Hiro Brands Limited

(Formerly Wellness and Beauty Solutions Limited)

ABN 43 169 177 833

Financial report for the year ended 30 June 2022

Financial Report

for the Year Ended 30 June 2022

Directors' Report

In respect of the financial year ended 30 June 2022, the directors of Hiro Brands Limited (formerly Wellness and Beauty Solutions Limited) submit the following report on the Group (referred to hereafter as the Group) consisting of the parent entity and the entities it controlled at the end of, or during, the year ended 30 June 2022. The report is made out in accordance with the resolution of directors.

Directors

The directors of Hiro Brands Limited in office during the financial year and until the date of this report who were appointed after the Deed of Company Arrangement (DOCA) was approved and subsequently executed by the administrator are:

Name & Qualifications	Experience and Responsibilities
Garry Hounsell Garry Hounsell, Independent Non-Executive Chairperson	Garry Hounsell is currently the Chairman of Helloworld Travel Limited (since October 2016) and is Chairman of the Commonwealth Superannuation Corporation Limited (since July 2021, Director since 2016), a non- Executive Director of Findex Group Limited (since January 2020) and Treasury Wine Estates Limited (since 2012). Garry is the former Chairman of PanAust Limited (from July 2008 to August 2015), Myer Holdings Limited (from November 2017 to October 2020, and a director from September 2017 to October 2020), Spotless Group Holdings Limited (Chairman from February 2017 to August 2017, and a director from March 2014 to August 2017) and a former director of Qantas Airways Limited (from January 2005 to February 2015), Integral Diagnostics Limited (from October 2015 to March 2017) and Dulux Group Limited (from July 2010 to December 2017).He was a former CEO and Country Managing Partner of Arthur Andersen and Senior Partner of Ernst and Young. Garry is a Fellow of the Australian Institute of Company Directors and Chartered Accountants in Australia and New Zealand. Appointed Director on 6 December 2021. Audit & Risk Committee - Chairperson. Remuneration & Nomination Committee – Chairperson.
Steven Chaur Managing Director and Chief Executive Officer	Steven Chaur was appointed as Managing Director and Chief Executive Officer of Hiro effective from 24 January 2022. Steven is a transformational leader who has delivered sustainable shareholder value growth in competitive and dynamic sectors such as consumer food products, specialised industrial products and agricultural production across local and international customer markets. Steven has proven experience in FMCG strategy leadership, lean manufacturing, global distribution, consumer marketing, ASX financial oversight and governance. He has led organisations operating in Pacific and global markets including New Zealand, Europe, China, UAE, Thailand, Japan, Singapore, Indonesia and the USA. Steven has held recent Managing Director and Chief Executive Officer roles at Castlegate James Australasia, Nutrano Produce Group, Patties Food Limited (ASX:PFL), Saint-Gobain Pacific (EPA:SGO) and has held senior executive roles at George Weston Foods, Findus Australia, National Foods Ltd (ASX:NFL), Simplot Australia and Unilever. He is also a past Non-Executive Director at Wingara AG Limited (2020–2022) (ASX: WNR), Meat & Livestock Australia (2015–2018) and Davies Bakeries (2014–2016). Appointed Director on 24 January 2022.
Paul Docherty Non-Executive Director	Mr Docherty is Founder and Executive Chair of the BRC Group, one of Australia's leading Incubator and Accelerator's. Prior to founding the BRC Group, Paul was the Founder and CEO of Direct Connect, a business that was sold with Lumo Energy to Snowy Hydro in 2014. Paul holds Chairmanships across MedTech, Health, Technology and BRC's Food businesses, and is both the Regional Chair of YPO in Australia and New Zealand, and the Chairman of the Melbourne Rebels. Appointed Director on 12 August 2021.

Name & Qualifications	Experience and Responsibilities
Lyndsey Cattermole AM Non-Executive Director	Lyndsey Cattermole, AM, founded Aspect Computing, the largest Australian Software and Services Company, going on to be a major force in Australian ICT with 1300 employees. She remained as joint Managing Director from 1974 to 2003, before the business was sold. Lyndsey has been at the forefront of the Australian IT Industry including the Australian Computer Society, the Prime Minister's Science and Engineering Council, the Federal Government Electronic, Electrical and Information Industry Board, and the Multimedia Advisory Committee. Lyndsey has held a number of board and membership positions on a range of government, advisory, association and not for profit committees. In particular, Lyndsey helped form the Murdoch Children's Research Institute from the Murdoch and Royal Children's, one of Australia's largest biomedical research institutes. Lyndsey is currently a non-executive Director of Pact Group Holdings Limited (ASX:PHG) and also holds directorships with MPH Agriculture and Melbourne Rebels Rugby Union. With a Bachelor of Science from the University of Melbourne, Lyndsey is a Fellow of the Australian Computer Society. Lyndsey is formerly a director of Treasury Wine Estates, Tatts Group and Foster's Group Pty Ltd. Appointed Director on 12 August 2021.
David Botta Non-Executive Director	David's business career spans over 35 years in customer facing industries, Europe, Asia, UAE and NZ. The Director for Nike Europe, responsible for 2 Nike Towns and 52 factory stores. From there, he became CEO for Jeanswest, where he turned Jeanswest into the leader in denim retailing. David then became CO of Colorado Group. More recently, David owned Qualspec Australia's largest independent quality assurance company with operations across Asia, this business was sold in 2019. Appointed Director on 12 August 2021 and resigned 30 September 2022.
Amber Collins Non-Executive Director	Ms Collins started her career at Saatchi & Saatchi Advertising London working on FMCG brands such as Schweppes and Carlsberg-Tetley before joining Lowe Howard-Spink as the Board Director managing Tesco PLC. Over the next five years Amber worked as a Director of brand consultancy Interbrand in London and the USA. Returning to Australia, she spent nearly 10 years at Coles and Target in multiple management roles with responsibility for product development, brand management, digital marketing, communications and media. Amber joined Australia Post as Chief Marketing Officer in 2019 and is on the board of Foodbank Vic. Appointed Director 6 December 2021 and resigned 30 September 2022.

Any directorships of other listed companies held by directors in the three years immediately before the end of the financial year are indicated above under "experience and responsibilities".

Company Secretary

Name & Qualifications	Experience and Responsibilities
Mr Hasaka Martin, CA	Mr Martin has over 15 years' experience working with listed companies both internally and through corporate service providers, and has worked across multiple sectors including corporate services, resources, biotechnology and universities. Hasaka has held varied roles ranging from corporate secretarial, business development and client servicing though teaching, program management and research. Hasaka is an appointed company secretary for a number of listed and unlisted companies. He is a Chartered Secretary and Fellow of the Governance Institute of Australia. Hasaka holds a Graduate Diploma in Applied Corporate Governance and postgraduate qualifications in corporate and securities law

Directors' shareholdings
The following table sets out each director's relevant interest in shares, debentures, and rights or options in shares or debentures of the company or a related body corporate as at the date of this report.

Directors	Fully paid ordinary shares Number	Options Number
Garry Hounsell	-	-
Steven Chaur	-	-
Paul Docherty	-	-
Lyndsey Cattermole	-	-
David Botta	-	-
Amber Collins	-	-

Principal activities and significant changes in nature of activities

During the financial year the consolidated entity provided administration services in preparation of the proposed re-admission of the Company to the official list of ASX.

Review of operations

The Group entered voluntary administration on 30 March 2021 until 21 December 2021. On completion of the Deed of Company Arrangement (DOCA) the Group recognised the settlement of outstanding liabilities which principally contributed to the net profit after income tax of $5,427,821 (2021: Loss of $11,922,574). Operational costs in the second half principally related legal and consulting costs associated capital raising activities and transaction costs associated with the proposed acquisition of the Aware Environmental Pty Ltd and the Heat Group Pty Ltd.

Dividends

No dividends were declared during the financial year.

Significant changes in the state of affairs

As reported in the prior year, there were significant changes in the state of affairs of the Group during the financial year.

- On 19 July 2021, creditors of the Company approved a proposal by BRC Collective Pty Ltd (BRC) for the Company to enter into a Deed of Company Arrangement (DOCA) and approved the appointment of Laurence Fitzgerald of William Buck as deed administrator of the Company (Deed Administrator);
- On 9 August 2021, the Company, the Deed Administrator and BRC entered into the DOCA;
- On 19 November 2021 pursuant to the DOCA, the Company issued 68,000,000 shares to Heat Holdings Pty Ltd; and
- On 21 December 2021, the administrator resigned.

Future developments

The Company has entered into an agreement for the acquisition of the issued capital of The Heat Group Pty Ltd and has entered into option agreements pursuant to which it will acquire approximately 98% of the issued capital of Aware Environmental Pty Ltd, subject to capital raising or a funding event. The acquisitions will involve a significant change in the scale of the Company's activities which have since been approved by Shareholders at the General Meeting on 29 August 2022, together with the Company name change to Hiro Brands Limited.

Hiro will be a new Australian based fast moving consumer goods (FMCG) business resulting from the merger of the Heat Group and Aware Environmental. The compelling proposition underpinning Hiro is its strong national muti-channel retail/B2B distribution network combined with Australian made high volume manufacturing capability. Supporting this is an existing portfolio of well-known consumer brands spanning across both every day and premium consumer products with appeal to a wide customer base.

Hiro aims to become a leading Australian based manufacturer and distributor of everyday consumer products; products that play a key role in the lifestyle and wellbeing of consumers such as cosmetics, household care, beauty accessories, therapeutic and personal care products.

Environmental regulation
The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the Auditors for audit and non-audit services provided during the financial year are set out in note 22 to the consolidated financial statements.

Indemnification of officers and auditors

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary and all executive officers of the company and of any related body corporate against a liability incurred by such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 7 Board, 2 Audit Committee and 1 Remuneration Committee meetings were held.

	Board of Directors		Audit Committee		Remuneration Committee	
Directors	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
Garry Hounsell	7	7	2	2	1	1
Steven Chaur	6	6				
Paul Docherty	7	6	2	2	1	1
Lyndsey Cattermole	7	6	2	2	1	1
David Botta	7	7	2	2	1	1
Amber Collins	7	6			1	1

Auditor's Independence Declaration

The directors have received the auditor's independence declaration and it is deemed to form part of this directors' report set out immediately after this directors' report.

Subsequent events

Subsequent to balance date,

1. At the Company's General Meeting on 29 August 2022 the shareholders approved several resolutions comprising:
   (i) consolidation of the Shares and other securities on issue to the basis of 65 to 1;
   (ii) a change in scale of activities of the Company;
   (iii) change the Company name to Hiro Brands Limited; and subject to capital raising or a funding event;
      a. acquisition of the issued capital of The Heat Group Pty Ltd for $12.610 million via equity interests in the Company;
      b. acquisition of approximately 98% of the issued capital of Aware Environmental Pty Ltd for $5.0 million of Convertibles Notes in the Company;
      c. approval of issue of shares to Aware vendors on conversion of Aware vendor Convertibles Notes;
      d. issue of shares to seed investors supporting the operations of Heat and Aware Groups, and the Company via the conversion of convertible notes;
      e. issue of shares to Elevon on conversion of Elevon Convertible Notes, in relation to the sale of the Aware business ultimately to Company;
      f. issue of shares to DOCA creditors upon the conversion of DOCA convertible notes; and
      g. Acquisition of the Actizyme Brand for $2.5 million in connection with the Aware Acquisition.

2. On 23 September 2023, the Directors resolved to withdraw the Company's proposed public offer pursuant to its prospectus dated 15 July 2022 as replaced by replacement prospectus dated 2 August 2022. The Company is considering the next steps, including with regard to the various transactions which were approved by its shareholder at the General Meeting held on 29 August 2022 and will advise shareholders in due course.

There have been no other significant events which have affected the operations of the Group.

Remuneration report - audited

This remuneration report details the nature and amount of remuneration for each director and senior management personnel of Hiro Brands Limited

The directors and other members of key management personnel of the Group during the year were:

- Garry Hounsell — Non-executive Independent Chairman
- Steven Chaur — Managing Director and Chief Executive Officer
- Paul Docherty — Non-executive Director
- Lyndsey Cattermole — Non-executive Director
- David Botta — Non-executive Independent Director
- Amber Collins — Non-executive Independent Director
- Albert Zago — Chief Financial Officer

Remuneration Policy

The remuneration policy of Hiro Brands Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific short-term and long-term incentives based upon key performance areas affecting the Group's financial results. The board of Hiro Brands Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors 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 board members and senior executives of the Group is as follows:

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

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 maximum aggregate amount of fees that can be paid to non-executive directors as per last approval is $500,000. Fees for non-executive directors are not linked to the performance of the Group. No shares or options have been issued to non-executive directors, under the performance rights plan or an option scheme, within the last five years.

The Remuneration and Nomination Committee ("Committee") was established to advise on remuneration and issues relevant to remuneration policies and practices including those for senior management and non-executive Directors. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

At present, given the number and mix of directors, the Committee does not hold separate meetings and its functions are carried out by the Board.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors' remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive directors have not received share options or other incentives.

Executive remuneration

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

The directors and executives receive a superannuation guarantee contribution required by the law, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

The Group is currently reviewing its short-term and long-term incentive program for future reporting periods.

The short-term incentives ('STI') program is being developed with the aim to align the targets of the business units with the performance hurdles of executives. STI payments will be granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved.

The Company will also establish a Long Term Incentive Plan (LTIP) that allows for the award of performance-related rights (‘Rights’) subject to the LTIP Rules. The Plan will assist in the motivation, retention and reward of the Company’s senior executives. Plan will be designed to align the interests of senior executives more closely with the interests of shareholders.

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities.

Key terms of employment contracts

Mr Steven Chaur is employed by the Group under an ongoing contract. The period of notice required by either party to terminate the contract is six months without cause. Mr Chaur is entitled to receive a maximum yearly total bonus (including any cash bonus, share or incentive plan) of $450,000.

Mr Albert Zago is employed by Aware Environmental Pty Ltd under an ongoing contract. The period of notice required by either party to terminate the contract is four months without cause. Mr. Zago’s salary has been paid by Aware Environmental Pty Ltd and not on charged to the Group.

Relationship between the remuneration policy and company performance

The remuneration of Key Management Personal (KMP) is directly linked to the performance of the Group. KMP’s cash bonus is dependent on the Group meeting or exceeding Board approved forecasts and other operational targets.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk – STI		At risk – LTI	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Non-Executive Directors						
Dr Naveen Somia	-	100%	-	-	-	-
Julian Glynn	-	100%	-	-	-	-
Executives						
Steven Chaur	55%	-	45%(i)	-	45%(i)	-
Albert Zago	79%		21%			
Christine Parkes	-	100%	-	-		-

(i) The At Risk portion of 45% is to be spread across STI and LTI program, once the short and long term incentive program has been finalised by the Board.

The compensation of each member of the key management personnel of the Group for the **current year** is set out below:

2022	Short-term employee benefits			Post-employment benefits	Share–based payments	
	Salary & fees $	Bonus $	Non-monetary(i) $	Superannuation $	Rights $	Total $
Non-Executive Directors						
Garry Hounsell (i) (vi)	71,112	-	-	7,902	-	79,014
Paul Docherty (ii) (v)	-	-	-	-	-	-
Lyndsey Cattermole (ii) (v)	-	-	-	-	-	-
David Botta (ii) (vi)	63,518	-	-	7,057	-	70,575
Amber Collins (iii) (vii)	41,538	-	-	4,154	-	45,692
Total Directors	**176,168**	**-**	**-**	**19,113**	**-**	**195,281**
Executive Director						
Steven Chaur (iv) (vii)	228,666	-	-	11,784	-	240,450
Albert Zago (viii)	72,595	-	-	5,892	-	78,487
Total Executives	**301,262**	**-**	**-**	**17,676**	**-**	**318,938**
Total Remuneration	**477,430**	**-**	**-**	**36,789**	**-**	**514,219**

(i) Garry Hounsell was appointed 6 December 2021
(ii) Paul Docherty, Lyndsey Cattermole and David Botta were appointed 12 August 2021. David Botta resigned subsequent to year end, on 30 September 2022
(iii) Amber Collins was appointed 6 December 2021 and resigned subsequent to year end, on 30 September 2022
(iv) Steven Chaur was appointed 24 January 2022
(v) Remuneration fees for Paul Docherty and Lyndsey Cattermote commence upon reinstated the company on the ASX and trading commences
(vi) Garry Hounsell and David Botta compensation for services to be paid in salary as soon as practical upon reinstating the company on the ASX and trading commences
(vii) Short term employee benefits for Steve Chaur and Amber Collins, have been paid by Aware Environmental Pty Ltd and recharged to the Company. At 30 June 2022, $286,142 plus related statutory charges remain payable to Aware Environmental Pty Ltd.
(viii) Albert Zago was appointed 31 March 2022, who's salary has been paid by Aware Environmental Pty Ltd. For the year ended 30 June 2022, Albert's contribution was mainly towards Aware's operation and earns nothing for his involvement with the Group.

The compensation of each member of the key management personnel of the Group for the **prior year** is set out below:

2021	Short-term employee benefits			Post-employment benefits	Share–based payments	
	Salary & fees $	Bonus $	Non-monetary(i) $	Superannuation $	Rights $	Total $
Non-Executive Directors						
Dr Naveen Somia (i)	30,000	-	-	-	-	30,000
Julian Glynn (ii)	49,785	-	-	4,729	-	54,514
Michael McCreadie (iii)	-	-	-	-	-	-
Yitzchock (Yossi) Spigler (iv)	-	-	-	-	-	-
Total Directors	**79,785**	**-**	**-**	**4,729**	**-**	**84,514**
Executive						
Christine Parkes (v)	218,979	-	-	16,976	167,447	403,222
Key Management (KMP)						
Chantelle Philips	98,303	-	-	8,665	-	106,968
Alicia Dyson	112,500	-	-	10,686	-	123,188
Michelle Stoneman	117,822	-	-	11,193	-	129,015
Total Executives & KMP	**547,604**	**-**	**-**	**47,520**	**167,447**	**762,393**
Total Remuneration	**627,389**	**-**	**-**	**52,249**	**167,447**	**846,907**

(i) Dr Naveen Somia, resigned 30 March 2021
(ii) Julian Glynn, resigned 19 February 2021
(iii) Michael McCreadie, resigned 30 March 2021
(iv) Yitzchock (Yossi) Spigler, resigned 30 March 2021
(v) Christine Parkes, resigned 30 March 2021
(vi) Chantelle Philips, Alicia Dyson and Michelle Stoneman, resigned 30 March 2021

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2022.

Options

The terms and conditions of options granted over ordinary shares affecting remuneration of directors and other key management personnel in 30 June 2021 financial year or future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Christine Parkes	3,375,000	27 November 2020	27 November 2020	29 December 2024	$0.30	$0.04

Key management personnel equity holdings

Fully paid ordinary shares of the Company held by key management personnel:

	Balance at 30 June 2020	Options exercised	Net change other (i)	Net change other (ii)	Balance at 30 June 2021	Options exercised	Balance(iii) at 30 June 2022
Executive							
Christine Parkes	51,725,552	-	(49,139,274)	(2,586,278)	-	-	-
Steven Chaur	-	-	-	-	-	-	-
Albert Zago	-	-	-	-	-	-	-

(i) Consolidation of shares 1 for 20 on 3 December 2020

(ii) Christine Parkes, resigned 30 March 2021

(iii) There has been no change in shareholdings from the end of the financial year to the date of this report.

Shares under option

There were no unissued ordinary shares of Hiro Brands Limited under option outstanding at the date of this report.

This Directors' report is signed in accordance with a resolution of Directors made pursuant to s.298(2) of the *Corporations Act 2001*.

On behalf of the Directors

Garry Hounsell
Chairman

13 October 2022

Auditor's Independence Declaration

As lead auditor for the audit of Hiro Brands Ltd for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Hiro Brands Ltd and the entities it controlled during the period.

Paul Lewis
Partner
PricewaterhouseCoopers

Melbourne
13 October 2022

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Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2022

	Note	2022 $	2021 $
Continuing Operations			
Revenue	4	-	3,648,542
Other Income	4	8,017,715	1,389,739
Interest revenue calculated using the effective interest method		-	3,624
Raw materials and consumables used		-	(2,670,894)
Employee benefits expense		(471,724)	(1,721,449)
Contract labour costs		-	(36,000)
Consulting and professional costs		(1,914,410)	(644,609)
Advertising and promotion expense		(81,453)	(333,333)
Occupancy expense		(33,168)	(368,417)
Repairs and maintenance		-	(28,198)
Other operating expenses		(52,052)	(265,573)
Borrowing costs	4	(37,087)	(325,078)
Depreciation and amortisation	4	-	(280,262)
Impairment expense	4	-	(9,806,819)
Profit/(loss) before income tax (expense)/benefit from continuing operations		5,427,821	(11,438,727)
Income tax benefit/(expense)	5	-	292,487
Profit/(loss) after income tax (expense)/benefit from continuing operations		5,427,821	(11,146,240)
Loss after income tax expense from discontinued operations	26	-	(776,334)
Profit/(loss) after income tax (expense)/benefit for the year attributable to the members of the Parent Entity		5,427,821	(11,922,574)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income/(loss) for the year attributable to the members of Parent Entity		5,427,821	(11,922,574)
Total comprehensive income/(loss) for the year is attributable to:			
Continuing operations		5,427,821	(11,146,240)
Discontinued operations		-	(776,334)
		5,427,821	(11,922,574)

		Cents	Cents
Earnings per share for Profit/(loss) from continuing operations attributable to the Members of the Parent Entity			
Basic earnings per share	27	4.98	(16.65)
Diluted earnings per share	27	4.98	(16.65)
Earnings per share for Profit/(loss) from discontinued operations attributable to the Members of the Parent Entity			
Basic earnings per share	27	-	(1.16)
Diluted earnings per share	27	-	(1.16)
Earnings per share for Profit/(loss) attributable to the Members of the Parent Entity			
Basic earnings per share	27	4.98	(17.81)
Diluted earnings per share	27	4.98	(17.81)

Notes to the financial statements are included on pages 16 to 38.

Consolidated statement of financial position as at 30 June 2022

	Note	2022 $	2021 $
Current assets			
Cash and cash equivalents	18	4,287	16,719
Trade and other receivables	6	2,883,920	115,403
Other assets	7	-	-
Assets held for sale	26	-	408,756
Total current assets		2,888,207	540,878
Non-current assets			
Property, plant and Equipment	8	-	-
Intangibles	9	-	-
Right of use assets	10	-	-
Total non-current assets		-	-
Total assets		2,888,207	540,878
Current liabilities			
Trade and other payables	11	878,853	4,755,257
Borrowings	12	4,302,191	3,174,270
Lease liabilities	13	-	56,061
Provisions	14	-	119,422
Liabilities held for sale	26	-	629,289
Total current liabilities		5,181,044	8,734,299
Total liabilities		5,181,044	8,734,299
Net assets/(Deficiency)		(2,292,837)	(8,193,421)
Equity			
Contributed equity	15	46,595,131	46,122,368
Reserve	16	224,845	224,845
Accumulated losses		(49,112,813)	(54,540,634)
Total equity		(2,292,837)	(8,193,421)

Notes to the financial statements are included on pages 16 to 38.

Consolidated statement of changes in equity for the year ended 30 June 2022

	Note	Issued capital $	Reserves $	Accumulated losses $	Total $
Balance at 1 July 2020		45,681,000	57,000	(42,618,060)	3,119,940
Loss for the financial year		-	-	(11,922,574)	(11,922,574)
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive loss for the year		-	-	(11,922,574)	(11,922,574)
Contributions of equity, net of transaction costs	15	441,368	-	-	441,368
Share-based payments		-	167,845	-	167,845
Balance at 30 June 2021		**46,122,368**	**224,845**	**(54,540,634)**	**(8,193,421)**
Income for the financial year		-	-	5,427,821	5,427,821
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive income for the year		-	-	5,427,821	5,427,821
Contributions of equity, net of transaction costs	15	472,763	-	-	472,763
Balance at 30 June 2022		46,595,131	224,845	(49,112,813)	(2,292,837)

Notes to the financial statements are included on pages 16 to 38.

Consolidated statement of cash flows for the year ended 30 June 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Receipts from customers		-	3,974,516
Payments to suppliers, employees and others		(1,951,464)	(5,507,900)
Interest received		-	3,624
Other revenue		-	462,557
Borrowing costs		(37,087)	(325,078)
Net cash outflow from operating activities	18	(1,988,551)	(1,392,281)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		646,950	123,000
Purchase of intangibles	9	-	(265,000)
Payments for security deposits		-	(91,000)
Net cash inflow/(outflow) from investing activities		646,950	(233,000)
Cash flows from financing activities			
Advances from related parties, net		1,264,406	938,000
Repayment of other borrowings		(408,000)	(161,000)
Repayment of leases		-	(176,000)
Proceeds from issue of shares	15	472,763	-
Net cash inflow from financing activities		1,329,169	601,000
Net decrease in cash and cash equivalents		(12,432)	(1,024,281)
Cash and cash equivalents at beginning of the financial year		16,719	1,041,000
Cash and cash equivalents at end of the financial year	18	4,287	16,719

Notes to the financial statements are included on pages 16 to 38.

Notes to the financial statements

1. **General Information**

Wellness and Beauty Solutions Limited, incorporated and domiciled in Australia, is a publicly listed company on the Australian Stock Exchange, limited by shares.

Principal Registered office	Principal place of business
398-400 Burke Road Camberwell VIC 3124 Australia	11 Dalmore Drive Scoresby VIC 3179 Australia

2. **Summary of significant accounting policies**

Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law. The financial statements comprise consolidated financial statements of the consolidated entity (the "Group"). For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Report.

Basis of preparation

Financial statements for year ended 30 June 2022 have been prepared on a going concern basis at historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Comparative information - Financial statements for the year end 30 June 2021 were prepared on a liquidation basis.

- On 30 March 2021 the consolidated entity filed for voluntary administration and ceased trading. Due to the cessation of operations, the directors determined that the going concern basis of preparation is no longer appropriate. As a result prior period financial statements were prepared on a liquidation basis.
- The current assets at 30 June 2021 have been used to extinguish current liabilities to the extent available upon appointment of the administrator.
- All outstanding liabilities were forgiven upon execution of the DOCA.

Impact of adopting the liquidation basis of preparation for the year ended 30 June 21 on measurement, classification of assets and liabilities, and disclosures in the financial statements:

Under the liquidation basis of preparation, assets are measured at their net realisable value. Net realisable value is based on the proceeds receivable on disposal less any restructure and realisation costs. Liabilities are measured in accordance with accounting standards (regardless of whether full settlement is expected). Any gains or losses resulting from measuring assets to their realisable values are recognised in profit or loss.

Under the liquidation basis of accounting, all assets and liabilities are classified as current. The accounting policies adopted are consistent with those of the previous financial year except for changes specified related to the adoption of the liquidation basis of preparation:

a) Property, plant and equipment and Right-of Use assets

Property, plant and equipment and Right-of Use assets are depreciated on either a diminishing value or straight-line basis, commencing from the time the asset is held ready for use and till the expiry of the lease term. As the entity is in voluntary administration, all assets have been remeasured to their net realisable value less costs to sell at the reporting date.

b) Intangibles

Intangible assets acquired as part of a business combination are initially measured at their fair value at the date of the acquisition and subsequently measured at cost less amortisation and any impairment. Intangible assets acquired separately are initially recognised at cost. For the current financial period, finite life intangible assets (trademarks and licenses, capitalised development costs, formulations and website) were amortised and impaired to nil based on the directors' estimate that the recoverable amount of these intangibles at reporting date was nil.

Goodwill arises on the acquisition of a business. At 30 June 2022, goodwill was fully impaired as directors estimated that the recoverable amount at reporting date was nil.

c) Discontinued Operations

Clinical and Beauty Treatments segment was classified as held for sale in the year ended 30 June 2021 as the directors had committed to cease operating this line of business. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income. Assets held for sale were remeasured to the fair value less costs to sell at reporting date.

d) Deferred tax liability

The Deferred tax liability arising from the acquisition of identifiable intangibles from previous business combination has been derecognised as the consolidated entity is not expected to generate future taxable cash flows from the underlying intangibles.

Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

Going Concern

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

The Group had net cash outflows from operating activities of $1,988,551 for the year ended 30 June 2022. As at that date, the Group had net current liabilities of $2,292,837. Whilst the Group has recorded a profit before tax of $5,427,821 million for the year ended, this was the result of $8,017,715 million in debt forgiveness, incurred as part of the execution of the DOCA.

The Directors have received a letter of financial support from the Group's parent entity, Heat Holdings Pty Limited and from that company's major shareholder BRC Collective Pty Ltd. The letters of support provide for the receipt of sufficient funding to meet the financial obligations of the Group as and when they fall due for a period of 12 months from the date of signing this report. They have also subordinated debts of $3,025,618 at year end owed to them.

The ability of Heat Holdings Pty Limited and BRC Collective Pty Ltd to provide this support is dependent on the success of ongoing refinancing and private capital raising activities. Subsequent to the year end, the directors have already secured a new working capital facility for a related party of the Group of $1,125,000, new finance of $400,000 and are confident that further activities will be successful.

As a result of these matters, there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, the directors believe that the Group will be successful in the above matters and, accordingly, have prepared the financial report on a going concern basis.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Group does not continue as a going concern.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

a) Basis of consolidation

The consolidated financial statements comprise the financial statements of Hiro Brands Limited and its subsidiaries (collectively the Group), as at 30 June each year.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

b) Revenue recognition

Revenue is recognised and measured in accordance with the principles of AASB 15 Revenue from Contracts with Customers. Revenue is recognised when performance obligations outlined in contracts with customers have been satisfied and it is probable that the Group will collect the consideration from the customer to which it is entitled. The following specific criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when customers obtain control of goods as performance obligations are met at this time. The amount of revenue recognised is determined by the transaction price. The transaction price includes the price of the goods sold, as well as expected amounts which reduce the consideration received by the Group, such as sales rebates.

Interest income

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

c) Contract assets

Contract assets are recognised when the Group has transferred goods or services to the customer but where the Group is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

d) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

e) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

f) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

g) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, either settlement date or trade date accounting may be used but the method applied must be consistent for all purchases and sales of financial assets.

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified ‘at fair value through profit or loss’ in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, or amortised cost. Fair value represents the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Those financial instruments entered by the Group are classified and measured as set out below.

Assets at amortised costs

Assets measured at amortised costs are financial assets where the business model is to hold assets to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Companies financial assets measured at amortised costs comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

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

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Due to their short-term nature, trade and other payables are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 45 days of recognition.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

Impairment of financial assets

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the income statement as incurred.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. Unless otherwise disclosed in the notes to the financial statements, the carrying amount of the Group's financial instruments approximates their fair value.

h) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses. The carrying amount of property, plant and equipment is reviewed by directors to ensure it is not in excess of the recoverable amount from these assets. (Refer Impairment of assets policy).

Depreciation
The depreciable amount of all fixed assets is depreciated on a straight line or diminishing value basis over the asset's useful life to the Group commencing from the time the asset is held ready for use.

The estimated useful lives/depreciation rates used for each class of depreciable assets are:

Plant and equipment	4 to 5 years
Property Improvements	6 to 10 years
Right to use assets	3 to 6 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end.

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

i) Impairment of assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

j) Intangibles

Goodwill

Goodwill acquired in a business combination is measured as being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquired business' identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at costs less any accumulated impairment losses. Goodwill is not amortised but is subject to impairment testing on an annual basis or whenever there is an indication of impairment.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. When the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

Other intangibles

Intangible assets acquired separately or in a business combination are initially measured at cost less any accumulated amortisation. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The costs to develop internally generated intangible assets are capitalised if the following criteria are met:

- the entity has the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the entity has the intention to complete the intangible asset and use or sell it;
- the entity has the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits;
- the entity has adequate technical, financial and other resources to complete the development and to use or sell the Intangible asset; and
- the entity is able to measure reliably the expenditure attributable to the intangible asset during its development.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives (other than goodwill) are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually (or more frequently if events or changes in circumstances indicate that the carrying value may be impaired) to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite shall be accounted for as a change in an accounting estimate in accordance with AASB108.

k) Business combinations

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued, or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination.

Except for non-current assets or disposal groups classified as held for sale (which are measured at fair value less costs to sell), all identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

l) Employee leave benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method.

m) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax from the proceeds. If the entity reacquires its own equity instruments, e.g. as the result of a share buyback, then those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the income statement and the consideration paid, including any direct attributable incremental cost (net of income taxes) is recognised directly in equity.

n) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the deductible temporary difference is associated with investments in subsidiaries, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

o) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; or

- when receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

p) Share-based payments

Share-based compensation benefits are provided to Directors and to employees in accordance with the Group's long-term incentive plan.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

q) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or

- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 — Valuation techniques for which the lowest level input that is significant to the measurement is directly or indirectly observable; and

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

r) Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Hiro Brands Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

s) Discontinued operations

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

3. Operating Segments

The Group had no operating segment for the year ended 30 June 2022.

For the prior year, the entity consolidated operated in a single operating segment i.e. Wellness Beauty and Lifestyle in Australia.

4. Revenues and expenses

	2022 $	2021 $
(a) Revenue from continuing operations		
Sale of goods	-	3,648,542
Net revenue	**-**	**3,648,542**
(b) Other Income		
Liabilities forgiven upon execution of the DOCA *	7,370,765	-
Gain on disposals of property, plant and equipment	646,950	-
Government Grant	-	112,500
Other income	-	285,933
Recognition of lease liabilities	-	991,306
	8,017,715	**1,389,739**

* DOCA was executed in October 2021 which resulted in debt forgiveness of liabilities totalling $7,370,765. Secured and Unsecured creditors participated in Convertible notes – refer note 12.

	2022 $	2021 $
(c) Operating profit includes the following items of expense:		
Borrowing costs:		
Interest on lease liabilities	-	74,130
Other	37,087	250,948
	37,087	**325,078**
Depreciation and amortisation:		
Depreciation of property, plant and equipment	-	43,000
Depreciation of right of use assets	-	66,262
Amortisation of intangibles	-	171,000
	-	**280,262**
Impairment expense:		
Trade and other receivables	-	997,000
Inventories	-	3,241,000
Property, plant and equipment	-	92,000
Intangibles assets	-	4,233,000
Rights of use assets	-	946,000
Other assets	-	297,819
	-	**9,806,819**

As outlined in Note 2 Basis of Preparation, comparative information was prepared on liquidation basis. Accordingly, management had performed an assessment of the net realisable value of the respective assets at 30 June 2021, which resulted in a total impairment charge of $9,806,819 to the profit or loss in the prior financial year.

5. Income tax

	2022 $	2021 $
Major components of income tax expense for the year ended are:		
Income statement		
Current income tax		
Current income tax charge	1,356,955	-
Deferred income tax		
Increase/(decrease) in deferred tax liabilities	(23,391)	(292,487)
Tax losses utilised in current year	(1,333,564)	-
Income tax expense/(benefit) reported in the income statement	**-**	**(292,487)**
A reconciliation of income tax expense/(benefit) applicable to accounting profit/(loss) before income tax at the statutory income tax rate to income tax expense at the Group's effective income tax rate for the year ended is as follows:		
Accounting profit/(loss) before tax from continuing operations	5,427,821	(11,146,240)
At the statutory income tax rate of 25% (2021: 26%)	1,356,955	(3,099,870)
Non deductible items	(23,391)	2,803,000
Derecognition of lease liabilities	-	(534,000)
Cash flow boost	-	(33,000)
	1,333,564	(863,870)
Current year tax losses not recognised	-	571,383
Prior year tax losses utilised	(1,333,564)	-
Income tax expense/(benefit) reported in income statement	**-**	**(292,487)**

Carry forward Income tax losses:

At 30 June 2022 the Group has carry forward tax losses, however the ability of the Group to utilise the carry forward income tax losses in the future years when taxable profit is generated will be subject to satisfaction of Australian statutory recoupment tests – the ‘Continuity of Ownership Test’, or failing this, the ‘Similar Business Test’.

6. Trade and other receivables

	2022 $	2021 $
Current		
Trade receivables (i)	-	296,000
Impairment of trade receivables	-	(296,000)
Other Receivables	31,116	701,000
Impairment of other receivables	(31,116)	(701,000)
Related party receivables (note 25)	2,883,920	-
Other accounts receivable	-	115,403
Carrying amount of current trade and other receivables	**2,883,920**	**115,403**

(i) The average credit period on sales of goods is 60 days. No interest is charged on trade receivables. An allowance has been made for estimated irrecoverable trade receivable amounts arising from the past sale of goods, determined by reference to specific customers where receipt is in doubt. During the current financial year, any doubtful debt movements were recognised in profit/ (loss) for the year.

Before accepting any new customers, the Group performs a credit check to assess the potential customer’s credit quality and defines credit limits by customer. Limits are reviewed as necessary. Debtors who are past due at the end of the reporting period have not been provided for on the whole, as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

7. Other assets

	2022 $	2021 $
Prepayments	-	24,000
Other current assets	-	274,000
Impairment of other assets	-	(298,000)
	-	**-**

8. Property, plant and equipment

	2022 $	2021 $
Leasehold improvements		
Cost	-	457,000
Accumulated depreciation and impairment	-	(227,000)
Reclassified to discontinued operations (Note 26)	-	(230,000)
	-	
Plant & Equipment		
Cost	-	3,545,000
Accumulated depreciation and impairment	-	(3,206,000)
Reclassified to discontinued operations (Note 26)	-	(339,000)
	-	-
Plant and equipment under lease		
Cost	-	1,500,000
Accumulated depreciation and impairment	-	(1,326,000)
Reclassified to discontinued operations (Note 26)	-	(174,000)
	-	-
Property, plant & equipment total, at carrying amount	**-**	**-**

	Leasehold Improvements $	Lease Plant & Equipment $	Plant & Equipment $	Total $
Balance at 1 July 2020	230,000	174,000	349,000	753,000
Additions	-	-	33,000	33,000
Reclassified to discontinued operations (Note 26)	(230,000)	(174,000)	(247,000)	(651,000)
Depreciation expense	-	-	(43,000)	(43,000)
Impairment	-	-	(92,000)	(92,000)
Balance at 30 June 2021	-	-	-	-
Additions	-	-	-	-
Depreciation expense	-	-	-	-
Balance at 30 June 2022	**-**	**-**	**-**	**-**

9. Intangibles

	2022 $	2021 $
Goodwill - at cost	-	2,949,000
Impairment	-	(2,949,000)
	-	-
Development - at cost	-	1,506,000
Accumulated amortisation	-	(1,337,000)
Impairment	-	(169,000)
	-	-
Website - at cost	-	164,000
Accumulated amortisation	-	(42,000)
Impairment	-	(122,000)
	-	-
Other intangibles assets – at cost	-	1,513,000
Accumulated amortisation	-	(619,000)
Impairment	-	(894,000)
	-	-
Formulations	-	120,000
Accumulated amortisation	-	(21,000)
Impairment	-	(99,000)
	-	-
	-	**-**

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Goodwill $	Trademarks and Licences $	Capitalised Development $	Formulations $	Website $	Total $
Balance at 1 July 2020	2,699,000	1,071,000	254,000	105,000	146,000	4,275,000
Additions	250,000	7,000	8,000	-	-	265,000
Disposals	-	(49,000)	(87,000)	-	-	(136,000)
Amortisation expense	-	(135,000)	(6,000)	(6,000)	(24,000)	(171,000)
Impairment of assets	(2,949,000)	(894,000)	(169,000)	(99,000)	(122,000)	(4,233,000)
Balance at 30 June 2021	**-**	**-**	**-**	**-**	**-**	**-**
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Balance at 30 June 2022	**-**	**-**	**-**	**-**	**-**	**-**

Goodwill has been allocated to cash generating units (CGU's) according to the business combination that gave rise to the goodwill.

9. Intangibles (Continued)

Goodwill and intangibles with indefinite useful lives are allocated to the following cash generating units (CGU):

	2022 $	2021 $
Giving Brands		
Goodwill	-	2,204,000
Provision for impairment	-	(2,204,000)
	-	-
True Solutions		
Goodwill	-	495,000
Provision for impairment	-	(495,000)
	-	-
Organic Nations		
Goodwill	-	250,000
Provision for impairment	-	(250,000)
	-	-
Carrying amount at the end of the year	**-**	**-**

- Intangibles and Goodwill were impaired to nil at 30 June 2021 as the Group had entered into voluntary administration.
- On 19 July 2021, creditors of the Company approved a proposal by BRC Collective Pty Ltd (BRC) for the Company to enter into a Deed of Company Arrangement (DOCA) and approved the appointment of Laurence Fitzgerald of William Buck as deed administrator of the Company (Deed Administrator);
- On 9 August 2021, the Company, the Deed Administrator and BRC entered into the DOCA;
- On 19 November 2021 pursuant to the DOCA, the Company issued 68,000,000 shares to Heat Holdings Pty Ltd; and
- On 21 December 2021, the administrator resigned.

10. Right of use assets

	2022 $	2021 $
Land and buildings - right-of-use	-	1,032,000
Accumulated depreciation	-	(86,000)
Impairment	-	(946,000)
	-	-

Impairment of right of use assets in the 2021 financial year as the Group entered voluntary administration on 30 March 2021. Following administration, the Administrators had issued notices to respective landlords to disclaim remaining lease contracts.

11. Trade And Other Payables

Current	2022 $	2021 $
Trade payables (i)	571,595	3,067,422
Director fees payable	178,352	165,288
Other payables and accruals	128,906	1,522,544
Carrying amount of trade and other payables (ii)	**878,853**	**4,755,254**

(i) The average credit period on the purchases of goods and services ranges from 7 to 90 days. No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that, as often as possible, all payables are paid within a reasonable timeframe.

(ii) The carrying amount disclosed above is a reasonable approximation of the fair value. Information regarding the effective interest rate and credit risk of current payable is set out in Note 19.

12. Borrowings

	2022 $	2021 $
Unsecured borrowings		
Current		
Borrowings	-	1,357,083
Related party advances (i)	4,148,326	-
Convertible notes (ii)	153,865	1,817,187
	4,302,191	**3,174,270**
Non-current		
Borrowings	-	-
	-	**-**

(i) The carrying amount disclosed above is a reasonable approximation of fair value. The loan is interest free and repayable within one year.

(ii) Convertible notes at 30 June 2022:

Pursuant to the terms of the DOCA, creditors (secured and unsecured) (DOCA Creditors) did not participate in a distribution of the deed fund but were issued unsecured convertible notes from respective pools of convertible notes (one pool for secured creditors of $100,000 and one pool for unsecured creditors of $100,000) (DOCA Convertible Notes). DOCA Creditors participated in the respective pools on a pro rata basis based on admitted claims owed to them by the Company. The DOCA Convertibles Notes convert to equity in the Company upon the successful completion of the proposed Transactions and Public Offer. If the DOCA Convertible Notes do not convert, and instead mature, their principal value will become due and payable by the Company.

The convertible notes include an embedded derivative in relation to the conversion into shares. However, the conversion is at the public offer price, thus note holders have no additional benefit compared to applying for the shares at the issue price, as a result the embedded derivative has a nil value. As a result, the residual value of the convertible notes less the embedded derivative is the financial liability, with a face value of $200,000 measured at amortised cost. The present value of the financial liability at 30 June 2022 is $153,865.

Convertible notes **at 30 June 2021** the convertible was secured by the CoolSculpting® equipment at cost, classified as Clinic Equipment in the Group's financial statements.

The terms of the convertible notes as at 30 June 2021 are below:

a) Interest rate is 10% of face value of notes (payable quarterly in arrears).
b) Noteholders are not able to redeem notes for cash until the end of the term of the notes.
c) Noteholders are able to convert notes into equity during the term of the notes, subject to shareholder approval.
d) Conversion rate is $0.10 per note.
e) The terms of the notes end in October 2021.
f) Repossession of clinic equipment under finance in event of default or breach

13. Lease liabilities

	2022 $	2021 $
Current		
Lease liabilities	**-**	**56,061**

The Administrators of the Group had issued formal notices to discontinue respective lease arrangements with landlords. Consequently, lease liabilities recognised on the Balance Sheet have been derecognised to Profit and Loss as Other Income. The $56,000 payable at 30 June 2021 represents lease payments in arrears prior to the appointment of the Administrators on 30 March 2021.

14. Provisions

	2022 $	2021 $
Current		
Employee entitlements	**-**	**119,422**
Non-current		
Employee entitlements	**-**	**-**

15. Contributed equity

	Year ended 30 June 2022		Year ended 30 June 2021	
Equity securities issued	**Number**	**$**	**Number**	**$**
Opening balance at 1 July	67,409,259	46,122,368	1,288,557,112	45,681,000
Issue of shares on capital raising (i)	68,000,000	472,763	59,623,176	441,368
Consolidation of capital (20:1)	-	-	(1,280,771,029)	-
Closing balance at 30 June	**135,409,259**	**46,595,131**	67,409,259	46,122,368

(i) Pursuant to the terms of the DOCA, among other items, BRC's nominee, Heat Holdings Pty Ltd (Heat Holdings), was issued with 68,000,000 shares in the capital of the Company (Placement Shares) at an issue price of $0.0063 per Placement Share in consideration of Heat Holdings providing a contribution of $472,763 to the deed fund established by the DOCA

Share consolidation
On 20 December 2020, the Company completed a share consolidation at a ratio of 1 share for every 20 shares held. Therefore, share capital on issue reduced by the factor of 20 on this date. Fully paid ordinary shares carry one voter per share and carry the right to dividends.

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

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.

Share buy-back
There is no current on-market share buy-back.

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.
Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

16. Reserves

	2022 $	2021 $
Current		
Share-based payments reserve	**224,845**	**224,845**

17. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

18. Cash and cash equivalents

	2022 $	2021 $
(a) Reconciliation to cash and cash equivalents at the end of the financial year. Cash and cash equivalents at the end of the financial year in the statement of financial position is consistent with the amount as shown in the statement of cash flows as follows:		
Cash at bank	4,287	16,719
(b) Reconciliation of net loss after tax to net cash flows from operations		
Net profit/(loss) after income tax (expense)/benefit for the year	5,427821	(11,922,574)
Adjustments for:		
Depreciation and amortisation	-	280,262
Impairment expense	-	10,901,405
Share-based payments	-	168,000
Gain on derecognition of lease liabilities	-	(2,055,000)
Accrued interest	37,090	
Liabilities forgiven upon execution of the DOCA	(8,017,715)	-
Changes in assets and liabilities		
Decrease in trade and other receivables	-	715,000
Decrease in inventories	-	159,000
(Increase)/decrease in other assets	-	210,000
Increase in trade and other payables	683,675	758,626
(Decrease in employee entitlement other provisions	(119,422)	(314,000)
Decrease in tax assets/liabilities	-	(293,000)
Net cash outflow from operating activities	(1,988,551)	(1,392,281)

19. Financial risk management objectives and policies

The Group's principal financial instruments comprise cash and cash equivalents and borrowings. The main purpose of these financial instruments is to provide finance for the Group's operations. The Group has various other financial assets and liabilities such as general receivables and trade payables, which arise directly from exit of the company from voluntary administration on 21 December 2021 and in preparedness for readmission of the company to the official list of ASX. The overall risk management program focuses on minimising potential adverse effects on the financial performance of the Group.

The Group's activities expose it to a range of financial risks: credit risk, market risk (interest rate) and liquidity risk. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group does not have any material credit risk exposure to other receivables as it has mainly operated as administrative company in preparation for readmission of the company to the official list of ASX. Liquidity risk is monitored through the development of cash flow forecasts.

Risk management is carried out by the board of directors and Executive Management under policies approved by them, against the objective of supporting the delivery of the Group's financial targets, whilst protecting future financial security. The board reviews and agrees policies for managing each of the risks identified below.

Risk exposures and responses

(a) Capital Management

When managing capital, the directors' objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management gives particular regard to conservation of liquidity to continue as a going concern.

The Board of Directors reviews the capital structure on an ongoing basis. As a part of this review the Board considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the Board, the Group will balance its overall capital structure through new share issues and the issue or repayment of debt to execute its strategic plans.

(b) Market risk

Interest rate risk
The Group's exposure to market interest rates relates primarily to the Group's debt obligations. The level of debt is disclosed in note 12.

No exposure arises from interest rate risk associated with borrowings as the Group intends to hold those fixed rate liabilities until their maturity.

In the prior financial year the Group was not subject to market risk as it was placed into voluntary administration on 30 March 2021.

(c) Credit risk

Credit risk arises from cash and cash equivalents and outstanding other receivables. The cash balances are held in financial institutions with high ratings and the trade and other receivables relates to goods or services sold and delivered to customers. The Group has assessed that there is minimal risk that the cash and other receivables balances are impaired.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

19. Financial risk management objectives and policies (continued)

(d) Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below analyses the maturity of financial assets and liabilities based on management's expectations. The risk implied from the values shown in the table reflects a balanced view of cash inflows and outflows.

2022	6 months or less $	6-12 months $	>1 year $	Total $
Cash	4,287	-	-	4,287
Receivables	2,883,920	-	-	2,883,920
	2,888,207	-	-	2,888,207
Payables	878,853	-	-	878,853
Borrowings	4,302,191	-	-	4,302,191
	5,182,090	-	-	5,182,090
Net Maturity	**(2,293,883)**	**-**	**-**	**(2,293,883)**

In the prior financial year, the Group was not subject to liquidity risk as it was placed into voluntary administration on 30 March 2021.

20. Share-based payments

No share payments were made in the financial year end 30 June 2022.

On 27 November 2020, 3,375,000 options were issued to executive director, Christine Parkes at an exercise price of $0.30. The below table summarises the options granted:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Christine Parkes	3,375,000	27 November 2020	27 November 2020	29 December 2024	$0.30	$0.04

21. Key management personnel compensation

The aggregate compensation of the key management personnel of the Group is set out below:

	2022 $	2021 $
Short-term employee benefits	404,835	627,389
Share based payments	-	167,447
Post-employment benefits	30,897	52,071
	435,732	846,907

22. Remuneration of auditors

	2022 $	2021 $
Auditor of the parent entity		
Audit or review of the financial report - PriceWaterhouseCoopers	60,000	-
Non-audit services: Tax and other services - PriceWaterhouseCoopers	165,000	-
	225,000	-
Audit or review of the financial report - RSM Australia Partners	143,000	65,000
Non-audit services: Other services - RSM Australia Partners	2,000	-
	145,000	65,000
	370,000	65,000

The auditor of the Company is PriceWaterhouseCoopers, appointed on 13 July 2022 (2021: RSM Australia Partners, resigned on 13 July 2022).

23. Controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policies described in note 2:

Name	Country of incorporation	Percentage Owned 2022	Percentage Owned 2021
True Solutions (Aus) Pty Ltd	Australia	**100%**	**100%**
The Giving Brands Company Pty Ltd	Australia	**100%**	**100%**
True Solutions (NZ) Ltd	New Zealand	**-**	**100%**
Micro 19 Pty Ltd	Australia	**-**	**100%**

The above entities are in the process of being de-registered by the administrators:

True Solutions (Aus) Pty Ltd	In progress
The Giving Brands Company Pty Ltd	In progress
True Solutions (NZ) Ltd	completed 1 February 2022
Micro 19 Pty Ltd	completed 10 February 2022

24. Parent entity Information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are consistent with those applied in the consolidated financial statements. Refer to Note 2 for a summary of the significant accounting policies relating to the Group.

	2022 $	**2021 $**
Financial position		
Assets		
Current assets	2,888,207	496,000
Non-current assets	-	-
Total assets	2,888,207	496,000
Liabilities		
Current liabilities	5,112,776	6,318,000
Non-current liabilities	-	-
Total liabilities	5,112,776	6,318,000
Net liabilities	(2,224,569)	(5,822,000)
Equity		
Share capital	46,595,131	46,122,000
Accumulated losses	(49,044,545)	(52,169,000)
Reserve	224,845	225,000
Total equity	(2.224.569)	(5,822,000)
Financial performance		
Profit/(Loss) for the year	3,124,233	(13,815,000)
Total comprehensive income for the year	3,124,233	(13,815,000)

25. Related party transactions

The compensation of each member of the key management personnel of the Group is set out in the Remuneration Report.

<u>Equity interests in subsidiaries</u>
Details of interests in subsidiaries are set out in note 23.

During the year and as of the reporting date, transactions were entered into and balances were outstanding, between Group companies and related parties. The nature of the transactions entered into, and balances outstanding at the reporting date are:

Related party	Description	2022 Amount receivable from / (payable to) $	2021 Amount receivable from / (payable to) $
Amounts outstanding at the reporting date due to Directors and their related entities			
Aware Environmental Pty Ltd	Non interest-bearing short-term receivable	2,283,920	-
Aware Environmental Pty Ltd	Trading account non interest bearing	(322,708)	-
Heat Group Pty Ltd	Non interest-bearing short-term receivable	600,000	-
BRC Capital	Trading account non interest bearing	(802,618)	-
BRC Capital	Non-interest-bearing short-term loan	(2,223,000)	-
Alcatt	Interest-bearing short-term loan	(800,000)	-
	Total amounts net payable at the reporting date	(1,264,406)	-
	Classified as related party receivables (Note 6)	2,883,920	-
	Classified as related party advances (Note 12)	(4,148,326)	-
Transactions			
Related party recharge from Aware Environmental Pty Ltd as a recovery of employment related expenses		(322,708)	

At 30 June 2022, no impairment recognised for any of the amounts due from related parties.

26. Discontinued operations

On 20 September 2020, the Group was presented with an offer to sell the clinics for total consideration of $1.1mil. The sale of the clinics did not proceed due to unsatisfactory completion of conditions specified in the Business Sale Agreement.

On 20 March 2021, the directors resolved to place the business into voluntary administration. The Administrator subsequently assessed there to be no satisfactory acquirer of the clinics and placed the assets for sale by auction which was completed on 4 May 2021.

	2022 $	2021 $
Financial performance information		
Other income – gain on derecognition of lease liabilities	-	1,127,000
Impairment expense	-	(1,094,586)
Depreciation and amortisation expenses	-	(470,758)
Consulting Expenses	-	(151,908)
Other Expenses	-	(186,082)
Total expenses	-	(1,903,334)
Loss before income tax expense	-	(776,334)
Income tax expense	-	-
Loss after income tax expense	-	(776,334)
Loss on disposal before income tax	-	-
Income tax expense	-	-
Loss on disposal after income tax expense	-	-
Loss after income tax expense from discontinued operations	-	(776,334)
Cash flow information		
Net cash used in operating activities	-	-
Carrying amounts of assets and liabilities disposed		
Inventories	-	43,756
Property, plant and equipment (net of impairment)	-	365,000
Total assets	-	408,756
Property Lease Liability	-	87,000
Contract Liability – Loyalty Points	-	674,000
Employee provisions	-	141,000
Other liabilities	-	274,289
Total liabilities	-	629,289
Net assets/(Deficiency)	-	(220,533)
Details of the disposal		
Total sale consideration	-	-
Carrying amount of net assets disposed	-	-
Disposal costs	-	-
Loss on disposal before income tax	-	-
Loss on disposal after income tax	-	-

27. Earnings per share

	2021 $	2020 $
Earnings per share for loss from continuing operations		
Loss after income tax attributable to the members of the Parent Entity	5,427,821	(11,146,240)
	Cents	**Cents**
Basic earnings per share	4.98	(16.65)
Diluted earnings per share	4.98	(16.65)
	$	**$**
Earnings per share for loss from discontinued operations		
Loss after income tax attributable to the members of the Parent Entity	-	(776)
	Cents	**Cents**
Basic earnings per share	-	(1.16)
Diluted earnings per share	-	(1.16)
	$	**$**
Earnings per share for loss of the Group		
Profit/(Loss) after income tax attributable to the members of the Parent Entity	5,427,821	(11,922,524)
	Cents	**Cents**
Basic earnings per share	4.98	(17.81)
Diluted earnings per share	4.98	(17.81)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	135,409,259	66,935,539
Weighted average number of ordinary shares used in calculating diluted earnings per share	138,409,259	66,935,539

28. Events after the reporting date

Subsequent to balance date,

1. At the Company's General Meeting on 29 August 2022 the shareholders approved several resolutions comprising:
   (i) consolidation of the Shares and other securities on issue to the basis of 65 to 1;
   (ii) a change in scale of activities of the Company;
   (iii) change the Company name to Hiro Brands Limited; and subject to capital raising or a funding event;
      a. acquisition of the issued capital of The Heat Group Pty Ltd for $12.610 million via equity interests in the Company;
      b. acquisition of approximately 98% of the issued capital of Aware Environmental Pty Ltd for $5.0 million of Convertibles Notes in the Company;
      c. approval of issue of shares to Aware vendors on conversion of Aware vendor Convertibles Notes;
      d. issue of shares to seed investors supporting the operations of Heat and Aware Groups, and the Company via the conversion of convertible notes;
      e. issue of shares to Elevon on conversion of Elevon Convertible Notes, in relation to the sale of the Aware business ultimately to Company;
      f. issue of shares to DOCA creditors upon the conversion of DOCA convertible notes; and
      g. Acquisition of the Actizyme Brand for $2.5 million in connection with the Aware Acquisition.

2. On 23 September 2023, the Directors resolved to withdraw the Company's proposed public offer pursuant to its prospectus dated 15 July 2022 as replaced by replacement prospectus dated 2 August 2022. The Company is considering the next steps, including with regard to the various transactions which were approved by its shareholder at the General Meeting held on 29 August 2022 and will advise shareholders in due course.

There have been no other significant events which have affected the operations of the Group.

Directors' Declaration

The directors declare that:

(a) 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;

(b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group;

(c) in the Director's opinion the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board as stated in note 2 to the financial statements; and

(d) the Directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to Section 295(5) of the *Corporations Act 2001*.

On behalf of the Directors

Garry Hounsell
Chairman

13 October 2022

Independent auditor's report

To the members of Hiro Brands Ltd (formerly Wellness and Beauty Solutions Ltd)

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Hiro Brands Ltd (the Company) and its controlled entities (together 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 30 June 2022 and of its financial performance for the year then ended

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

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2022
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

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

Independence

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.

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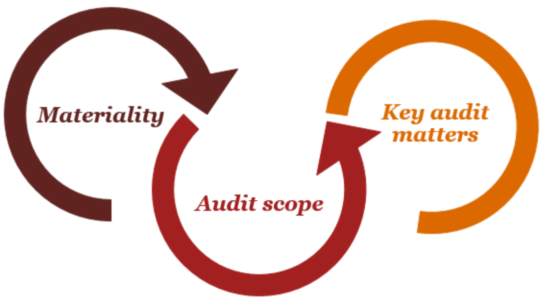
Material uncertainty related to going concern

We draw attention to Note (2) in the financial report, which indicates that the Group had net cash outflows from operating activities of $1,998,551 during the year ended 30 June 2022 and, as of that date, the Group's liabilities exceeded its assets by $2,292,837. As a result, the Group is dependent on ongoing support from the shareholders and the success of ongoing refinancing and private capital raising activities. These conditions, along with other matters set forth in Note (2) indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality	Audit scope	Key audit matters
• For the purpose of our audit we used overall Group materiality of $271,390, which represents approximately 5% of the Group's profit before tax. • We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. • We chose Group profit before tax because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. • We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.	• Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.	Amongst other relevant topics, we communicated the following key audit matter to the Audit and Risk Committee: • Gain from liabilities forgiven upon execution of the DOCA (the Deed of Company Arrangement) This is further described in the *Key audit matters* section of our report, except for the matter which is described in the *material uncertainty related to going concern* section.

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 current period. The key audit 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. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter(s) described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Gain from liabilities forgiven upon execution of the DOCA (the Deed of Company Arrangement) (Refer to note 4) $7.4million During the year, the Group recognised a gain from settlement of liabilities of $7.4m upon completion of the Deed of Company Arrangement. This was considered a key audit matter due to the financial significance of the gain recognised.	Our procedures included, among others: - We obtained and read the DOCA agreement to develop an understanding of the terms associated with the DOCA process. - We reconciled the liabilities listing prepared by the Administrator to the 30 June 2021 trial balance. - For a sample of expenses paid by the Administrator, we agreed to supporting documentation. - We traced the total proceeds from sale of assets, net of related selling costs to the supporting documentation provided by the Administrator. - We obtained the list of admitted claims of the creditors who signed up for the DOCA and examined the related convertible notes issued. - We obtained the convertible notes valuation provided by a third party and evaluated the valuation methodology and the documented basis for key assumptions utilised in the valuation of the convertible notes. - We evaluated whether the disclosures were consistent with the requirements of Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2022, 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other matter: prior period financial report audited by another auditor

The financial report of the Group for the year ended 30 June 2021 was audited by another auditor who expressed a disclaimer of opinion on that report on 16 March 2022.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend 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 the 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 the 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/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 7 to 10 of the directors' report for the year ended 30 June 2022.

In our opinion, the remuneration report of Hiro Brands Ltd for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001.*

Responsibilities

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.

PricewaterhouseCoopers

Paul Lewis
Partner

Melbourne
13 October 2022

Additional stock exchange information as at 15 September 2022

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

Ordinary share capital
2,082,542 fully paid ordinary shares are held by 1,394 individual shareholders.

The voting rights attached to ordinary shares are set out below:

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.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary Shares	Number of holders of options over ordinary shares
1 to 1,000	1,253	0
1,001 to 5,000	111	1
5,001 to 10,000	11	0
10,001 to 100,000	17	1=2
100,001 and over	2	0
	1,394	3
Holding less than a marketable parcel	664	0

Twenty largest holders of quoted equity securities

		Ordinary shares	
		Number	% of total Shares issued
1	HEAT HOLDINGS PTY LIMITED	1,046,153	50.23
2	UBS NOMINEES PTY LTD	131,914	6.33
3	GBC INVESTMENTS PTY LTD <GBC INVESTMENT A/C>	39,788	1.91
4	DOCTORS FORMULA INTERNATIONAL PTY LTD	36,383	1.75
5	FIP INVESTMENTS (VIC) PTY LTD <FIP INVESTMENT A/C>	34,615	1.66
6	MS KERSTIN GRANT	28,038	1.35
7	ORGANIC NATION PTY LTD	27,472	1.32
8	MR TRENT MILLAR	23,076	1.11
9	MR GEOFFREY RONALD PEARCE <PEARCE FAMILY SETT A/C>	19,991	0.96
10	AUSTRALIAN EXECUTOR TRUSTEES LIMITED <NO 1 ACCOUNT>	18,269	0.88
11	MR PETER ANDREW PROKSA	17,653	0.85
12	NATIONAL NOMINEES LIMITED	17,307	0.83
13	HENNESSEY CAPITAL PARTNERS PTY LTD	16,853	0.81
14	FACOORY INVESTMENTS (QLD) PTY LTD	15,384	0.74
15	MR BRIAN BRANNIGAN + MRS JANET BRANNIGAN <BRANNIGAN PENSION FUND A/C>	13,811	0.66
16	MR WILLIAM ERNEST DAFT + MS KAREN ELIZABETH O'CALLAGHAN <O'CALLAGHAN DAFT S/FUND A/C>	12,442	0.60
17	478 NOMINEES PTY LTD <PEARCE FAMILY SUPER FUND A/C>	12,307	0.59
18	10 BOLIVIANOS PTY LTD	11,055	0.53
19	RIOTEK PTY LTD <DL ROBERTS FAMILY A/C>	10,772	0.52
20	MR MARK ANTHONY BROGLIO	8,153	0.39
	Totals: Top 20 holders of Issued Capital (Total)	1,541,436	74.02
	Total Remaining Holders Balance	541,106	25.98

Equity security holders (continued)

Convertible Note – Secured Creditors	Units	% Pool
CREATIVE CAPITAL GROUP PTY LIMITED	53,077	53.08
BIZCAP AU PTY LIMITED	23,499	23.45
TIGA TRADING PTY LIMITED	14,036	14.04
EGEA PTY LIMITED	9,438	9.44
Top holders of Convertible Notes (Secured)	100,000	100

Convertible Note – Unsecured Creditors	Units	% Pool
True Solutions International Pty Ltd	21,874	21.87
S APIKIAN & OTHERS (trading as Gadens Lawyers)	20,512	20.51
Saint Sofia Holdings Pty Ltd ATF Saint Sofia Trust (ABN 74 553 445 957)	9,273	9.27
Glenfare Investments Pty Ltd	9,273	9.27
Comserv (No.461) Pty Ltd as trustee for Gow-Gates Unit Trust	6,800	6.80
Christine Parkes	6,731	6.73
Goldleaf Australian Income Fund Limited	5,193	5.19
Kris Smith	4,534	4.53
Giokir Pty Ltd	4,121	4.12
Formulayte Pty Ltd ATF Formulayte Investment Trust	2,164	2.16
Sidney Ho & Associates Pty Ltd ATF Sidney Ho & Associates Pty Ltd Superannution Fund	2,061	2.06
Colin James Henry and Andrea Joan Henry ATF Henry Unit Trust (ABN 46 191 799 370)	1,577	1.58
George Thomas Wells ATF The Wells Family Trust (ANB 76 661 436 867)	791	0.79
JM Corporate Services Pty Ltd	614	0.61
Chantelle Philips - Tally Business Solutions	589	0.59
Talisman Licensing Pty Ltd	586	0.59
Ashfords Accountants & Advisory Pty Ltd	551	0.55
DWF Law Australia Pty Ltd	536	0.54
Julian Glynn	495	0.49
Ivan Dalla Costa	435	0.44
Totals: Top holders of Convertible Notes (Secured)	**98,710**	**98.71**
Total Remaining Holders Balance	**1,298**	**1.29**

Substantial holders
Substantial holders in the company are set out below:

	Number held	% of total Shares Issued
Heat Holdings Pty Ltd	1,046,153	50.23

Corporate Directory

Directors	Garry Hounsell (Chairman Non-Executive Director) Steven Chaur (Managing Director and Chief Executive Officer) Paul Docherty (Non-Executive Director) Lyndsey Cattermole (Non-Executive Director)
Company secretary	Hasaka Martin
Registered office	398-400 Burke Road Camberwell Victoria 3124
Principal place of business	11 Dalmore Drive Scoresby Victoria 3179
Share register	Computershare Investor Services Pty Ltd Yarra Falls, 452 Johnston Street Abbotsford Victoria 3067 Telephone: (03) 9415 5000
Auditor	PwC Melbourne Level 16 2 Riverside Quay Southbank Melbourne 3006 Victoria Australia
Australian Stock Exchange listing	Hiro Brands Limited - (ASX code: HRO)