

Appendix 4E

Preliminary Full Year Report for 30 June 2022 (unaudited)

Name of entity: Hiro Brands Limited (formerly Wellness and Beauty Solutions Limited)
ABN 43 169 177 833

Reporting period

Report for the financial year ended 30 June 2022
Previous corresponding period is the financial year ended 30 June 2021

Results for announcement to the market

Revenue from continuing ordinary activities	down	100%+	to Nil
Profit from continuing ordinary activities after tax	up	100%+	to \$5,894,588
Profit from continuing ordinary activities after tax attributable to members	up	100%+	to \$5,894,588

Supplementary Comments

Refer to the attached preliminary financial report for the year ended 30 June 2022 for an explanation of the above figures, with emphasis on Note 2 in the Financial Report regarding the Directors' assessment of preparing the accounts in a going concerns basis.

PriceWaterhouse are in the process of completing the audit of Hiro Brands Limited (formerly Wellness and Beauty Solutions Limited). The audit report is expected to be unmodified and contain an emphasis of matter paragraph with respect to a material uncertainty relating to going concern.

Dividends

No dividends were paid in FY21 and FY22

Net tangible assets per security

	Current period Cents per Share	Previous corresponding period Cents per Share
Net tangible asset backing per ordinary security	\$0.025	\$0.008

Events subsequent to reporting date

Subsequent to balance date, 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) acquisition of the issued capital of The Heat Group Pty Ltd for \$12.610 million via equity interests in the Company;
- (iv) acquisition of approximately 98% of the issued capital of Aware Environmental Pty Ltd for \$5.0 million of Convertibles Notes in the Company;
- (v) approval of issue of shares to Aware vendors on conversion of Aware vendor Convertibles Notes;
- (vi) issue of shares to seed investors supporting the operations of Heat and Aware Groups, and the Company via the conversion of convertible notes;

- (vii) issue of shares to Elevon on conversion of Elevon Convertible Notes, in relation to the sale of the Aware business ultimately to Company
- (viii) issue of shares to DOCA creditors upon the conversion of DOCA convertible notes;
- (ix) Acquisition of the Actizyme Brand for \$2.5 million in connection with the Aware Acquisition; and
- (x) change the Company name to Hiro Brands Limited

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

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Hiro Brands Limited

(Formerly Wellness and Beauty Solutions Limited)

ABN 43 169 177 833

Preliminary Financial report

for the year ended 30 June 2022

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Preliminary Financial Report

for the Year Ended 30 June 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		(1,446,597)	(644,609)
Advertising and promotion expense		(81,453)	(333,333)
Occupancy expense		(33,168)	(368,417)
Repairs and maintenance		-	(28,198)
Other operating expenses		(53,098)	(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		5,894,588	(11,438,727)
Income tax benefit/(expense)	5	-	292,487
Profit/(loss) after income tax (expense)/benefit from continuing operations		5,894,588	(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		5,894,588	(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		5,894,588	(11,922,574)
Total comprehensive income/(loss) for the year is attributable to:			
Continuing operations		5,894,588	(11,146,240)
Discontinued operations		-	(776,334)
		5,894,588	(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	5.41	(16.65)
Diluted earnings per share	27	5.25	(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	5.41	(17.81)
Diluted earnings per share	27	5.25	(17.81)

Notes to the financial statements are included on pages 9 to 31.

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	467,813	-
Assets held for sale	26	-	408,756
Total current assets		3,356,020	540,878
Non-current assets			
Property, plant and Equipment	8	-	-
Intangibles	9	-	-
Right of use assets	10	-	-
Total non-current assets		-	-
Total assets		3,356,020	540,878
Current liabilities			
Trade and other payables	11	879,899	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		5,182,090	8,734,299
Total liabilities		5,182,090	8,734,299
Net assets/(Deficiency)		(1,826,070)	(8,193,421)
Equity			
Contributed equity	15	46,595,131	46,122,368
Reserve	16	224,845	224,845
Accumulated losses		(48,646,046)	(54,540,634)
Total equity		(1,826,070)	(8,193,421)

Notes to the financial statements are included on pages 9 to 31.

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		-	-	5,894,588	5,894,588
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive income for the year		-	-	5,894,588	5,894,588
Contributions of equity, net of transaction costs	15	472,763	-	-	472,763
Balance at 30 June 2022		46,595,131	224,845	(48,646,046)	(1,826,070)

Notes to the financial statements are included on pages 9 to 31.

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 sale 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 9 to 31.

Notes to the financial statements

1. General Information

Hiro Brands Limited (formerly 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').

Basis of preparation

Financial statements for year ended 30 June 2021 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.

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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.

As disclosed in the financial statements, the consolidated entity 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 \$1,826,070. Whilst the Group has recorded a profit before tax of \$5,894,588 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.

These factors indicate a material uncertainty which may cast significant doubt as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to believe that the Group will be able to continue as a going concern, considering at the date of adoption of the financial report, Group was significantly advanced in undertaking a capital raise of between \$25 million and \$35 million, and obtaining finance facilities. The funds will be used to provide working capital support, complete the acquisition of the Aware Environmental Group of companies and The Heat Group Pty Ltd (as approved by shareholders at the General Meeting on 29 August 2022) and execute growth strategies to become a leading Australian manufacturer and distributor of personal care, cosmetic, cosmeceutical, and household cleaning products.

Accordingly, the Directors believe that there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable and it is appropriate to adopt the going concern basis in preparation of the financial report, noting that the company does not currently conduct any material business activities and that related party creditors of the company to forbear in requiring repayment in the short term.

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.

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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.

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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.

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j) IntangiblesGoodwill

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.

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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.

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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:

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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.

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4. Revenues and expenses**(a) Revenue from continuing operations**

Sale of goods

Net revenue

(b) Other Income

Liabilities forgiven upon execution of the DOCA *

Government Grant

Other income

Recognition of lease liabilities

* DOCA was executed in October 2021 which resulted in debt forgiveness of liabilities totalling \$8,017,715. Secured and Unsecured creditors participated in Convertible notes – refer note 12.

(c) Operating profit includes the following items of expense:**Borrowing costs:**

Interest on lease liabilities

Other

Depreciation and amortisation:

Depreciation of property, plant and equipment

Depreciation of right of use assets

Amortisation of intangibles

Impairment expense:

Trade and other receivables

Inventories

Property, plant and equipment

Intangibles assets

Rights of use assets

Other assets

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.

	2022 \$	2021 \$
	-	3,648,542
	-	3,648,542
	8,017,715	-
	-	112,500
	-	285,933
	-	991,306
	8,017,715	1,389,739
	-	74,130
	37,087	250,948
	37,087	325,078
	-	43,000
	-	66,262
	-	171,000
	-	280,262
	-	997,000
	-	3,241,000
	-	92,000
	-	4,233,000
	-	946,000
	-	297,819
	-	9,806,819

5. Income tax

Major components of income tax expense for the year ended are:

Income statement

Current income tax

Current income tax charge

2022	2021
\$	\$
1,473,470	-

Deferred income tax

Increase/(decrease) in deferred tax liabilities

(23,391)	(292,487)
----------	-----------

Tax losses utilised in current year

(1,450,079)	-
-------------	---

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

5,894,588	(11,146,240)
-----------	--------------

At the statutory income tax rate of 25% (2021: 26%)

1,473,647	(3,099,870)
-----------	-------------

Non deductible items

-	2,803,000
---	-----------

Deductible deferred transaction costs

(23,391)	-
----------	---

Derecognition of lease liabilities

-	(534,000)
---	-----------

Cash flow boost

-	(33,000)
---	----------

1,450,256	(863,870)
-----------	-----------

Current year tax losses not recognised

-	571,383
---	---------

Prior year tax losses utilised

(1,450,256)	-
-------------	---

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

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
Deferred transactional costs (i)	467,813	-
Impairment of other assets	-	(298,000)
	467,813	-

(i) Deferred transactional costs represent cost of listing and issuing new shares incurred up to 30 June 2022.

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.

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9. Intangibles (Continued)

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

	2022 \$	2021 \$
<u>Giving Brands</u>		
Goodwill	-	2,204,000
Provision for impairment	-	(2,204,000)
	-	-
<u>True Solutions</u>		
Goodwill	-	495,000
Provision for impairment	-	(495,000)
	-	-
<u>Organic Nations</u>		
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	129,952	1,522,544
Carrying amount of trade and other payables (ii)	879,899	4,755,254

- 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.
- 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 Convertible 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:

- Interest rate is 10% of face value of notes (payable quarterly in arrears).
- Noteholders are not able to redeem notes for cash until the end of the term of the notes.
- Noteholders are able to convert notes into equity during the term of the notes, subject to shareholder approval.
- Conversion rate is \$0.10 per note.
- The terms of the notes end in October 2021.
- 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	
	Number	\$	Number	\$
Equity securities issued				
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

(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

2022 \$	2021 \$
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

5,894,588	(11,922,574)
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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

(470,000)	210,000
-----------	---------

Increase in trade and other payables

686,908	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)
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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	419,794	627,389
Share based payments	-	167,447
Post-employment benefits	15,938	52,071
	435,732	846,907

22. Remuneration of auditors

	2022 \$	2021 \$
<u>Auditor of the parent entity</u>		
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).

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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) Limited	New Zealand	-	100%
Micro19 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) Limited	completed 1 February 2022
Micro19 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	3,356,020	496,000
Non-current assets	-	-
Total assets	3,356,020	496,000
Liabilities		
Current liabilities	5,112,776	6,318,000
Non-current liabilities	-	-
Total liabilities	5,112,776	6,318,000
Net liabilities	(1,756,756)	(5,822,000)
Equity		
Share capital	46,595,131	46,122,000
Accumulated losses	(48,576,732)	(52,169,000)
Reserve	224,845	225,000
Total equity	(1,756,756)	(5,822,000)
Financial performance		
Profit/(Loss) for the year	3,592,268	(13,815,000)
Total comprehensive income for the year	3,592,268	(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.

Equity interests in subsidiaries

Details of interests in subsidiaries are set out in note 23.

		2022 Amount receivable from / (payable to) \$	2021 Amount receivable from / (payable to) \$
Related party	Description		
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)	-
The Heat Group Pty Ltd	Non interest-bearing short-term receivable	600,000	-
BRC Capital	Trading account non interest bearing	(802,618)	-
BRC Capital	Convertible notes (non-interest bearing)	(2,223,000)	-
Alcatt	Non-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)	

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:

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 \$
<i><u>Financial performance information</u></i>		
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)
<i><u>Cash flow information</u></i>		
Net cash used in operating activities	-	-
<i><u>Carrying amounts of assets and liabilities disposed</u></i>		
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)
<i><u>Details of the disposal</u></i>		
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 \$
<i>Earnings per share for loss from continuing operations</i>		
Loss after income tax attributable to the members of the Parent Entity	5,894,588	(11,146,240)
	Cents	Cents
Basic earnings per share	5.41	(16.65)
Diluted earnings per share	5.25	(16.65)
	\$	\$
<i>Earnings per share for loss from discontinued operations</i>		
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)
	\$	\$
<i>Earnings per share for loss of the Group</i>		
Profit/(Loss) after income tax attributable to the members of the Parent Entity	5,894,588	(11,922,524)
	Cents	Cents
Basic earnings per share	5.41	(17.81)
Diluted earnings per share	5.25	(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	138,784,259	66,935,539

28. Events after the reporting date

Subsequent to balance date, 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) acquisition of the issued capital of The Heat Group Pty Ltd for \$12.610 million via equity interests in the Company;
- (iv) acquisition of approximately 98% of the issued capital of Aware Environmental Pty Ltd for \$5.0 million of Convertibles Notes in the Company;
- (v) approval of issue of shares to Aware vendors on conversion of Aware vendor Convertibles Notes;
- (vi) issue of shares to seed investors supporting the operations of Heat and Aware Groups, and the Company via the conversion of convertible notes;
- (vii) issue of shares to Elevon on conversion of Elevon Convertible Notes, in relation to the sale of the Aware business ultimately to Company
- (viii) issue of shares to DOCA creditors upon the conversion of DOCA convertible notes;
- (ix) Acquisition of the Actizyme Brand for \$2.5 million in connection with the Aware Acquisition; and
- (x) change the Company name to Hiro Brands Limited.

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