

Appendix 4D

Half-year Report

*Rule 4.2A.3
Introduced 1/1/2003*

Name of entity: Yowie Group Limited

ABN: 98 084 370 669

1. Reporting period ("current period"): Half-year ended 31 December 2023

Previous corresponding period: Half-year ended 31 December 2022

2. Results for announcement to the market

US\$'000

2.1 Revenue from ordinary activities down **8%** to **6,413**

2.2 Loss from ordinary activities after tax attributable to members up **90%** to **(547)**

2.3 Net loss for the period attributable to members up **90%** to **(547)**

2.4 The directors recommend that no amount be paid by way of dividend. No dividend has been paid or declared since the start of the financial period.

2.5 Record date for determining entitlements to dividends: N/A

2.6 A further explanation of the above figures is contained in the "Review of Operations" included within the attached directors' report.

3. Net tangible assets

	Current Period (cents)	Previous Corresponding Period (cents)
Net tangible asset backing per ordinary share	3.81	4.13

4. Details of entities over which control has been gained or lost during the period

N/A

5. Dividends

No dividends have been paid or declared during or since the beginning of the reporting period.

6. Dividend reinvestment plans

No dividend reinvestment plans are in operation.

7. Details of associates and joint venture entities

N/A

8. Accounting standards for foreign entities

The Group applied Australian Accounting Standards to all entities in the Group including its overseas subsidiaries.

9. Auditor's review report

The accounts were subject to a review by the auditor and the review report is attached as part of the half-year report.

YOWIE GROUP LIMITED

ABN 98 084 370 669

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2023



CONTENTS

	Page
Company Directory	2
Directors' Report	3
Auditor's Independence Declaration	9
Consolidated Statement of Profit or Loss and Other Comprehensive Income	10
Consolidated Statement of Financial Position	11
Consolidated Statement of Changes in Equity	12
Consolidated Statement of Cash Flows	13
Notes to the Consolidated Financial Statements	14
Directors' Declaration	21
Independent Auditor's Review Report	22



COMPANY DIRECTORY

DIRECTORS:	Mr Sean Taylor (Executive Chairman) Mr Nicholas Bolton (Non-Executive Director) Mr John Patton (Non-Executive Director) Mr Scott Hobbs (Non-Executive Director)
KEY MANAGEMENT:	Mr Leo Valle (US Country Manager) Mr Jarrod Milani (AUS Country Manager) Ms Cynthia Thayer (Group Chief Marketing Officer)
COMPANY SECRETARY:	Mr Neville Bassett
REGISTERED AND PRINCIPAL OFFICE:	Level 4 216 St Georges Terrace Perth WA 6000 Telephone: +61 8 6268 2640
ABN:	98 084 370 669
COMPANY WEBSITE ADDRESS:	www.yowiegroup.com www.yowieworld.com
AUDITOR:	RSM Australia Partners Level 32 Exchange Tower 2 The Esplanade Perth WA 6000
SHARE REGISTRY:	Link Market Services Limited Level 12, QV1 Building 250 St Georges Terrace Perth WA 6000 Telephone: 1300 554 474 or +61 2 8280 7111
ASX CODE:	YOW

DIRECTORS' REPORT

Your Directors submit their report for Yowie Group Limited ("Yowie or the Group") and the consolidated entity ("the Group") for the half-year ended 31 December 2023.

The half-year report is expressed in US Dollars (US\$), unless stated otherwise.

DIRECTORS

The names of the Group's Directors in office during the half-year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr Sean Taylor
Mr Nicholas Bolton
Mr John Patton
Mr Scott Hobbs
Mr Mark Schuessler (*retired on 24 July 2023*)

PRINCIPAL ACTIVITY

Yowie is a global brand licensing Company, specialising in the development of consumer products designed to promote learning, understanding and engagement with the natural world through the adventures and exploits of six endearing Yowie characters. Educating children and adults about the environment and ecology and 'Save the Natural World' is at the heart of the Yowie proposition. Yowie employs its company-owned intellectual property rights to supply Yowie branded chocolate confectionery products, a digital platform and Yowie branded licensed consumer products. The Group's vision for the Yowie brand is to distribute on a widening basis the Yowie product in the US (United States of America) and AUS (Australia) with further international expansion.

OPERATING AND FINANCIAL REVIEW

During the half-year, despite the impact of high interest rates and inflationary pressures on discretionary spending, the Group maintained its focus on sales, including new product initiatives, and strengthening its distribution network both in the US and AUS markets, whilst maintaining fiscal discipline and growing consumer awareness, with some updates below.

Sales and Distribution

- Global net sales were US\$6.4 million for the half-year ended 31 December 2023, 8% lower than the previous corresponding period. Lower sales were mostly related to transition of the Australian distribution of Yowie products from an external distributor to managing our own customers to exert increased control over the performance of the brand in Australia and to seek new ways to sustainably grow.

The sales order timings and closing off any credits or claims with the previous distributor had a one-off impact on Australia net sales, which is not anticipated to continue into the second half of the financial year.

- The Group remains committed to growing top line sales and achieving sustainable operating profitability.

OPERATING AND FINANCIAL REVIEW (continued)**Sales and Distribution (continued)**US

- Our US team has been focusing on renewing their go-to-market strategy. This includes finding new channels and markets, improving retail sales programs, and enhancing the sales tools with its national sales broker network.
- Further marketing activity is supporting the Yowie brand in North America including targeted YouTube promotional advertising which reached over 3 million views in 2023 and targeted influencer marketing campaigns which exposed the Yowie brand to over 250,000 new customers.
- Yowie continued expanding its product offerings by introducing 2 new SKUs in the US:
 - 1) YowiePop - a naturally flavoured 3D lollipop that can be dipped in a sour powder and comes with a surprise toy.
 - 2) Giant Yowie – a half-pound version of our Yowie Surprise-Inside chocolate product, with 2 surprise toys inside each Giant Yowie.



- Innovation remains a huge opportunity for Yowie North America given its access to retailers nationally. Yowie is currently exploring licensing opportunities in the US, similar to what has been done in Australia with AFL and NRL. Licenses have given Yowie Australia a strong consistent engagement with retailers, and we believe a similar opportunity is available in the US.

DIRECTORS' REPORT

OPERATING AND FINANCIAL REVIEW (continued)

Sales and Distribution (continued)

Australia

- In Australia, Yowie secured tier 1 brand merchandising agreements with Australian Football League (AFL), Australian Rugby League (NRL) and BBC Studios Australia Pty Ltd for the number 1 Australian Childrens TV show – Bluey.

Under these merchandising agreements, Yowie is permitted to design, manufacture, promote and distribute seasonal confectionary in the key trading periods of Easter and Christmas.

A strong Easter sales program is already underway with key retail partners in Australia, with sales revenue to be recognised in Q3 of FY2024.



OPERATING AND FINANCIAL REVIEW (continued)**Acquisition of Ernest Hillier**

- In August 2023, Yowie announced that it acquired the assets of Ernest Hillier chocolate business for A\$375k (US\$241k). Ernest Hillier is Australia's first chocolate manufacturer and oldest privately owned chocolatier, established in 1914.
- During the period, Yowie invested in bringing Ernest Hillier facility back up to an industry acceptable operating standard, meeting strict employee safety, food safety and customer requirements. Multiple production runs for a tier 1 client were completed and our licensed Bluey range are currently in production.
- The Ernest Hillier brand and range is currently under review with a focus on rejuvenating the brand proposition and offering to market by Q4 of FY2024.

Corporate

- During the period, Mark Schuessler (Global CEO) and Wayne Brekke (Global CFO) retired from the Yowie leadership and we thank them for their contribution.
- The Board engaged Nicolas Georges as Global Strategic Advisor, on a part-time basis, to build a new strategy, build out innovation pipeline, align the global team for success and realise the value of Ernest Hillier. Nicolas has over 25 years in the food industry spanning Nestle, Vitasoy, Grill'd, Bakers Delight, Mondelēz and Koko Black. Nicolas is also a Director, Food and Agriculture Practice Professor at Monash University.

In North America, Leonidas Valle has been promoted from Vice President of Supply Chain Operations to US Country Manager. Prior to Yowie, Leonidas was the Business Development Director – Gums & Candy at Mondelēz International.

In Australia, Jarrod Milani had been appointed as Country Manager. Jarrod was previously the Chief Operating Officer at Forbidden Foods (FFF.ASX) and prior to that had various marketing roles at Coles Group (ASX:COL). Jarrod is tasked with scaling the Yowie sales in Australia, integrating the newly acquired Ernest Hillier operation into Yowie Group and realising the full potential of the acquisition.

Takeover Bid

- On 29 December 2023, Keybridge Capital Limited announced a takeover bid for all of the ordinary shares in Yowie Group Limited for cash consideration of AUD 3.4 cents per share, with the Bidder's Statement being dispatched to Yowie shareholders on 16 February 2024.

OPERATING AND FINANCIAL REVIEW (continued)**Financial Overview**

- The Group maintained its Gross Margin at 50% of net sales enabling the Group to invest with retailers and marketing where appropriate.
- EBITDA* loss for the half-year ended 31 December 2023 was US\$0.58 million, compared to EBITDA loss of US\$0.28 million for the previous corresponding period.

The decrease in EBITDA was attributable to lower Australia sales due to transition of the Australian distribution of Yowie products from the previous external distributor to managing our own customers (refer to commentary under Sales and Distribution above). In addition, continued investment in restoring Ernest Hillier facility and rejuvenating its brand preposition also impacted the EBITDA for the period.

**EBITDA = Earnings before interest, taxes, depreciation and amortisation*

- Net loss after tax was US\$0.55 million, compared to a loss of US\$0.29 million in the previous corresponding period. The increase in net loss was largely due to reasons mentioned in the previous point, offset by reversal of impairment on non-current assets that had been previously been impaired to nil.
- At 31 December 2023, the Group's consolidated cash position was US\$4.5 million, a decrease from US\$7.4 million at 30 June 2023.

The decrease in the cash balance is attributable to payment of prior period spoilage claims*, lower sales receipts from the Australian business, acquisition of Ernest Hillier assets and increased inventory purchases related to seasonal Easter products in Australia, with corresponding sales proceeds anticipated in the second half of the financial year.

**spoilage claims were fully provided for in prior periods and do not negatively impact EBITDA for the current period.*

- A summary of the cash flows for the Group during the period is as follows:

Cash flows used in:	US\$
- Operating activities	(2.25 million)
- Investing activities	(0.64 million)
- Financing activities	(0.01 million)
Net cash flows for the year	(2.90 million)
Opening cash and cash equivalents balance	7.40 million
Effect of foreign exchange movements	0.03 million
Closing cash and cash equivalents balance	4.53 million

OPERATING AND FINANCIAL REVIEW (continued)**Financial Overview (continued)**

- The net assets of the Group as at 31 December 2023 was US\$8.9 million, down from US\$9.37 million as at 30 June 2023.

The Group remains committed to responsibly manage financial resources and prepare for investing opportunities at retail, with new products, improving product supply and being competitive across all trade channels.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the half-year ended 31 December 2023.

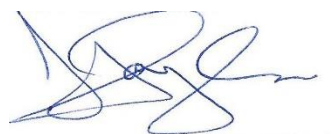
EVENTS SUBSEQUENT TO BALANCE DATE

Refer to Note 12 in the Notes to the Consolidated Financial Statements.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 9 of the financial report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Board

Sean Taylor
Executive Chairman

27 February 2024



RSM Australia Partners

Level 32 Exchange Tower, 2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9111

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Yowie Group Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 27 February 2024

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**



	Note	Consolidated Half-Year Ended 31 Dec 2023 US\$	Half-Year Ended 31 Dec 2022 US\$
Sale of goods		6,413,072	7,002,286
Cost of sales		(3,206,289)	(3,533,358)
Gross profit		3,206,783	3,468,928
Selling and distribution		(2,331,114)	(1,973,481)
Marketing		(360,743)	(390,339)
Administration	3(a)	(1,168,850)	(1,324,472)
Finance costs		(7,702)	-
Other income		80,749	34,557
Foreign exchange losses		(5,259)	(15,610)
Write-down of inventory		(88,745)	(65,295)
Reversal of impairment / (impairment) of non-current assets	3(b)	130,474	(22,404)
Loss before income tax		(544,407)	(288,116)
Income tax expense		(2,250)	(250)
Loss after income tax for the half-year		(546,657)	(288,366)
Other comprehensive income for the half-year			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Movement in foreign currency translation reserve		43,480	83,394
Total comprehensive loss for the half-year net of tax attributable to members of the Group		(503,177)	(204,972)
Loss per share attributable to members of the Group			
Basic loss per share (cents)	4	(0.25)	(0.13)
Diluted loss per share (cents)	4	(0.25)	(0.13)

This consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023**



	Note	Consolidated 31 Dec 2023 US\$	30 Jun 2023 US\$
Current Assets			
Cash and cash equivalents		4,526,365	7,401,682
Trade and other receivables	5	1,624,860	1,237,618
Prepayments	6	648,136	798,659
Inventories	7	5,223,433	3,531,557
Total Current Assets		12,022,794	12,969,516
Non-Current Assets			
Other assets		94,980	-
Plant and equipment		519,225	192,953
Intangible assets		271,683	123,378
Right-of-use assets		303,815	-
Total Non-Current Assets		1,189,703	316,331
Total Assets		13,212,497	13,285,847
Current Liabilities			
Trade and other payables	8	3,909,472	3,859,307
Provisions		38,911	57,117
Lease liabilities		218,270	-
Total Current Liabilities		4,166,653	3,916,424
Non-Current Liabilities			
Lease liabilities		139,986	-
Total Non-Current Liabilities		139,986	-
Total Liabilities		4,306,639	3,916,424
Net Assets		8,905,858	9,369,423
Equity			
Issued capital	9	46,687,677	46,687,677
Reserves		(6,968)	(90,060)
Accumulated losses		(37,774,851)	(37,228,194)
Total Equity		8,905,858	9,369,423

This consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2023



	Issued capital	Share-based payment reserve	Consolidated Foreign currency translation reserve	Accumulated losses	Total
	US\$	US\$	US\$	US\$	US\$
Balance at 1 July 2022	46,687,677	2,120,570	(2,356,606)	(37,125,247)	9,326,394
Loss for the half-year	-	-	-	(288,366)	(288,366)
Other comprehensive income					
Foreign currency translation	-	-	83,394	-	83,394
Total comprehensive income/(loss) for the half-year	-	-	83,394	(288,366)	(204,972)
Transactions with owners recorded directly in equity					
Share-based payments	-	90,333	-	-	90,333
Balance as at 31 December 2022	46,687,677	2,210,903	(2,273,212)	(37,413,613)	9,211,755
Balance at 1 July 2023	46,687,677	2,255,525	(2,345,585)	(37,228,194)	9,369,423
Loss for the half-year	-	-	-	(546,657)	(546,657)
Other comprehensive income					
Foreign currency translation	-	-	43,480	-	43,480
Total comprehensive income/(loss) for the half-year	-	-	43,480	(546,657)	(503,177)
Transactions with owners recorded directly in equity					
Share-based payments	-	39,612	-	-	39,612
Balance as at 31 December 2023	46,687,677	2,295,137	(2,302,105)	(37,774,851)	8,905,858

This consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS **FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**



	Consolidated	
	Half-Year Ended 31 Dec 2023 US\$	Half-Year Ended 31 Dec 2022 US\$
Cash flow from operating activities		
Receipts from customers	5,207,493	6,799,408
Other receipts	3,449	-
Payments to suppliers and employees	(7,539,460)	(7,023,641)
Interest received	80,714	34,555
Interest paid	(2,193)	-
Net cash flows used in operating activities	(2,249,997)	(189,678)
Cash flow from investing activities		
Payment for security deposit	(83,265)	-
Payments for plant and equipment	(316,760)	(28,148)
Payments for intangible assets	(243,009)	(31,013)
Net cash flows used in investing activities	(643,034)	(59,161)
Cash flow from financing activities		
Payment of finance lease liabilities	(11,258)	-
Net cash flows used in financing activities	(11,258)	-
Net change in cash and cash equivalents	(2,904,289)	(248,839)
Cash and cash equivalents at beginning of period	7,401,682	8,177,210
Effect of foreign exchange movements	28,972	80,812
Cash and cash equivalents at end of period	4,526,365	8,009,183

This consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. MATERIAL ACCOUNTING POLICY INFORMATION

These consolidated financial statements for the half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001, as appropriate for for-profit entities. Compliance with AASB 134 ensures compliance with International Accounting Standard 34 *Interim Financial Reporting*.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2023 and any public announcements made by Yowie Group Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

New and amended standards adopted by the Group

The Group has adopted all new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these amendments has not resulted in any significant effect on the measurement or disclosure of the amounts reported for the current or prior periods.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023



2. SEGMENT REPORTING

The Group has only one reportable segment, which relates to the operations of its confectionery business, with production carried out under a contract manufacturing arrangement. The net result is presented on a consolidated basis.

Geographic segment

	Half-Year Ended 31 Dec 2023 US\$	Half-Year Ended 31 Dec 2022 US\$
Net sales		
United States	6,061,141	6,264,894
Australia	351,931	737,392
	6,413,072	7,002,286
Non-current assets		
United States	514,508	316,331
Australia	675,195	-
	1,189,703	316,331

Major customer information

The revenue from major customers set out below arises from the sale of Yowie chocolate confectionery product.

	Consolidated Half-Year Ended 31 Dec 2023 US\$	Half-Year Ended 31 Dec 2022 US\$
Major customer	2,073,073	2,183,563
% of Total Net Sales	32%	31%

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**



3. EXPENSES

(a) Administration

	Consolidated	
	Half-Year Ended 31 Dec 2023 US\$	Half-Year Ended 31 Dec 2022 US\$
Employee benefits	517,900	545,477
Consultancy, business development and travel	19,533	20,052
Legal, tax, listing, compliance and insurance	295,204	373,282
Share-based payment expense	39,612	90,333
Depreciation and amortisation	158,445	8,104
Rent and outgoings	48,621	25,320
Lawsuit settlement	-	190,000
Other administrative expenses	89,535	71,904
	1,168,850	1,324,472

(b) Reversal of Impairment of Non-Current Assets

Reversal of impairment of non-current assets for the half-year ended 31 December 2023 of US\$130,474 relates to the reversal of a prior period impairment on manufacturing equipment. The Group was able to utilise those assets, resulting in the recognition of depreciation and the reversal of a portion of a prior period impairment.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**



4. EARNINGS / (LOSS) PER SHARE

	Consolidated	
	Half-Year Ended 31 Dec 2023 Number	Half-Year Ended 31 Dec 2022 Number
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	218,567,901	218,567,901
	US\$	US\$
Basic and diluted (loss) / earnings attributable to ordinary equity holders of the parent	(546,657)	(288,366)

5. TRADE AND OTHER RECEIVABLES

	Consolidated	
	31 Dec 2023 US\$	30 Jun 2023 US\$
Current		
Trade debtors	1,597,910	1,232,267
GST receivable	26,950	5,351
	1,624,860	1,237,618

6. PREPAYMENTS

	Consolidated	
	31 Dec 2023 US\$	30 Jun 2023 US\$
Current		
Prepayments – raw materials	469,437	598,429
Prepayments – other	178,699	200,230
	648,136	798,659

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023



7. INVENTORIES

	Consolidated	
	31 Dec 2023	30 Jun 2023
	US\$	US\$
Current		
Raw materials	2,192,721	1,823,380
Work in progress	292,049	81,260
Finished goods	3,010,910	1,943,322
Allowance for disposal	(272,247)	(316,405)
	<u>5,223,433</u>	<u>3,531,557</u>

Inventories are valued at the lower of cost or net realisable value.

Movement in the allowance for disposal of inventories is set out below.

Balance at the beginning of the year	(316,405)	(257,029)
Reversal ¹	114,573	55,197
Additional allowance	(70,415)	(114,573)
Balance at the end of the year	<u>(272,247)</u>	<u>(316,405)</u>

¹ Reversal relates to disposal of the inventory or the use of inventory as the inventory was able to be utilised in production process.

8. TRADE AND OTHER PAYABLES

	Consolidated	
	31 Dec 2023	30 Jun 2023
	US\$	US\$
Current		
Trade payables and accruals	2,017,390	1,369,096
Rebate allowances ¹	1,881,328	2,491,092
Other	10,754	(881)
	<u>3,909,472</u>	<u>3,859,307</u>

¹ Rebate allowances include estimated accrual for promotional discounts, prompt payment discounts and spoilage of goods.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**



9. ISSUED CAPITAL

	Consolidated	
	31 Dec 2023 US\$	30 Jun 2023 US\$
Ordinary shares – fully paid	46,687,677	46,687,677
<i>Movements in ordinary share capital</i>	US\$	Number
As at 1 July 2023	46,687,677	218,567,901
Conversion of rights	-	-
As at 31 December 2023	46,687,677	218,567,901

10. FAIR VALUES OF FINANCIAL INSTRUMENTS

Recurring fair value measurements

The Group does not have any financial instruments that are subject to recurring or non-recurring fair value measurements.

Fair values of financial instruments not measured at fair value

Due to their short-term nature, the carrying amounts of current receivables and current trade and other payables is assumed to equal their fair value.

11. COMMITMENTS AND CONTINGENCIES

(a) Commitments

The Group entered into merchandising agreements with BBC Studios, AFL and NRL during the year ended 30 June 2023.

Future minimum guaranteed royalty fees as at 31 December 2023 are as follows:

	Consolidated	
	31 Dec 2023 US\$	31 Dec 2022 US\$
Within one year	119,210	-
After one year but not more than five years	480,246	-
More than five years	-	-
	599,456	-

11. COMMITMENTS AND CONTINGENCIES (continued)

(b) Contingencies

The Group provides the following update in relation to its longstanding litigation with Henry Whetstone, Jr. and his companies, Whetstone Industries, Inc. and Atlantic Candy Company.

For ease of reference, the remainder of this update will refer to the two sides of this litigation as simply “Yowie” and “Whetstone”.

Each of the parties filed their own motions for attorney’s fees and costs after the Final Judgment was entered on 21 April 2023. This issue was fully briefed and came before the Court for a hearing on 6 July 2023. After the parties submitted proposed orders, the Court entered an order on 4 August 2023 which granted Yowie’s motion for attorney’s fees and costs against Whetstone related to the Patent Agreement, but denied Yowie’s motion for attorney’s fees and costs against Whetstone and granted Whetstone’s motion for attorney’s fees and costs against Yowie related to the Manufacturing Agreement. Yowie believes that the Court failed to adequately consider Yowie’s attorney’s fee and cost request considering Yowie were successful in defending Whetstone’s claims for millions of dollars in fixed costs and lost profits after Yowie moved its manufacturing to Madelaine. On 5 September 2023, Yowie filed its Notice of Appeal of the Court’s order on attorney’s fees and costs denying Yowie’s motion for attorney’s fees and costs against Whetstone related to the Manufacturing Agreement.

The Court has indicated it will defer ruling on the amount of attorney’s fees and costs until the conclusion of the appeals. On the appeal, Yowie expects that briefing will conclude in Q1 2024 and a ruling will occur sometime in Q3 or Q4 2024 on both appeals. For all the above causes of action, Yowie has disclaimed liability and is defending the action. Yowie considers no additional provision is warranted in relation to this counterclaim.

Management is not able to reliably estimate the ultimate settlement amounts at this time nor does management believe any material payments would be made as a result of these cases, and therefore no provision in relation to the claim has been recognised in the financial statements. The Company will continue to incur ongoing legal costs due to these cases. However, as it is not possible to accurately determine the likely costs, nor the timing of such costs, no provision has been made for legal costs.

12. EVENTS SUBSEQUENT TO BALANCE DATE

No circumstances or events have arisen subsequent to the end of the period, that have had, or are likely to have, a material impact on the financial statements.

**DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**



The directors declare that, in the directors' opinion:

- (a) 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
- (b) the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (c) the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Board

A handwritten signature in blue ink, appearing to be "Sean Taylor", written over a light blue grid background.

**Sean Taylor
Executive Chairman**

27 February 2024



RSM Australia Partners

Level 32 Exchange Tower, 2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100

F +61 (0) 8 9261 9111

www.rsm.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF YOWIE GROUP LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Yowie Group Limited which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Yowie Group Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Directors' Responsibility for the Half-Year Financial Report

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

THE POWER OF BEING UNDERSTOOD

AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

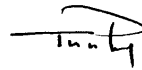
Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 27 February 2024