ltd	Australia	100	100
Heritage Le Tan Pty Ltd	Australia	100	100

25 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 July 2025 (31 July 2024: None).

26 Related Parties

(a) 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 22.

Refer to interests in subsidiaries in Note 24.

Refer to Note 15(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.

(b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

On 15 July 2025 a \$1m unsecured loan was provided by Metro Café Sydney (No.1) Pty Ltd associated with Company Director William McCartney. During the year this entity also provided a \$227k investment in Display Stands.

Notes to the Financial Statements

For the Year Ended 31 July 2025

27 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

Reconciliation of loss for the year to net cash provided by operating activities:

	2025	2024
	\$	\$
Loss for the year	(8,432,165)	(7,090,897)
Cash flows excluded from loss		
Non-cash flows in loss:		
- depreciation and amortisation	1,567,955	832,535
- impairment of intangibles	-	4,093,903
- (write back)/impairment of receivables	(3,942)	(7,830)
- write-down/(write back) of inventory	5,308	(38,236)
- capitalised interest expense	299,022	374,493
- loss on sale of goodwill (net of costs)	-	795,749
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(930,690)	2,232,896
- (increase)/decrease in prepayments	189,379	522,199
- (increase)/decrease in inventories	635,449	616,048
- (increase)/decrease in deferred tax assets	5,187,553	(938,246)
- increase/(decrease) in trade and other payables	687,526	(2,744,027)
- increase/(decrease) in employee entitlements	(139,044)	(407,125)
Cashflows from operations	<u>(933,649)</u>	<u>(1,758,538)</u>

28 Events Occurring After the Reporting Date

The financial report was authorised for issue on 26 September 2025 by the board of Directors.

On the 19th September 2025, the Group's financiers have extended financing facilities to December 2025, whilst the annual review is completed.

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.

29 Parent Entity

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

The financial information for the parent entity, Heritage Brands Limited has been prepared on the same basis as the financial statements except as disclosed below.

Investments in subsidiaries, associates and joint ventures

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.

Heritage Brands Ltd and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 July 2025

29 Parent Entity (continued)

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.

	2025	2024
	\$	\$
Statement of Financial Position		
Assets		
Non-current assets	16,835,014	18,905,112
Total Assets	16,835,014	18,905,112
Equity		
Issued capital	29,828,914	27,985,586
Retained earnings	(9,080,474)	(9,080,474)
Total Equity	20,748,440	18,905,112

Contingent liabilities

The parent entity did not have any contingent liabilities as at 31 July 2025 or 31 July 2024.

Contractual commitments

The parent entity did not have any commitments as at 31 July 2025 or 31 July 2024.

30 Statutory Information

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

Heritage Brands Ltd
30 Bando Road
Springvale VIC 3171

Heritage Brands Ltd and Controlled Entities

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Consolidated Entity Disclosure Statement

As At 31 July 2025

Entity Name	Entity Type	Place formed / Country of Incorporation	Ownership (%)	Tax Residency
Heritage Brands (Australia) Pty Ltd	Body Corporate	Australia	100	Australia
A.C.N. 134 223 804 PTY LTD (change of name from Innoxia Group Pty Ltd)	Body Corporate	Australia	100	Australia
A.C.N. 103 420 024 PTY LTD (change of name from Innoxia Holdings Pty Ltd)	Body Corporate	Australia	100	Australia
Incolabs Pty Ltd	Body Corporate	Australia	100	Australia
Heritage Le Tan Pty Ltd	Body Corporate	Australia	100	Australia

Heritage Brands Ltd and Controlled Entities

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Directors' Declaration

The Directors of the Company declare that:

1. the financial statements and notes for the year ended 31 July 2025 are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian 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;
 - c. the information disclosed in the attached consolidated entity disclosure statement is true and correct.
2. the Chief Executive Officer and Head of Finance and Operations 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 Australian 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.

At the date of this declaration, there are reasonable grounds to believe that the companies which are party to this deed of cross guarantee will be able to meet any obligations or liabilities to which they are, or may become subject to, by virtue of the deed.

This declaration is made in accordance with a resolution of the Board of Directors.



Director

Dated: 26 September 2025

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 consolidated statement of financial position as at 31 July 2025, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying 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 2025 and of its financial performance for the year then ended; 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 & 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.

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HERITAGE BRANDS LTD

INDEPENDENT AUDITOR'S REPORT (continued)

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 for the year ended 31 July 2025. 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.

Key Audit Matter – Carrying value of intangible assets – Note 12	How our Audit Addressed the Key Audit Matter
<p>At 31 July 2025 the Group has intangible assets of \$15,359,025.</p> <p>The carrying 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.</p> <p>Recoverability is assessed through a value in use model, whereby future cash flows are estimated and a discount rate is applied in order to arrive at a net present value of the future cash flows. The value derived is then compared to the carrying value of the intangible assets and if lower an impairment charge will be recorded.</p> <p>We focused on this area given the significant judgement involved in assessing the recoverable amount of the group's intangible assets.</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> • We checked the calculations and assessed the reasonableness of inputs into the directors' discounted cash flow analysis. • We performed sensitivity analysis of the key inputs to value in use model. • We considered the appropriateness of management's recoverability assessment • We assessed whether the disclosures included in the financial report were in accordance with AASB 136.

HERITAGE BRANDS LTD

INDEPENDENT AUDITOR'S REPORT (continued)

Key Audit Matter – Going Concern – Note 2	How our Audit Addressed the Key Audit Matter
<p>We note that the Group incurred a loss of \$8,432,165, had net cash outflows from operating activities of \$933,649 for the year and has a deficit in net current assets of \$3,752,349 as at 31 July 2025.</p> <p>Going concern was considered a key audit matter given the current financial position and historical losses.</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> • We reviewed the Group's forecast for the next 12 months and held discussions with management in relation to their plans over the next 12 months; • We obtained the extension agreement for the existing finance facilities to 31 December 2025; • We reviewed the letter of commitment from directors to provide funding to satisfy the requirements of the group's banking covenants; • We assessed the adequacy of disclosures in the financial statements relating to going concern; and • We reviewed subsequent events and management's plans to mitigate liquidity risks.

Information Other than the Financial Report and Auditor's Report Thereon

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 2025, 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 there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

HERITAGE BRANDS LTD

INDEPENDENT AUDITOR'S REPORT (continued)

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii. the consolidated entity disclosure statement that is true and correct and is free of 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 director either intends to liquidate the Group 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. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 31 July 2025.

In our opinion the remuneration report of Heritage Brands Ltd for the year ended 31 July 2025 complies with section 300A of the *Corporations Act 2001*.

HERITAGE BRANDS LTD

INDEPENDENT AUDITOR'S REPORT (continued)

Responsibilities for the Remuneration Report

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.

In.Corp Audit & Assurance Pty Ltd



Graham Webb
Director

26 September 2025

Heritage Brands Ltd and Controlled Entities

ACN 081 149 635

Additional Information for Listed Public Companies

31 July 2025

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 2025.

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

Holding	Ordinary shares	
	Number of Shareholders	Number of shares
1-1,000	143	49,669
1,001-5,000	63	159,409
5,001-10,000	18	139,160
10,001-100,000	24	701,971
100,001-9,999,999,999	23	54,971,088
Totals	271	56,021,297

Heritage Brands Ltd and Controlled Entities

ACN 081 149 635

Additional Information for Listed Public Companies

31 July 2025

Twenty largest shareholders

Ordinary shares

	Number held	% of issued shares
RAWLO INTERNATIONAL PTY LIMITED *	23,000,373	41.056%
SOULS PRIVATE EQUITY LIMITED	9,049,412	16.154%
MAXIM KROK *	3,203,482	5.718%
MR STEPHEN MASON *	3,130,923	5.589%
RAWLO INTERNATIONAL PTY LTD *	2,765,243	4.936%
CVC LIMITED	2,760,776	4.928%
AKOCA PTY LTD *	2,403,482	4.290%
MAXIMIZE EQUITY PTY LTD *	1,828,632	3.264%
MR STEPHEN LESLIE MASON *	1,396,977	2.494%
DIMITRIOS FILIS *	1,200,000	2.142%
S GOODEY PTY LTD	789,758	1.410%
JKL DEVELOPMENTS PTY LIMITED	633,972	1.132%
PTJ HOLDINGS PTY LIMITED	633,972	1.132%
R & D RICHARDSON SUPERFUND PTY LTD	500,000	0.893%
MR STEVEN ANDREW O'NEILL	364,980	0.652%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	231,000	0.412%
KISTANI HOLDINGS PTY LIMITED *	227,381	0.406%
MR JOHN NICHOLAS FORMBY + MRS HONG THI FORMBY	176,326	0.315%
MR CHRISTOPHER MCGIBBON + MRS ELIZABETH MCGIBBON	160,066	0.286%
MR ALEXANDER DAMIEN BEARD + MRS MARIE PASCALE BEARD	140,000	0.250%

*Signifies a Director controlled entity

Unissued equity securities

There are no unissued equity securities

Company secretary

The name of the Group secretary is Stephen Mason.

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 8, 210 George Street, Sydney, NSW 2000.
Victoria 30 Bando Road, Springvale, VIC 3171.

Securities exchange

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

Unquoted securities

There are no unquoted securities.