

**APPENDIX 4E
FOR THE YEAR ENDED 30 JUNE 2023**



Name of entity:

Yowie Group Limited

1.

ABN or equivalent company reference:

98 084 370 669

Reporting period:

Year ended 30 June 2023

Previous corresponding period:

Year ended 30 June 2022

2. Results for announcement to the market

2.1 Revenue from ordinary activities	down	15%	to	US\$ 13,285,268
2.2 Profit from ordinary activities for the period after tax attributable to members	down	112%	to	(102,947)
2.3 Net profit for the period attributable to members	down	112%	to	(102,947)
2.4 Dividends		Amount per security		Franked amount per security
Final dividend		Nil		N/A
Interim dividend		Nil		N/A
2.5 Record date for determining entitlements to the dividends	<div style="border: 1px solid black; display: inline-block; padding: 5px;">N/A</div>			
2.6 Brief explanation of any of the figures reported above to enable the figures to be understood:	<p>Commentary on the results for the period can be found in the Annual Report accompanying this Appendix 4E.</p>			

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YOWIE GROUP LIMITED

ABN 98 084 370 669

ANNUAL REPORT

FOR THE YEAR ENDED

30 JUNE 2023



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(Expressed in US Dollars (US\$), unless stated otherwise)

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 Wayne Brekke (Global Chief Financial Officer) Ms Cynthia Thayer (Global Chief Marketing Officer)
COMPANY SECRETARY:	Mr Neville Bassett
REGISTERED AND PRINCIPAL OFFICE:	Level 4 216 St Georges Terrace Perth WA 6000 Telephone: (08) 6268 2640
ABN:	98 084 370 669
COMPANY WEBSITE ADDRESS:	www.yowieworld.com
AUDITORS:	RSM Australia 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

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Dear Shareholders,

With just over 18 months in the chair, last year would have to be one of the most dynamic on record, with much going on behind the scenes. However, we can't hide from the fact that the overall result has been less than pleasing. With the increase in raw material cost, transport and logistics increasing and the higher cost of living driving revenues down, we delivered a less than acceptable result.

To this end we commissioned an extensive third-party productivity review in the hope of stemming cost increases and adding efficiencies to our production and cost base. This was a valuable exercise with several new ways of working introduced and a number to still implement.

With our core product still being manufactured in the US, the ever-falling Australian Dollar has impacted the effective cost to market pricing into Australia. This however is a relatively small amount of overall production.

Australia saw the introduction of 2 new SKU's for Easter. Both the Giant Yowie and the 100gm Yowie Surprise Egg. It was great to see a 'range' of Yowie product on the shelves of key major retailers with sell through exceeding expectations. We also saw the introduction of the 150gm AFL and NRL Footy Eggs which also sold through well in their respective states under license from the AFL and NRL.

As some of you may have read, 2023 saw the retirement of CEO, Mark Schuessler. We would like to thank Mark for his many years of service and wish him well for a well-deserved more relaxing stage of life. This obviously leaves a gap, with a global search being conducted for the right. But more on that later....

Part of the strategy that we introduced upon my arrival was the introduction of licensed product that we feel aligns with the core values of Yowie. Some may struggle to understand how this fits with AFL/NRL. Whilst not all values align, one cannot deny that Australia is at the core of these 3 properties. We are incredibly proud to announce our Yowie AFL and NRL surprise milk chocolate footballs that we have selectively teased the market with for this year's football finals. Having been on the shelves for a week, we are seeing a fantastic response to these football jersey wearing Yowies. You know it's good luck if you open one and manage to get the team you support. Let's see if this rings true for the finals.



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This limited release finals product will be back on the shelves next year for Easter and the start of the 2024 AFL and NRL seasons.

One of the most exciting announcements for the year was the acquisition of the Bluey Seasonal Confectionery license for the next 3 years in both Australia and New Zealand. We will be launching with six SKUs for Easter 2024 which will be followed by a Bluey Christmas 2024 offer and then by an expanded Easter offer for 2025. To date the retail acceptance has been extremely pleasing.



Bluey is probably the most successful children's license ever developed in Australia with a huge global presence and is a License for which we see an extended life migrating to evergreen status in the years to come. We would like to thank the BBC for their support and look forward to working with them over the coming years to develop innovative product for our nominated territories.

We will be seeking retail partners in New Zealand for Yowie, Bluey and NRL and expect to announce support from key NZ retailers shortly.

About Bluey

Bluey is an Australian preschool animated television series that premiered on ABC Kids on 1 October 2018. The program was created by Joe Brumm and is produced by Queensland-based company Ludo Studio. It was commissioned by the Australian Broadcasting Corporation and the British Broadcasting Corporation, with BBC Studios holding global distribution and merchandising rights. The series made its premiere on Disney Junior in the United States and is released internationally on Disney+.

The show follows Bluey, an anthropomorphic six-year-old Blue Heeler puppy who is characterised by her abundance of energy, imagination and curiosity of the world. The young dog lives with her father, Bandit; mother, Chilli; and younger sister, Bingo, who regularly joins Bluey on adventures as the pair embark on imaginative play together. Other characters featured each represent a different dog breed. Overarching themes include the focus on family, growing up and Australian culture. The program was created and is produced in Queensland; its capital city Brisbane inspires the show's setting.

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Bluey has received consistently high viewership in Australia on both broadcast television and video on demand services. It has influenced the development of merchandise and a stage show featuring its characters. The program has won two Logie Awards for Most Outstanding Children's Program as well as an International Emmy Kids Award in 2019. It has been praised by television critics for depicting a modern everyday family life, constructive parenting messages, and the role of Bandit as a positive father figure.

Bluey is an animated television character and one of the world's biggest entertainment brands. The Bluey television series:

- Is the #1 Children's TV series in Australia
- is shown in more than 60 countries including the USA, UK and China
- was streamed for over 20 billion minutes on Disney + last year
- has 1.87 million Facebook followers;
- is broadcast nationally in Australia on ABC Kids, ABC iview and Disney +

The BBC's most recent Annual Report stated: Global hit Bluey cemented her status as an iconic children's brand, appearing as a giant, hand-painted balloon in New York's 96th Macy's Thanksgiving Day Parade. Co-commissioned by the ABC and BBC Studios from Ludo Studios and distributed by BBC Studios, the award-winning Bluey is now broadcasting and streaming in 60 countries, with licensed products available in over 20 countries and the first US tour for Bluey's Big Play The Stage Show. Bluey's success helped to increase sales for consumer products by 10% in the year, and BBC Studios expanded its approach to brand extensions and partnerships.

The next fantastic news which we announced is the acquisition of the chocolate manufacturing business Ernest Hillier. This includes all Brands, recipes, business names, and owned plant and equipment. The business is located in North Coburg on a site of approximately 4,000 sq metres. Ernest Hillier was Australia's first Chocolate manufacturer, and oldest privately owned chocolatier being established in 1914.

We have been working with the administrators, customers, retailers and staff of the plant on reinvigorating relevant and profitable parts of the business. We have been delighted with the enthusiasm of the staff to re-engage with the business and are working currently with them on future employment prospects. This new facility provides not only the ability to manufacture many of our new products ourselves for Australia and NZ but also to manufacture product for export to the US and other countries.

This manufacturing facility allows us to have greater control of the whole process and to innovate to meet customer and retailer expectations while having greater control over the costing process.

Continuing our desire to have greater control over costing and process, we are moving in Australia from our current distributor model to a self-distribution model. We are currently working with Universal Candy, who have been a terrific partner for a number of years, to provide a smooth transition over the coming months.

With Australia being a much smaller market than the US, the opportunity exists to test market products and their success or otherwise to migrate them to the US. A case in point is the Giant Yowie which was recently introduced in Australia and will be launched in the US later this year. Along with the Giant Yowie, we'll also launch an innovative new product called Yowie-Pop.

CHAIRMAN LETTER



With all this new activity and ability, the search for our new global CEO is imperative to the future success of the business. We are well down the track in conversations, with the major change potentially having the CEO located in Australia. This person will ideally have manufacturing experience as well as a Global understanding of the confectionery category and a real understanding of both relevant consumers and retailer requirements. When we can confirm this position we will announce immediately.

Finally I'd like to thank the board for their incredible hard work over the past 12 months in driving change and productivity to set the business up for real success.

To current shareholders, as always, I am available should you have any questions. Don't forget to rush out and get your AFL/NRL finals edition Yowie before they sell out!

Yours Sincerely,

A handwritten signature in blue ink, appearing to read "Sean Taylor", with a circular flourish at the end.

Sean Taylor
Executive Chairman

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Your Directors submit their report together with the financial report of Yowie Group Limited ("the Company") and the consolidated entity ("the Group") for the year ended 30 June 2023.

DIRECTORS

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

As at the date of this report, the Company does not have an Audit, Remuneration or Nomination Committee of the Board of Directors. The full Board, therefore, assumes the responsibilities of these committees. As the Company develops, these committees may be established.

Mr Sean Taylor

Executive Chairman

Mr Taylor had an extensive career in Advertising/Media working at DDB Needham/Bond Media/Southern Cross Media and Austereo prior to launching his own agency specialising in FMCG and Licensing. Major clients included The Walt Disney Company, Nestle, Kelloggs, Lion Nathan and Novartis. He sold this business to PLC Photon now Enero, remaining on in charge of all Activation agencies within the group. He was with the group for more than 12 years.

Subsequently, he formed another agency which was then acquired by WPP/Ogilvy where he remained for 8 years with various roles including CEO of Ogilvy Action, Managing Director of Ogilvy Group Melbourne and CEO Geometry and VMLY&R Commerce. Mr Taylor completed his earnout there and has subsequently set up a few digital Advertising/Media businesses which he currently Chairs.

Mr Mark Schuessler

Global Chief Executive Officer (*retired on 24 July 2023*)

Managing Director (*retired on 24 July 2023*)

Qualifications: BSBA, MBA Finance

Mr Schuessler is an experienced senior executive leader with more than 30 years' of U.S. and international markets experience. Mr Schuessler has extensive cross discipline and cross category operational leadership experience in the consumer-packaged goods industry with Doumak Inc., The Campbell Soup Company, Procter and Gamble and early financial roles in the printing and banking industries.

DIRECTORS (continued)***Mr Mark Schuessler (continued)***

Mr Schuessler was President and Chief Operating Officer of Doumak Inc. from 2013, a privately held US\$100+ million confectionery manufacturer of the Campfire brand, private label marshmallows distributed throughout the U.S. and the Rocky Mountain brand distributed in more than 70 countries globally. During his leadership period, the Company experienced annual top line double digit growth and a significant increase in the bottom line through increased productivity, new item launches and a global market focus. Prior to being President and Chief Operating Officer, Mr Schuessler was Vice President and Chief Operating Officer of Sales and Marketing with significant sales and profit growth.

Mr Nicholas Bolton

Non-Executive Director

Mr Bolton has managed operational, investments and restructures assets in aviation, finance, property, energy, shipping, infrastructure and IT sectors. Mr Bolton is focused on delivering superior risk adjusted returns through active management and innovative solutions to challenging issues for investors and banking industries.

Mr John Patton

Non-Executive Director

Qualifications: B.Ec, CA (CAA), F Fin

Mr Patton is a chartered accountant with over 35 years of professional services and industry experience. He was previously a Partner with Ernst & Young in the Transactions Advisory Services division. Mr Patton has senior executive and extensive corporate finance credentials, having been involved in over 150 corporate transactions.

Mr Scott Hobbs

Non-Executive Director

Scott Hobbs has over 20 years experience in FMCG, within retailers such as BIG W and Metcash IGA, primarily in the management and development of various product categories including confectionery. In addition to category and brand management, a large period of time has been within the manufacturing sector of the confectionery industry and the subsequent sales management of candy products to major Australian and International retailers.

DIRECTORS (continued)

Directorships of other listed companies during the past three years

<i>Name</i>	<i>Company</i>	<i>Ceased</i>
Mr S Taylor	No other directorships	-
Mr M Schuessler	No other directorships	-
Mr N Bolton	Keybridge Capital Limited	Current
Mr J Patton	Metgasco Limited	Current
	Keybridge Capital Limited	Current
	Aurora Funds Management Limited, as Responsible Entity of HHY Fund ¹ and Aurora Global Income Trust	Current
Mr S Hobbs	No other directorships	-

¹ HHY Fund was delisted from ASX on 29 August 2022

Interests in the shares and options of the Company

As at the date of this report, the Directors (including their personal related parties) held the following ordinary shares, options and rights over ordinary shares in the Company as set out below.

<i>Name</i>	<i>Number of Ordinary Shares</i>	<i>Number of Options</i>	<i>Number of Rights</i>
Mr S Taylor	1,375,212	-	10,800,000
Mr M Schuessler ¹	-	-	-
Mr N Bolton ²	-	-	-
Mr J Patton ³	26,526,643	-	-
Mr S Hobbs	-	-	-
Total	27,901,855	-	10,800,000

¹ Mr M Schuessler's shareholding at the date of his retirement on 24 July 2023 was 1,208,248 shares. Disclosure of a KMP's shareholding is not required subsequent to his retirement.

² Mr N Bolton disclosed in Appendix 3Y dated 12 May 2022 that he ceases to hold relevant interest in YOW securities held by Keybridge Capital Limited pursuant to section 608(1) of the Corporations Act.

³ Indirectly held – Aurora Funds Management Limited in its capacity as responsible entity for HHY Fund.

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COMPANY SECRETARY***Mr Neville Bassett AM***

Company Secretary

Qualifications: BCom, FCA

Mr Bassett is a chartered accountant with more than 30 years of experience. He has been involved with a diverse range of Australian public listed companies in directorial, company secretarial and financial roles.

SENIOR EXECUTIVES***Mr Wayne Brekke***

Global Chief Financial Officer

Qualifications: BBA, MBA Finance, CPA

Mr Brekke is a senior finance executive with over 30 years of broad US and international finance experience. Mr Brekke has held extensive finance leadership positions in food, consumer products and manufacturing with global companies such as, McDonald's, Kraft Foods and AC Nielsen.

Prior to joining Yowie Group Limited, Mr Brekke was the Group Controller for the Garvey Group, a subsidiary of Orora Limited (ASX: ORA) where he successfully implemented various operational efficiencies.

Ms Cynthia Thayer

Global Chief Marketing Officer

Qualifications: BA

Ms Thayer has over 25 years of marketing expertise in key areas including brand architecture development, market research, consumer packaged goods (CPG) advertising across traditional and digital channels, retail and shopper marketing, licensing, toy design and new product development. Ms Thayer also has broad marketing expertise in food, consumer products, manufacturing and advertising agencies with the Chamberlain Group, TPN, Flair Communications, Creata and the Marketing Store.

Ms Thayer came from the largest global manufacturer of garage door openers, The Chamberlain Group, managing its newest product development growth area into the smart home category. She was a key player in bringing their newest smart technology brand to life from the ground up, then building out and implementing its go-to-market plan across TV advertising, digital advertising, SEO, social media, PR and retail merchandising.

PRINCIPAL ACTIVITY

Yowie Group Limited 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 Group Limited 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 ANZ (Australia and New Zealand) with further international expansion.

OPERATING AND FINANCIAL REVIEW

During the financial year, the Group continued to focus on building a strong sales and distribution network both in the US and ANZ markets, with some updates below.

Sales and Distribution

- Global net sales for the year ended 30 June 2023 were US\$13.28 million, 15% lower than the previous corresponding period.

The decrease in revenue is primarily due to softness in Yowie core product both in the US and ANZ. Uncertain economic conditions negatively impacted consumer purchasing decisions on non-essential food items. Also, retailers have remained cautious with inventory management and their level of promotional spend.

- The Group's priorities remain to drive sales growth through increased retail distribution in both the US and AUS, expand product offerings, be competitive across all trade channels, and expand consumer awareness through digital and experiential engagement.
- The Group secured non-exclusive licensing agreements to develop, manufacture and sell seasonal confectionery products for Australian Football League (AFL), National Rugby League (NRL), Bluey Seasonal Confectionery for Easter and Christmas in Australia.

Corporate

Corporate developments during the current year included:

- The Group received a decision on its longstanding litigation with Henry Whetstone, Jr. and his companies, Whetstone Industries, Inc. and Atlantic Candy Company. Refer to Note 18(b) in the Notes to the Consolidated Financial Statements for details.
- Mr Mark Schuessler retired from his position as Managing Director and Global CEO on 24 July 2023. The Board would like thank Mr Schuessler for his tenure.

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

- The Group's gross margin remained steady at 48% during the financial year, despite the increase in raw material costs.
- The Group's EBITDA loss for the year was US\$1.13 million, compared to last year's EBITDA gain of US\$0.184 million.

The decrease in EBITDA is mostly due to lower sales and higher legal cost related to the Whetstone case and its settlement.

**EBITDA (Earnings before interest, taxes, depreciation, amortization, share-based payments expense and inventory write-down)*

- The Group booked a reversal of impairment of non-current assets of US\$1.05 million during the year (2022: US\$0.78 million). The reversal of impairment during the year of US\$0.72 million related to the refund for deposit on manufacturing equipment which was previously impaired in FY2020. The remaining US\$0.33 million mostly related to manufacturing equipment previously impaired in FY2020. The Group was able to utilise these assets, a portion of the original impairments were reversed, with these assets being subject to depreciation.
- Net loss after tax for the year ended 30 June 2023 was US\$0.1 million compared to a net profit after tax of US\$0.84 million in the previous corresponding period.

The reason for the decrease in profit after tax is similar to the reason for a decrease in EBITDA as discussed above.

- The net assets of the Group was steady at US\$9.37 million, compared to US\$9.33 million at 30 June 2022.
- As at 30 June 2023 the Group's consolidated cash position was US\$7.4 million (30 June 2022: US\$8.2 million), with inventory up by US\$0.9 million over last year.
- The Group's operating cash outflow for the year ended 30 June 2023 was US\$1.33 million, compared to a breakeven in the previous corresponding period. The decrease in operating cash flow was predominantly attributable to lower sales during the current year.

OPERATING AND FINANCIAL REVIEW (continued)

Financial Overview (continued)

- Capital, funding and liquidity are managed at the corporate level. A summary of the cash flows for the Group is as follows:

Cash outflows used in:	US\$
- Operating activities	(1.33 million)
- Investing activities	0.62 million
- Financing activities	-
Net cash outflows for the year	(0.71 million)
Opening cash	8.18 million
Effect of foreign exchange movements	(0.07 million)
Closing cash and cash equivalents balance	7.40 million

Material Business Risks

The material business risks faced by the Group which are likely to impact the financial prospects of the Group include:

- *Economic uncertainty* – the softness in sales from uncertain macroeconomic conditions negatively impacted consumer purchasing decisions on non-essential food items, including Yowie’s products, resulting in the Group experiencing negative operating cash flows during the current financial year. Should this trend continue, the Group is likely to further deplete its cash reserves. The Group remains committed to driving sales growth through increased retail distribution in both the US and AUS; expanding product offerings; and being competitive across all trade channels. Recent efforts to drive sales growth includes obtaining non-exclusive licensing agreements to develop, manufacture and sell seasonal confectionery products for Australian Football League (AFL), National Rugby League (NRL), Bluey Seasonal Confectionery for Easter and Christmas in Australia.
- *Supply chain disruption* – the Group sources products and materials from some key suppliers. The Group also has a contract manufacturing arrangement to produce Yowie products in the United States. Any disruption to this supply chain dynamic could have a material impact on the Group’s financial results. The Group continues to identify and establish relationships with multiple suppliers to minimise any potential disruptions.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, there were no matters that significantly affected the state of affairs of the Group during the financial year, other than those referred to in the review of operations.

DIVIDENDS

The Directors recommend that no amount be paid by way of dividend. No dividend has been paid or declared since the end of the financial year.

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DIRECTORS' MEETINGS

The number of meetings attended by each Director during the year was as follows:

<i>Director</i>	<i>Eligible to Attend</i>	<i>Attended</i>
Mr S Taylor	5	5
Mr M Schuessler	4	4
Mr N Bolton	5	5
Mr J Patton	5	5
Mr S Hobbs	5	5

SHARES UNDER OPTION

There were no unissued ordinary shares under options outstanding at 30 June 2023.

Unissued ordinary shares under rights outstanding at 30 June 2023 are as follows:

<i>Rights</i>	<i>Number of Securities</i>	<i>Exercise Price (A\$)</i>	<i>Expiry Date</i>
Service rights	10,800,000	-	8 Dec 2026

Shares issued as a result of the exercise of options

No shares were issued as a result of the exercise of options during the year ended 30 June 2023, including the period up to the date of this report.

EVENTS SUBSEQUENT TO BALANCE DATE

- On 24 July 2023, Mr Mark Schuessler retired from his position as Managing Director and Global CEO. The Board would like thank Mr Schuessler for his tenure.
- The Group entered into merchandising agreements with BBC Studios, AFL and NRL. Refer to Note 18(a) for disclosure on future minimum guaranteed royalty fees.
- Subsequent to year end, the Group entered into a binding Asset Purchase Agreement with the administrators of Chocolate and Confectionary Company Pty Limited to acquire the assets of the Ernest Hillier chocolate business for A\$375,000.

Yowie is acquiring all the owned plant and equipment and all the IP of Ernest Hillier, including all business names and brands of the Ernest Hillier chocolate business, and is to enter into new leases for the premises and obtaining either new leases or assignments in respect of leased plant and equipment used by Ernest Hillier. Yowie is not assuming any of the existing liabilities of the sellers.

Apart from the matters discussed above, no other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

LIKELY DEVELOPMENTS

Information on likely developments in the operations of the Group is contained within the operating and financial review.

ENVIRONMENTAL REGULATION

The Group is not subject to any significant environmental regulation under the United States and Australian Commonwealth Federal or State law.

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REMUNERATION REPORT (audited)

This Remuneration Report outlines the Director and Executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report, Key Management Personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether Executive or otherwise) of the parent company.

The Directors present the Yowie Group Limited FY2023 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year.

The report is structured as follows:

- (a) Key management personnel (KMP) covered in this report
- (b) Remuneration policy and link to performance
- (c) Elements of remuneration
- (d) Remuneration expenses for KMP
- (e) Contractual arrangements for KMP
- (f) Equity instrument disclosures relating to Key Management Personnel

(a) Key Management Personnel (KMP) covered in this report

Name	Position
Mr Sean Taylor	Executive Chairman
Mr Mark Schuessler	Global Chief Executive Officer <i>(retired on 24 July 2023)</i> Managing Director <i>(retired on 24 July 2023)</i>
Mr Nick Bolton	Non-Executive Director
Mr John Patton	Non-Executive Director
Mr Scott Hobbs	Non-Executive Director
Mr Wayne Brekke	Global Chief Financial Officer
Ms Cynthia Thayer	Global Chief Marketing Officer

(b) Remuneration policy and link to performance

The Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors and Executive officers. The Board will assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and Executive team.

From time to time, the Board engages an external remuneration consultant to assist with reviewing the Group's remuneration policy.

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REMUNERATION REPORT (audited) (continued)

(b) Remuneration policy and link to performance (continued)

In particular, the Board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the Company to attract and retain key talent;
- aligned to the Company's strategic and business objectives and the creation of shareholder value;
- transparent and easily understood; and
- acceptable to shareholders.

To assist in achieving these objectives, the Board has linked the nature and amount of executive KMP remuneration to the Company's financial and operational performance.

Executive KMP are those directly accountable for the operational management and strategic direction of the Company.

Having regard to the number of members currently comprising the Company's Board and the stage of the Company's development, the Company does not have a separately established remuneration committee. The functions that would be performed by a remuneration committee are currently performed by the full Board.

Remuneration framework

Element	Purpose
Fixed annual remuneration (FR)	Provide competitive market salary including superannuation and non-monetary benefits.
Short-term incentives (STI)	Reward available for meeting pre-determined performance hurdles within a 12-month time period. Performance pay is 'at risk' such that if performance hurdles are not met, the payment is not made, other than at the discretion of Directors to cover unforeseen circumstances. Performance pay may be paid in cash or in the form of share-based compensation at the Board's absolute discretion through participation in the annual grants of service rights or performance rights where vesting is subject to performance hurdles.
Long-term incentives (LTI)	Performance hurdles are aligned to long-term shareholder value. Performance rights are 'at risk' such that if performance hurdles are not met, the performance rights do not vest. The long-term incentive once determined will be paid in cash or awarded as fully vested service rights. Performance rights are paid in the form of share-based compensation.
Service Rights	One-off issuance subject to Board's discretion to attract and retain high calibre employee. Vesting of rights subject to Employee remaining employed by the Company on the vesting date.

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REMUNERATION REPORT (audited) (continued)**(b) Remuneration policy and link to performance (continued)***Balancing short-term and long-term performance*

Annual incentives are set at a maximum of 100% of fixed remuneration, to drive performance without encouraging undue risk-taking. Long-term incentives are assessed over a two or three year period and are designed for the achievement of long-term growth in shareholder returns.

Assessing performance

The Board is responsible for assessing performance against KPIs and determining the STI and LTI to be paid. To assist in this assessment, the Board receives detailed reports on performance from management, which are based on independently verifiable data such as financial measures, market share and data from independently run surveys.

Minimum shareholding and holding conditions

All Directors and employees are encouraged to own shares in the Company. The Company does not have a formal minimum shareholding policy or mandatory holding condition on awarded shares. However, it is important to note that the nominal value of share rights is determined at the commencement of the performance period motivating executives to hold shares and grow shareholder value.

Use of remuneration consultants

On an as-needed basis, the Company may engage a remuneration consultant to provide various services in relation to executive KMP remuneration. During the year ended 30 June 2023, the Company has not engaged any remuneration consultants.

REMUNERATION REPORT (audited) (continued)

(c) Elements of remuneration

(i) Fixed annual remuneration (FR)

Fixed remuneration consists of a base remuneration package, which includes Directors' fees (in the case of Directors), salaries, consulting fees, employer contributions to superannuation funds and non-monetary benefits such as health insurance and tax advisory services.

Fixed remuneration levels for Directors and Executive officers will be reviewed annually, or on promotion by the Board through a process that considers the individual's personal development, achievement of key performance objectives for the year, industry benchmarks wherever possible and CPI data.

Total remuneration for Non-Executive Directors is determined by resolution of shareholders. The Board determines actual payments to Directors and reviews their remuneration annually, based on market relativities and the duties and accountabilities of the Directors. The maximum available aggregate remuneration approved for Non-Executive Directors is A\$200,000. Non-Executive Directors do not receive any other retirement benefits other than a superannuation guarantee contribution required by government regulation, which was 10.5% of their fees for the year ended 30 June 2023.

Non-Executive Directors may provide specific consulting advice to the Company upon direction from the Board. Remuneration for this work is made at market rates. No such advice was provided in the year ended 30 June 2023.

(ii) Short-term incentives (STI)

Feature	Description of STI
Max opportunity	100% of fixed remuneration or as stipulated in the respective employment contract.
Performance metrics	The STI metrics align with our strategic priorities of market competitiveness, achieving financial budget, operational excellence, shareholder value and fostering talented and engaged people.
Achievement of award and Board's discretion	The Board has discretion to adjust remuneration outcomes up or down to prevent any inappropriate reward outcomes, including reducing (down to zero, if appropriate) any deferred STI award.
Delivery of STI	100% of the STI award is paid in cash or equity, subject to meeting vesting conditions of performance hurdles. The mode of delivery is at the discretion of the Board and, where applicable, subject to shareholders' approval.
Exercise price	Exercise price of options is determined based on premium to share price at which the company's shares are traded on the Australian Securities Exchange on date of the grant. Exercise price of performance rights are generally nil.
Forfeiture and termination	Options and performance rights will lapse if performance conditions are not met. Options and performance rights will be forfeited on cessation of employment unless the Board determines otherwise in its sole and absolute discretion, e.g. in the case of retirement due to injury, disability, death or redundancy.

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REMUNERATION REPORT (audited) (continued)

(c) Elements of remuneration (continued)

(iii) Long-term incentives (LTI)

Feature	Description of LTI
Max opportunity	100% of fixed remuneration or as stipulated in the respective employment contract.
Performance metrics	The LTI metrics align with our strategic priorities of market competitiveness, achieving financial budget, operational excellence and long-term shareholder value.
Delivery of LTI	100% of the LTI award is paid in cash or equity, subject to meeting vesting conditions of performance hurdles. The mode of delivery is at the discretion of the Board and subject to shareholders' approval.
Exercise price	Exercise price of options is determined based on premium to share price at which the company's shares are traded on the Australian Securities Exchange on date of the grant. Exercise price of service rights and performance rights are generally nil.
Forfeiture and termination	Options and performance rights will lapse if performance conditions are not met. Options and performance rights will be forfeited on cessation of employment unless the Board determines otherwise in its sole and absolute discretion, e.g. in the case of retirement due to injury, disability, death or redundancy.

(vi) Service rights (SR)

Feature	Description of SR
Max opportunity	One off issuance subject to Board's discretion to attract and retain high calibre employee.
Performance metrics	Subject to employee remains employed by the Company on the vesting date.
Delivery of SR	100% of the SR award is paid in cash or equity, subject to meeting vesting conditions of performance hurdles. The mode of delivery is at the discretion of the Board and subject to shareholders' approval.
Exercise price	Exercise price of options is determined based on premium to share price at which the company's shares are traded on the Australian Securities Exchange on date of the grant. Exercise price of service rights and performance rights are generally nil.
Forfeiture and termination	Options and service rights will lapse if performance conditions are not met. Options and performance rights will be forfeited on cessation of employment unless the Board determines otherwise in its sole and absolute discretion, e.g. in the case of retirement due to injury, disability, death or redundancy.

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REMUNERATION REPORT (audited) (continued)**(c) Elements of remuneration (continued)***Company performance*

The table below shows the performance of the Company for the past five financial years.

	FY2023	FY2022	FY2021	FY2020	FY2019
Total Income (US\$)	13,285,268	15,605,658	12,578,381	11,026,691	14,701,672
Net Income / (Loss) (US\$)	(102,947)	839,506	894,956	(8,132,605)	(5,099,511)
Return of Capital (US\$)	-	-	6,066,311	2,981,926	-
Closing Share Price (A\$)	0.026	0.046	0.041	0.035	0.05
Number of Shares	218,567,901	218,567,901	218,567,901	218,296,162	217,748,987
Market Capitalisation (A\$)	5,682,765	10,054,123	8,961,284	7,640,366	11,322,947

(d) Remuneration expenses for KMP

Remuneration packages may contain the following key elements:

- a) Short-term benefits, including salary and fees, bonus and other benefits;
- b) Post-employment benefits, including superannuation; and
- c) Share-based payments, including options and rights granted as remuneration.

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DIRECTORS' REPORT



REMUNERATION REPORT (audited) (continued)

(d) Remuneration expenses for KMP (continued)

The following table discloses the remuneration of the key management personnel during the financial year:

FY2023

	Short-Term Benefits		Post-Employment Superannuation (US\$)	Share-based Payments ¹			Termination Payments (US\$)	Total (US\$)	Performance based (%)
	Salary and Fees (US\$)	Bonus (US\$)		Performance-based (US\$)	Service-based (US\$)	Options (US\$)			
Directors									
Mr S Taylor	-	-	-	-	134,955	-	-	134,955	-
Mr M Schuessler	322,600	-	-	-	-	-	-	322,600	-
Mr N Bolton	30,297	-	3,181	-	-	-	-	33,478	-
Mr J Patton	30,297	-	3,181	-	-	-	-	33,478	-
Mr S Hobbs	30,297	-	3,181	-	-	-	-	33,478	-
Senior Executives									
Mr W Brekke	207,600	-	-	-	-	-	-	207,600	-
Ms C Thayer	222,600	-	-	-	-	-	-	222,600	-
Total	843,691	-	9,543	-	134,955	-	-	988,189	-

¹ Calculated in accordance with AASB 2 Share-based Payments. Refer to Note 15

DIRECTORS' REPORT



REMUNERATION REPORT (audited) (continued)

(d) Remuneration expenses for KMP (continued)

FY2022

	Short-Term Benefits		Post-Employment Superannuation (US\$)	Share-based Payments ²			Termination Payments (US\$)	Total (US\$)	Performance based (%)
	Salary and Fees ¹ (US\$)	Bonus (US\$)		Performance-based (US\$)	Service-based (US\$)	Options (US\$)			
Directors									
Mr S Taylor	-	-	-	-	118,090	-	-	118,090	-
Mr M Schuessler	322,600	25,000	-	-	-	-	-	347,600	7%
Mr N Bolton	32,650	-	3,265	-	-	-	-	35,915	-
Mr J Patton	32,650	-	3,265	-	-	-	-	35,915	-
Mr S Hobbs	18,264	-	1,826	-	-	-	-	20,090	-
Mr L Carroll ³	24,265	-	2,427	-	-	-	-	26,692	-
Senior Executives									
Mr W Brekke	207,600	20,000	-	-	-	-	-	227,600	9%
Ms C Thayer	222,600	20,000	-	-	-	-	-	242,600	8%
Total	860,629	65,000	10,783	-	118,090	-	-	1,054,502	6%

¹ This includes annual leave where applicable

² Calculated in accordance with AASB 2 Share-based Payments. Refer to Note 15

³ Resigned on 9 December 2021

REMUNERATION REPORT (audited) (continued)

(d) Remuneration expenses for KMP (continued)

Share-based compensation to key management personnel

The Yowie Employee Incentive Plan (EIP) which had an approval period of three years, expired on 23 November 2018. In the event that the Company wishes to issue equity securities under an EIP, a new EIP will need to be approved by shareholders.

No options or rights granted to key management personnel as remuneration during the year.

No options or rights vested, exercised or lapsed during the year.

(e) Contractual arrangements for KMP

Remuneration and other terms of employment for Executives are formalised in a service agreement. The KMP are remunerated on a total fixed remuneration (TFR) basis inclusive of superannuation and allowances.

Position	Executive	Total Annual Fixed Remuneration	Contract Duration	Termination Clause
Executive Chairman	Sean Taylor	Nil At the commencement of his employment, Mr Taylor was issued a total of 10,800,000 service rights which will vest in three equal tranches subject to applicable vesting condition. Refer to Note 15 for details	Ongoing	Duration of the contract is ongoing
Managing Director and Global Chief Executive Officer <i>(Retired 24 July 2023)</i>	Mark Schuessler	US\$322,600	Ongoing	14 days written notice. Three months of base salary as severance pay in the event of termination by the Company
Non-Executive Director	Nick Bolton	A\$45,000 + 10.5% superannuation	Ongoing	Duration of the contract is ongoing
Non-Executive Director	John Patton	A\$45,000 + 10.5% superannuation	Ongoing	Duration of the contract is ongoing
Non-Executive Director	Scott Hobbs	A\$45,000 + 10.5% superannuation	Ongoing	Duration of the contract is ongoing
Global Chief Financial Officer	Wayne Brekke	US\$207,600	Ongoing	14 days written notice
Global Chief Marketing Officer	Cynthia Thayer	US\$222,600	Ongoing	14 days written notice

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REMUNERATION REPORT (audited) (continued)

(f) Equity Instrument Disclosures relating to Key Management Personnel

(i) Option Holdings

No options over ordinary shares in the Company were held during the financial year by any of the KMP and their personally related parties.

(ii) Rights Holdings

The number of performance rights and service rights in the Company held during the financial year by each KMP, including their personally related parties, is set out in the following table.

Name	Balance at Start of Year (No)	Granted as Remuneration (No)	Exercised (No)	Lapsed/ Forfeited (No)	Balance at End of Year (No)
Directors					
Mr S Taylor	10,800,000	-	-	-	10,800,000
Mr M Schuessler	-	-	-	-	-
Mr N Bolton	-	-	-	-	-
Mr J Patton	-	-	-	-	-
Mr S Hobbs	-	-	-	-	-
Senior Executives					
Mr W Brekke	-	-	-	-	-
Ms C Thayer	-	-	-	-	-
Total	10,800,000	-	-	-	10,800,000

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REMUNERATION REPORT (audited) (continued)

(f) Equity Instrument Disclosures relating to Key Management Personnel (continued)

(iii) Share Holdings (Ordinary Shares)

The number of shares in the Company held during the financial year by each KMP, including their personally related parties, is set out in the following table. No shares were granted during the reporting year as compensation.

Name	Balance at Start of Year (No)	Granted as Remuneration (No)	Acquisition (No)	Exercise of Options/ Rights (No)	Other Changes ¹ (No)	Balance at End of Year (No)
Directors						
Mr S Taylor	1,375,212	-	-	-	-	1,375,212
Mr M Schuessler	1,208,248	-	-	-	-	1,208,248
Mr N Bolton ²	-	-	-	-	-	-
Mr J Patton ³	26,526,643	-	-	-	-	26,526,643
Mr S Hobbs	-	-	-	-	-	-
Senior Executives						
Mr W Brekke	-	-	-	-	-	-
Ms C Thayer	-	-	-	-	-	-
Total	29,110,103	-	-	-	-	29,110,103

¹ This movement refers to the shareholding of KMP at the commencement or resignation during the year. Disclosure of a KMP's equity holding is not required subsequent to his resignation.

² Mr N Bolton disclosed in Appendix 3Y dated 12 May 2022 that he ceases to hold relevant interest in YOW securities held by Keybridge Capital Limited pursuant to section 608(1) of the Corporations Act.

³ Mr Patton indirectly held 26,526,643 shares through Aurora Funds Management Limited in its capacity as responsible entity for HHY Fund.

Loans to and other transactions with key management personnel

There were no loans outstanding or other transactions with key management personnel and their related parties during the year ended 30 June 2023 (2022: Nil).

END OF AUDITED REMUNERATION REPORT

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INDEMNITY AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company maintained an insurance policy which indemnifies the Directors and Officers of Yowie Group Limited in respect of any liability incurred in connection with the performance of their duties as Directors or Officers of the Company to the extent permitted by the Corporations Act 2001. The Company's insurers have prohibited disclosure of the amount of the premium payable and the level of indemnification under the insurance contract.

INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

NON-AUDIT SERVICES

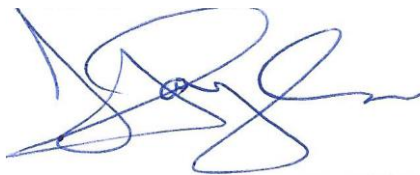
Details of amounts paid or payable to the auditor for non-audit services provided during the year are outlined in Note 19 to the financial statements. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the integrity and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 27 of the financial report.

Signed in accordance with a resolution of the Directors.



Sean Taylor
Executive Chairman
31 August 2023





RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Yowie Group Limited for the year ended 30 June 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

A handwritten signature of 'RSM' in black ink.

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink, appearing to read 'Tutu Phong'.

TUTU PHONG
Partner

Perth, WA
Dated: 31 August 2023

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023**



	Note	Consolidated	
		2023 US\$	2022 US\$
Sale of goods		13,285,268	15,605,658
Cost of sales		(6,867,906)	(8,180,182)
Gross profit		6,417,362	7,425,476
Selling and distribution		(4,037,599)	(3,880,059)
Marketing		(965,402)	(861,702)
Administration	5	(2,576,182)	(2,507,639)
Other income	4	153,869	2,718
Foreign exchange losses		(76,539)	(4,769)
Write-down of inventory	10	(66,383)	(105,665)
Reversal of plant and equipment impaired in prior years	11	1,052,115	650,000
Reversal of intangible assets impaired in prior years	12	-	124,898
(Loss)/profit before income tax		(98,759)	843,258
Income tax expense	6	(4,188)	(3,752)
(Loss)/profit after income tax for the year		(102,947)	839,506
Other comprehensive income for the year			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Movement in foreign currency translation reserve		11,021	(125,727)
Total comprehensive (loss)/profit for the year net of tax attributable to members of the Company		(91,926)	713,779
Profit per share attributable to members of the Company			
Basic (loss)/profit per share (cents)	7	(0.05)	0.38
Diluted (loss)/profit per share (cents)	7	(0.05)	0.38

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

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**



	Note	Consolidated	
		2023	2022
		US\$	US\$
Current Assets			
Cash and cash equivalents	16(a)	7,401,682	8,177,210
Trade and other receivables	8	1,237,618	1,515,675
Prepayments	9	798,659	701,601
Inventories	10	3,531,557	2,624,665
Total Current Assets		12,969,516	13,019,151
Non-Current Assets			
Plant and equipment	11	192,953	221,104
Intangible assets	12	123,378	141,841
Total Non-Current Assets		316,331	362,945
Total Assets		13,285,847	13,382,096
Current Liabilities			
Trade and other payables	13	3,859,307	3,924,848
Provisions		57,117	37,582
Unearned income		-	93,272
Total Current Liabilities		3,916,424	4,055,702
Total Liabilities		3,916,424	4,055,702
Net Assets		9,369,423	9,326,394
Equity			
Issued capital	14(a)	46,687,677	46,687,677
Reserves	14(d)	(90,060)	(236,036)
Accumulated losses		(37,228,194)	(37,125,247)
Total Equity		9,369,423	9,326,394

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

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023**



	Note	Issued capital	Share-based payment reserve	Consolidated Foreign currency translation reserve	Accumulated losses	Total
		US\$	US\$	US\$	US\$	US\$
Balance as at 1 July 2021		46,687,677	2,002,480	(2,230,879)	(37,964,753)	8,494,525
Profit for the year		-	-	-	839,506	839,506
Other comprehensive income						
Foreign currency translation		-	-	(125,727)	-	(125,727)
Total comprehensive income for the year		-	-	(125,727)	839,506	713,779
Transactions with owners recorded directly in equity						
Share-based payments	15(d)	-	118,090	-	-	118,090
Balance as at 30 June 2022		46,687,677	2,120,570	(2,356,606)	(37,125,247)	9,326,394
Balance as at 1 July 2022		46,687,677	2,120,570	(2,356,606)	(37,125,247)	9,326,394
Loss for the year		-	-	-	(102,947)	(102,947)
Other comprehensive income						
Foreign currency translation		-	-	11,021	-	11,021
Total comprehensive income for the year		-	-	11,021	(102,947)	(91,926)
Transactions with owners recorded directly in equity						
Share-based payments	15(d)	-	134,955	-	-	134,955
Balance as at 30 June 2023		46,687,677	2,255,525	(2,345,585)	(37,228,194)	9,369,423

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

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**CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 JUNE 2023**



	Note	Consolidated	
		2023 US\$	2022 US\$
Cash flow from operating activities			
Receipts from customers		12,865,986	15,531,480
Other receipts		6	88
Payments to suppliers and employees		(14,343,326)	(15,486,950)
Interest received		153,863	2,687
Income taxes paid		(4,188)	(3,752)
Net cash flows (used in)/from operating activities	16(b)	(1,327,659)	43,553
Cash flow from investing activities			
Refund of deposit for plant and equipment		719,794	-
Payments for plant and equipment		(28,990)	(3,820)
Payments for intangible assets		(73,091)	(141,841)
Net cash outflows from/(used in) investing activities		617,713	(145,661)
Cash flow from financing activities			
Return of capital		-	-
Payment of share issue transaction costs		-	-
Net cash outflows used in financing activities		-	-
Net decrease in cash and cash equivalents		(709,946)	(102,108)
Cash and cash equivalents at beginning of the year		8,177,210	8,408,157
Effect of foreign exchange movements		(65,582)	(128,839)
Cash and cash equivalents at end of the year	16(a)	7,401,682	8,177,210

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023



1. CORPORATE INFORMATION

Yowie Group Limited (“the Company”) is a public company limited by shares incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange.

These financial statements are presented in United States Dollars. The financial report was authorised for issue by the Directors on 31 August 2023 in accordance with a resolution of the Directors.

The nature of the operations and principal activities of the Company are described in the Directors’ Report on page 10.

2. BASIS OF PREPARATION

The financial statements are a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards and Accounting Interpretations. The financial statements have been prepared on a historical cost basis. Yowie Group Limited is a for-profit entity for the purpose of preparing these financial statements.

The financial statements of the Group also comply with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

3. 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. All non-current assets are located in one geographical location, the United States of America.

Major customer information

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

	Consolidated	
	2023 US\$	2022 US\$
Major customer	3,929,769	4,807,878
% of Total Net Sales	30%	31%

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**



4. OTHER INCOME

	Consolidated	
	2023	2022
	US\$	US\$
Interest income	153,863	2,687
Other income	6	31
	153,869	2,718

5. ADMINISTRATION

	Consolidated	
	2023	2022
	US\$	US\$
<i>Administration expenses include:</i>		
Employee benefits	1,111,326	1,326,560
Business development and travel	42,291	17,306
Legal, tax, listing, compliance and insurance	743,777	674,020
Share-based payments (refer to Note 15)	134,955	118,090
Depreciation and amortisation	96,088	113,509
Lawsuit settlement	190,000	-
Other administrative expenses	257,745	258,154
	2,576,182	2,507,639

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**



6. TAXATION

(a) The major components of income tax expense are:

	Consolidated	
	2023 US\$	2022 US\$
Current income tax expense	4,188	3,752
Adjustments for current tax of prior periods	-	-
Total current tax expense	4,188	3,752
Deferred income tax		
Decrease in deferred tax assets	-	-
	-	-
Income tax expense reported in the statement of profit and loss and other comprehensive income	4,188	3,752

(b) The prima facie tax on operating loss differs from the income tax provided in the accounts as follows:

	Consolidated	
	2023 US\$	2022 US\$
(Loss)/profit from ordinary activities before tax	(98,759)	843,258
Prima facie tax (benefit)/expense on (loss)/profit at 25%	24,690	(210,815)
Effect of different tax rates on overseas losses	(201,930)	(1,173,058)
DTA on overseas tax losses no longer available	(162,394)	-
Income tax benefit not recognised	(335,446)	1,380,121
Income tax expense	(4,188)	(3,752)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**



6. TAXATION (continued)

(c) Deferred income tax at 30 June relates to the following:

	Consolidated	
	2023 US\$	2022 US\$
Deferred tax assets		
Share issue and acquisition costs	5,532	18,377
Inventory	(18,984)	239,104
Intercompany loans – unrealised foreign exchange losses	994,181	702,154
Provisions and accruals	543,582	678,495
Revenue tax losses	8,012,902	7,951,300
Deferred tax assets used to offset deferred tax liabilities	(875,588)	(645,826)
Deferred tax assets not brought to account ¹	(8,661,625)	(8,943,604)
	-	-
Deferred tax liabilities		
Plant and equipment	39,772	52,029
Other assets	38,987	13,664
Intercompany loans – unrealised foreign exchange gains	796,829	580,132
Deferred tax assets used to offset deferred tax liabilities	(875,588)	(645,825)
	-	-

¹ Deferred tax assets have not been brought to account to the extent that it is not probable within the immediate future that taxable profits will be available against which deductible temporary differences can be utilised. This also applies to deferred tax assets for unused tax losses carried forward.

The Group's unrecognised tax losses in Australia of US\$2,687,205 and Hong Kong of US\$3,410,432 are available for offset against future profits subject to continuing to meet the relevant statutory tests. The Parent Company and its Australian subsidiary have formed a tax consolidated group. Unrecognised tax losses in the US of US\$1,915,265 can be used for up to 20 years.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**



7. PROFIT OR LOSS PER SHARE

Classification of securities as ordinary shares

The Company has only one category of ordinary shares included in basic earnings per share.

Classification of securities as potential ordinary shares

There are currently no securities to be classified as dilutive potential ordinary shares on issue.

	Consolidated	
	2023 Number	2022 Number
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	<u>218,567,901</u>	<u>218,567,901</u>
	US\$	US\$
Basic and diluted (loss)/profit attributable to ordinary equity holders of the parent	(102,947)	839,506
Basic and diluted (loss)/profit per share (cents)	<u>(0.05)</u>	<u>0.38</u>

8. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2023 US\$	2022 US\$
Current		
Trade debtors	1,232,267	1,507,816
GST receivable	5,351	7,859
	<u>1,237,618</u>	<u>1,515,675</u>

Trade debtors generally have 30-day terms. GST receivables have repayment terms applicable under the relevant government authority. No amounts are past due or impaired. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. The Group's exposure to risks is summarised in Note 22.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**



9. PREPAYMENTS

	Consolidated	
	2023 US\$	2022 US\$
Current		
Prepayments – raw materials	598,429	532,806
Prepayments – other	200,230	168,795
	798,659	701,601

10. INVENTORIES

	Consolidated	
	2023 US\$	2022 US\$
Current		
Raw materials	1,823,380	2,239,550
Work in progress	81,260	2,393
Finished goods	1,943,322	639,751
Allowance for disposal	(316,405)	(257,029)
	3,531,557	2,624,665

- (i) Inventories are valued at the lower of cost or net realisable value.
- (ii) Inventories recognised as an expense to cost of sales during the year ended 30 June 2023 amounted to US\$6,867,906 (2022: US\$8,180,182).
- (iii) Net write-downs (reversal of write-downs) of inventories to net realisable value during the year ended 30 June 2023 amounted to US\$66,383 (2022: US\$105,665).

The Group recorded a large allowance for disposal during the year ended 30 June 2020 related to outdated Yowie Series and other raw materials that had been deemed to have zero realisable value. A portion of those materials were used in production during the year ended 30 June 2023 and 2022. Refer to Note 23(u) for key accounting estimate on allowance for disposal of inventories.

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

Balance at the beginning of the year	(257,029)	(568,175)
Disposal	-	311,146
Reversal	55,197	-
Additional allowance	(114,573)	-
Balance at the end of the year	(316,405)	(257,029)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**



11. PLANT AND EQUIPMENT

	Consolidated	
	2023 US\$	2022 US\$
Manufacturing plant and equipment		
Cost	4,080,756	4,089,521
Accumulated depreciation	(1,555,827)	(1,182,480)
Accumulated impairment losses	(2,334,929)	(2,689,654)
	190,000	217,387
Manufacturing plant and equipment under construction		
Cost	-	730,509
Accumulated impairment losses	-	(730,509)
	-	-
Office equipment		
Cost	18,447	17,015
Accumulated depreciation	(15,494)	(13,298)
	2,953	3,717
Total plant and equipment	192,953	221,104

Movements in the carrying amount of each class are set out below.

Manufacturing plant and equipment		
Balance at the beginning of the year	217,387	-
Additions	27,512	-
Disposal	(22,405)	-
Depreciation	(387,220)	(432,613)
Reversal of impairment ¹	354,726	650,000
Carrying amount at the end of the year	190,000	217,387
Manufacturing plant and equipment under construction		
Balance at the beginning of the year	-	-
Deposit refund	(719,794)	-
Disposal	-	(35,361)
Reversal of impairment	719,794	35,361
Carrying amount at the end of the year	-	-

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**



11. PLANT AND EQUIPMENT (continued)

	Consolidated	
	2023 US\$	2022 US\$
Office equipment		
Balance at the beginning of the year	3,717	2,021
Additions	1,478	3,820
Depreciation	(2,242)	(2,112)
Foreign exchange adjustment	-	(12)
Carrying amount at the end of the year	<u>2,953</u>	<u>3,717</u>
Total impairment and amounts written off		
Reversal of impairment ¹	1,052,115	650,000
Amounts written off	-	-
	<u>1,052,115</u>	<u>650,000</u>

¹ \$0.72 million related to the refund for deposit on manufacturing equipment which was previously impaired in FY2020. The remaining \$0.33 million relates to the reversal of impairment on manufacturing equipment which was recorded in FY2020 following the identification of impairment indicators during that period. The Group was able to utilise the asset, resulting in the recognition of depreciation and reversal of a portion of the impairment.

12. INTANGIBLE ASSETS

	Consolidated	
	2023 US\$	2022 US\$
Rights and licenses ¹		
Cost	225,398	225,398
Accumulated impairment losses	(225,398)	(225,398)
	<u>-</u>	<u>-</u>
Software		
Cost	370,424	370,916
Accumulated amortisation	(302,310)	(302,802)
Accumulated impairment losses	(68,114)	(68,114)
	<u>-</u>	<u>-</u>
Product development ²		
Cost	1,205,023	1,129,641
Accumulated amortisation	(1,081,645)	(987,800)
	<u>123,378</u>	<u>141,841</u>
Total intangible assets	<u>123,378</u>	<u>141,841</u>

¹ Rights and licenses relate to the Yowie trademark which management has assessed as having an indefinite useful life.

² Product development relates to capitalised costs associated with the development of Yowie collectables.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**



12. INTANGIBLE ASSETS (continued)

Movements in the carrying amount of each class are set out below.

	Consolidated	
	2023 US\$	2022 US\$
Product development		
Balance at the beginning of the year	141,841	-
Additions	75,383	128,340
Amortisation	(93,846)	(111,397)
Reversal of impairment ¹	-	124,898
Carrying amount at the end of the year	<u>123,378</u>	<u>141,841</u>
Total impairment and amounts written off		
Reversal of impairment ¹	-	124,898
Amounts written off	-	-
	<u>-</u>	<u>124,898</u>

¹ This relates to the reversal of impairment on product development which was recorded in FY2020 following the identification of impairment indicators during that period. The Group was able to utilise the asset, resulting in the recognition of depreciation and reversal of a portion of the impairment.

13. TRADE AND OTHER PAYABLES

	Consolidated	
	2023 US\$	2022 US\$
Current		
Trade payables and accruals	1,369,096	1,284,898
Rebate allowances ¹	2,491,092	2,638,197
Other	(881)	1,753
	<u>3,859,307</u>	<u>3,924,848</u>

¹ Rebate allowances include estimated accrual for promotional discounts, prompt payment discounts and spoilage of goods. Refer to Note 23(u) for key accounting estimate on rebate allowances.

Trade creditor amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. The Group's exposure to risks is summarised in Note 22.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**



14. ISSUED CAPITAL AND RESERVES

(a) Issued capital

	Consolidated	
	2022 US\$	2021 US\$
Ordinary shares, fully paid	46,687,677	46,687,677

(b) Movements in share capital

	US\$	Number
As at 1 July 2021	46,687,677	218,567,901
Conversion of rights	-	-
Share issue costs	-	-
As at 30 June 2022	46,687,677	218,567,901
Conversion of rights	-	-
Share issue costs	-	-
As at 30 June 2023	46,687,677	218,567,901

(c) Terms and conditions of issued capital

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

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14. ISSUED CAPITAL AND RESERVES (continued)

(d) Nature and purpose of reserves

Share-based payment reserve

The share-based premium reserve is used to recognise the value of options, service rights and performance rights issued as share-based payments.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation balances of entities which have functional currency other than USD.

	Consolidated	
	2023 US\$	2022 US\$
Share-based payment reserve	2,255,525	2,120,570
Foreign currency translation reserve	(2,345,585)	(2,356,606)
	(90,060)	(236,036)

(e) Capital management

When managing capital, management's objective is to ensure the Group continues as a going concern as well as to generate optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity. The Company under the direction of management may issue new shares to provide for future development activity. The Group currently has no debt other than trade payables.

15. SHARE-BASED PAYMENTS

(a) Weighted average exercise prices

There were neither movement in outstanding share-based payment options during the year nor were there any outstanding share-based payment options at balance date.

(b) Remaining contractual life

There were no share-based payment options outstanding as at 30 June 2023 (2022: nil).

The weighted average remaining contractual life for the share-based payment rights outstanding as at 30 June 2023 was 3.44 years (2022: 4.44 years).

15. SHARE-BASED PAYMENTS (continued)

(c) Outstanding share options and rights under share-based payments

There were no share-based payment options outstanding as at 30 June 2023 (2022: nil).

Service rights outstanding at the end of the year have the following expiry date:

Type	Grant Date	Vesting Date	Expiry Date	Rights 30 June 2023	Rights 30 June 2022
Service rights	8 Dec 2021	8 Dec 2022	8 Dec 2026	3,600,000	3,600,000
Service rights	8 Dec 2021	8 Dec 2023	8 Dec 2026	3,600,000	3,600,000
Service rights	8 Dec 2021	8 Dec 2024	8 Dec 2026	3,600,000	3,600,000

(d) Expenses arising from share-based payment transactions

The share-based payments expense for the year is US\$134,955 (2022: US\$118,090). The Group recognises the share-based payments expense over the vesting period for any options and rights granted.

	Consolidated	
	2023 US\$	2022 US\$
Rights issued to KMPs	134,955	118,090

Options and rights issued to KMPs, other employees and consultants were issued as remuneration for future services. The Group fair valued the instruments granted.

(e) Fair values

No new rights or options were issued during the year ended 30 June 2023.

The weighted average fair value of options and rights granted during the year ended 30 June 2023 was nil (2022: A\$0.044).

Management has estimated that all rights are expected to vest during the vesting period.

The following tables list the inputs to the models used for the valuation of options and rights issued during the year ended 30 June 2022.

Service Rights	
Number of securities	10,800,000
Exercise price (A\$)	-
Grant date	8 Dec 2021
Expiry date	8 Dec 2026
Share price at grant date (A\$)	0.044
Expected volatility	88%
Risk-free rate	0.55%
Fair value per security (A\$)	0.044
Valuation method	Binomial

**NOTES TO THE FINANCIAL STATEMENTS
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16. CASH FLOW RECONCILIATION

(a) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank and deposits at call.

Cash and cash equivalents at the end of the year as shown in the statement of cash flow are reconciled to the related item in the statement of financial position as follows:

	Consolidated	
	2023 US\$	2022 US\$
Cash at bank	1,335,030	7,625,850
Short-term deposits	6,066,652	551,360
	7,401,682	8,177,210

(b) Reconciliation of operating profit after income tax to net cash (used in)/from operating activities

	Consolidated	
	2023 US\$	2022 US\$
Operating (loss)/profit after income tax	(102,947)	839,506
Adjusted for:		
Depreciation and amortisation as per profit or loss	96,088	113,509
Depreciation and amortisation in cost of sales and closing inventories	387,220	432,613
Share-based payments	134,955	118,090
Foreign exchange loss	76,539	2,967
Write-down of inventory	66,383	105,665
Loss on disposal of asset	22,404	-
Reversal of impairment of non-current asset	(1,074,519)	(774,898)
Changes in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	278,057	159,058
(Increase)/decrease in prepayments	(97,058)	198,945
(Increase)/decrease in inventories	(973,274)	(1,735,311)
Increase/(decrease) in trade and other payables	(67,770)	483,466
Increase/(decrease) in provisions	19,535	6,671
Increase/(decrease) in unearned revenue	(93,272)	93,272
Net cash (used in)/from operating activities	(1,327,659)	43,553

(c) Non-cash investing and financing activities

During the year there were no reportable non-cash financing and investing activities.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**



17. RELATED PARTY DISCLOSURES

(a) Compensation of key management personnel

	Consolidated	
	2023 US\$	2022 US\$
Short-term benefits	843,691	925,629
Post-employment benefits	9,543	10,783
Share-based payments expensed	134,955	118,090
	988,189	1,054,502

(b) Other transactions with key management personnel

There are no other transactions with key management personnel.

18. COMMITMENTS AND CONTINGENCIES

(a) Commitments

The Group entered into merchandising agreements with BBC Studios, AFL and NRL.

Future minimum guaranteed royalty fees are as follows:

	Consolidated	
	2023 US\$	2022 US\$
Within one year	172,000	-
After one year but not more than five years	735,000	-
More than five years	-	-
	907,000	-

(b) Contingencies

Yowie North America Inc. ("YNA"), a wholly owned subsidiary of the Group, has previously brought claims against Whetstone Chocolate Factory ("WCF") and Atlantic Candy Company ("ACC") for the release and return of the RASCH "Type FI" wrapping machine ("Wrapper") owned by the Group and located at ACC's facility, as well as for monetary damages. YNA negotiated a settlement agreement with ACC for the release and return of the wrapper and the wrapper has been returned.

In this same case (which has, since the last report, been consolidated with the other pending Florida state court action), ACC, Whetstone Industries ("WI"), and Henry M. Whetstone, Jr. ("Whetstone") have filed counterclaims against YNA alleging that YNA breached the Manufacturing Agreement, the Patent Agreement, violated the Florida Uniform Trade Secrets Act ("FUTSA"), breached fiduciary duties owed to WI and ACC, and fraudulently induced ACC, WI, and Whetstone to enter into amendments to the Manufacturing and Patent Agreements.

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18. COMMITMENTS AND CONTINGENCIES (continued)

(b) Contingencies (continued)

For its claim of the breach of the Manufacturing Agreement, ACC and WI (as the purported successor-in-interest to the Manufacturing Agreement) allege that the Manufacturing Agreement was a requirements contract that required YNA to manufacture with ACC and WI until the agreement expired in 2027; however, YNA believes this is inconsistent with the plain language in the Manufacturing Agreement which only requires YNA to manufacture with ACC and WI when YNA is using Whetstone's patents to produce its chocolate and toy combination products.

For its claim for breach of the Patent Agreement, Whetstone alleges that YNA owes him royalty fees from that time until 2027 under the Patent Technology and License Agreement regardless of whether the Company uses Whetstone's patent. Because the Company is no longer using Mr. Whetstone's (now expired) patent in its manufacturing process (and hasn't for several years), it believes that there is no legal basis under YNA's contract with Mr. Whetstone to pay him any royalty. For its FUTSA claim, WI and ACC claim that YNA impermissibly appropriated the technology from its manufacturing line to start its line with Madelaine. YNA rejects this as false and notes that the manufacturing line used at Madelaine is much newer and modern than WI's and ACC's manufacturing lines. For its breach of fiduciary duty claim, WI and ACC claim that YNA owed fiduciary duties to them, but this is inconsistent with Florida law which does not apply fiduciary duties in situation like these. Finally, for its fraudulent inducement claim, there is no support for any claim that YNA (or any of its agents) acted to coerce WI and ACC to enter into any amendment agreements.

Both parties filed and argued cross-motions for summary judgment on issues related to the Patent Agreement in October 2017. On 13 September 2018, the Court entered an order denying both parties motions for summary judgment. On 8 July 2022, the parties agreed to dismiss WI's and Whetstone's FUTSA, fiduciary duty, and fraudulent inducement claims. YNA filed a second motion for summary judgment on the remaining claims on 14 June 2022. This motion was denied on 3 August 2022. A trial was set for August 2022, but was continued by the Court to 29 November 2022 and 1 December 2022. The trial proceeded on those dates and the Court ordered post-trial briefing which was completed in January 2023.

On 7 February 2023, the Court entered its Verdict Following Non-Jury Trial. The Verdict found in YNA's favour on all claims brought by Whetstone pursuant to the Patent Agreement and awarded Whetstone no damages. On WI's Manufacturing Agreement claims, the Court rejected all of WI's claims that YNA was required to manufacture with WI for the duration of the Manufacturing Agreement and pay fixed costs and lost profits to WI. The Court did find that YNA owed WI payment on two invoices that were left unpaid for the time period in which YNA was still manufacturing with WI. These invoices total \$114,579.97 with prejudgment interest at 9% per annum. Pursuant to the Court's direction, a Final Judgment was executed by the parties 22 March 2023. WI and Whetstone subsequently filed a notice of appeal of this Final Judgment on 21 April 2023, and YNA filed a cross-appeal of the Final Judgment on 08 May 2023.

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18. COMMITMENTS AND CONTINGENCIES (continued)

(b) Contingencies (continued)

The Court has not given a timeline on when it will rule on the pending motion for attorney’s fees. The Court has indicated it will defer ruling on the amount of attorney’s fees and costs (if any) until the appeal is concluded. On the appeal, YNA expects that briefing will conclude by the end of 2023 and a ruling will occur sometime in Q2 or Q3 2024. For all the above causes of action, YNA has disclaimed liability and is defending the action. YNA 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 incur ongoing legal costs due to these cases. However, due to inherent uncertainties, no accurate quantification of any cost, or timing of such cost, which may arise from the legal proceedings, no provision has been made for legal costs.

19. AUDITOR’S REMUNERATION

The auditor of the Group is RSM Australia (2022: RSM Australia).

	Consolidated	
	2023	2022
	US\$	US\$
Amounts received or due and receivable:		
RSM Australia		
Audit and review of financial reports	59,286	53,910

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**



20. PARENT ENTITY AND SUBSIDIARY INFORMATION

(a) Parent Entity Financial Information (Yowie Group Limited)

	2023 US\$	2022 US\$
Current assets	3,571,893	1,256,845
Non-current assets	500,824	4,196,972
Total assets	4,072,717	5,453,817
Current liabilities	149,610	118,952
Non-current liabilities	-	-
Total liabilities	149,610	118,952
Net assets	3,923,107	5,334,865
Issued capital	48,257,987	48,257,987
Reserves	(5,663,138)	(4,678,566)
Accumulated losses	(38,671,742)	(38,244,556)
Total equity	3,923,107	5,334,865
Loss of the parent entity	(427,186)	(519,537)
Total comprehensive loss of the parent entity	(1,546,714)	(3,277,749)

(b) Commitment and Contingencies of the Parent Entity

The parent entity had no contingent liabilities as at 30 June 2023 or 30 June 2022. Refer to Note 18 for a discussion of commitments of the parent entity and the contingencies of the Group.

(c) Subsidiaries

Name	Country of Incorporation	Percentage Interest	
		2023 %	2022 %
Yowie Enterprises Pty Ltd	Australia	100	100
Yowie North America, Inc.	USA	100	100
Yowie Natural World, Inc.	USA	100	100
Yowie Hong Kong Holdings Limited	Hong Kong (China)	100	100

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21. SUBSEQUENT EVENTS

- On 24 July 2023, Mr Mark Schuessler retired from his position as Managing Director and Global CEO. The Board would like thank Mr Schuessler for his tenure.
- The Group entered into merchandising agreements with BBC Studios, AFL and NRL. Refer to Note 18(a) for disclosure on future minimum guaranteed royalty fees.
- Subsequent to year end, the Group entered into a binding Asset Purchase Agreement with the administrators of Chocolate and Confectionary Company Pty Limited to acquire the assets of the Ernest Hillier chocolate business for A\$375,000.

Yowie is acquiring all the owned plant and equipment and all the IP of Ernest Hillier, including all business names and brands of the Ernest Hillier chocolate business, and is to enter into new leases for the premises and obtaining either new leases or assignments in respect of leased plant and equipment used by Ernest Hillier. Yowie is not assuming any of the existing liabilities of the sellers.

Apart from the matters discussed above, no other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, receivables and payables.

The net fair values of the financial assets and liabilities at reporting date of the Group approximate the carrying amounts in the financial statements, except where specifically stated.

The Group manages its exposure to key financial risks, including interest rate, foreign currency risk, credit risk and liquidity risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange rates. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below.

Risk exposures and responses

Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's cash and short-term deposits.

At reporting date, the Group had the following financial assets exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

Consolidated	2023	2022
	US\$	US\$
Cash at bank	6,252,272	596,403

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

At reporting date, if interest rates had moved as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	Post tax profit		Equity	
	Higher / (lower)		Higher / (lower)	
	2023	2022	2023	2022
	US\$	US\$	US\$	US\$
+2.5% (2022: +2.5%)	156,307	14,910	156,307	14,910
-2.5% (2022: -2.5%)	(156,307)	(14,910)	(156,307)	(14,910)

The movements are due to higher or lower interest revenue from cash balances. A sensitivity of 2.5% is considered reasonable given the current level of both short term and long term Australian Dollar interest rates.

Foreign currency risk

As a result of the Australian entities having a functional currency in Australian Dollar which is different to the Group's presentation currency of US Dollar, the Group's statement of financial position can be affected significantly by movements in the Australian Dollar/US Dollar exchange rate.

The Group also has transactional currency exposures. Such exposure arises from sales or purchases by an operating entity in currencies other than the functional currency.

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22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk exposures and responses (continued)

Operational transactions are denominated in US Dollar. The Group's approach is to target specific levels at which to convert Australian Dollar to United States Dollar by entering into either spot or short term forward exchange contracts. The Group does not enter into transactions that qualify as hedging for hedge accounting purposes, with the exception of a number of spot and short term forward exchange contracts in relation to working capital management.

The financial assets and liabilities of the US and Hong Kong subsidiaries are held in the functional currency of these subsidiaries, which is US Dollar.

At 30 June, the US Dollar equivalence of assets and liabilities held in Australian Dollar and subject to foreign exchange risk are as follows:

Consolidated	2023 US\$	2022 US\$
<i>Assets and liabilities of entities with AUD functional currencies</i>		
Assets		
Cash and cash equivalents	3,551,031	1,233,068
Trade and other receivables	5,352	7,860
Prepayments	45,445	-
Total Assets	3,601,828	1,240,928
Liabilities		
Trade and other payables	92,492	81,369
Provisions	57,117	-
Total Liabilities	149,609	81,369

Intercompany loans are denominated in Australian Dollar and US Dollar. These loans are eliminated upon consolidation.

At 30 June, the effects on post tax profit or loss and equity from a change in the Australian Dollar/US Dollar exchange rate would be as follows:

	Profit or loss Higher / (lower)		Equity Higher / (lower)	
	2023 US\$	2022 US\$	2023 US\$	2022 US\$
Exchange Rate +10% (2022: +10%)	-	-	(313,837)	(105,415)
Exchange Rate -10% (2022: -10%)	-	-	313,837	105,415

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22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk exposures and responses (continued)

Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

The Group does not hold any credit derivatives to offset its credit exposure. It holds its cash deposits with major banks with high credit ratings.

Cash at bank and short-term bank deposits

	Consolidated	
	2023 US\$	2022 US\$
AAA rated banks	-	-
AA rated banks	6,378,035	1,261,650
A rated banks	1,023,647	6,915,560
	7,401,682	8,177,210

Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulty in meeting its financial obligations. The Group's objective is to maintain adequate funding to meet its needs, currently represented by cash and short-term deposits sufficient to meet the Group's current cash requirements.

Maturity analysis for financial liabilities

	Consolidated	
	2023 US\$	2022 US\$
Within one year	3,859,307	3,924,848
Between one and five years	-	-
	3,859,307	3,924,848

Contractual cash flows for financial liabilities are the same as carrying value.

23. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) New and amended accounting standards adopted by the Group

The Group has adopted all of the new and revised Standards and Interpretations, including amendments to the existing standards issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

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

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2023. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

23. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Yowie Group Limited and its subsidiaries (“the Group”) as at 30 June 2023.

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

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 profits and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or discount on acquisition.

Non-controlling interests not held by the Group are allocated their share of net profit after tax in the statement of profit or loss and other comprehensive income and are presented within equity in the consolidated statement of financial position, separately from parent shareholders’ equity.

23. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Foreign currency translation

Functional and presentation currency

The functional currency of Yowie Group Limited and Yowie Enterprises Pty Ltd is Australian Dollar (AUD). The functional currency of the other entities is United States Dollar (USD).

The presentation currency of Yowie Group Limited is United States Dollar (USD).

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

All exchange differences in the consolidated financial report are taken to the statement of profit or loss and other comprehensive income.

Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates, unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions; and
- all resulting exchange differences are recognised in the statement of profit or loss and other comprehensive income.

(e) Cash and cash equivalents

Cash and cash equivalents 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 that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the statement of financial position.

23. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Trade and other receivables

Trade receivables, which generally have 30-60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts. Refer to Note 23(q) for details on assessment of uncollectible amounts.

(g) Inventories

Inventories are measured at the lower of cost or net realisable value. Raw material inventories are accounted for at purchase cost on a weighted average cost basis. Finished goods and work in progress are accounted for at the purchase cost of direct materials plus manufacturing costs, including depreciation of manufacturing equipment. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(h) Property, plant and equipment

Plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses.

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated over the useful lives to the Group of the assets, commencing from the time the asset is held ready for use, as follows:

Class	Depreciation method
Manufacturing plant and equipment	Units of production basis
Office equipment	Straight line basis over 2.5 years

23. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are expensed to profit and loss as incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Rights and licenses

The Group made cash payments to purchase rights and licenses and they are valued at cost. They are assessed as having an indefinite useful life.

Product development

Expenditure on product development is recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- its intention to complete and its ability to use or sell the asset
- how the asset will generate future economic benefits
- the availability of resources to complete the asset
- the ability to reliably measure expenditure during development.

Product development costs are recorded as intangible assets and amortised using the units of production method from the point at which the asset is available for use.

Software

Costs associated with maintaining software programmes are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

23. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Intangible assets (continued)

Other directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of other directly attributable costs.

Software costs are recorded as intangible assets and amortised from the point at which the asset is available for use over 3 years.

(j) Trade and other payables

Trade payables and other payables are carried at amortised cost. 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 30 days of recognition.

(k) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability.

(l) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(m) Revenue recognition

The Group recognises revenue predominately from the sale of goods.

Sale of goods

Revenue is recognised when control of the product is transferred, being either when the product is delivered to the customer or, in some instance, when the customer picks up the product, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

23. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Revenue recognition (continued)

Revenue from sales is recognised based on the arrangement between the customer and the Group. The arrangements in place do not commit customers to purchasing a specified quantity nor commit Yowie to deliver the same, but set out the terms and conditions that apply between the parties at the time an order is placed by a customer and accepted by the Group. The terms and conditions cover, as appropriate to the customer, pricing, settlement of liabilities, rebate allowances and any other negotiated performance obligations.

The rebate allowances relate to the customers right to claim promotional discounts and spoilage of goods. At the point of sale, promotional discounts, spoilage allowance and corresponding adjustment to revenue is recognised for those allowances expected to be claimed by customers. The Group uses its accumulated historical experience and, whenever available, mutually agreed terms to estimate the rebate allowances on a per customer basis.

No element of financing is present in the pricing arrangement. Settlement terms are generally credit terms of 30 to 60 days. Terms reflect negotiations with customers, policies, procedures and controls held by each business unit as it relates to customer credit risk. For customers who purchase on credit, a receivable is recognised when the products are delivered or picked up as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Interest revenue

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 revenue 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.

(n) Income tax and other taxes

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 based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

23. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Income tax and other taxes (continued)

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 differences 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 credits 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, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

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

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

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

23. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Income tax and other taxes (continued)

Current and deferred income tax is recognised in the statement of financial position, except to the extent that it relates to items recognised in other comprehensive income or direct in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

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.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST recoverable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are included in the consolidated statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from or payable to taxation authorities are classified as operating cash flows.

(o) Share-based payment transactions

The Group provides benefits to directors, employees and consultants in the form of share-based payment transactions, whereby services are rendered in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with directors, employees and consultants is measured by reference to the fair value at the date at which they are granted. The fair value is determined using an appropriate valuation model.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled.

23. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Share-based payment transactions (continued)

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based arrangement, or is otherwise beneficial to the recipient, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted loss per share.

(p) Earnings / loss per share

Basic earnings / loss per share is calculated as net profit or loss attributable to members of the parent entity, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares of the Company, adjusted for any bonus element.

Diluted loss per share is calculated as net profit or loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares.

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(q) Financial instruments

Financial assets

AASB 9 has three classification categories for financial assets; amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss.

The classification is based on the business model under which the financial asset is managed and its contractual cash flows. Compared to AASB 139, the FVOCI and amortised cost categories have been added and the held-to-maturity, loans and receivables and available for sale classification categories have been removed. The Group only have financial assets measured at amortised cost.

23. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Financial instruments (continued)

Amortised cost

A financial asset is measured at amortised cost if both of the following conditions are met:

- (i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that meet the sole payment of principal and interest (SPPI) requirements.

Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, contract debtors and lease receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Financial liabilities

AASB 9 largely retains the existing requirements of AASB 139 for the classification and measurement of financial liabilities. Financial liabilities are measured at amortised cost, except for those financial liabilities that are designated to be measured at fair value through profit or loss.

Trade and other payables

Liabilities are recognised for amounts to be paid for goods or services received. Trade payables are settled on terms aligned with the normal commercial terms in operations.

(r) Impairment of assets

At each reporting date, the Group reviews the carrying values of tangible assets and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

23. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Segment disclosures

Operating segments are presented in a manner consistent with the management reports provided to the chief operating decision makers, which are currently represented by the full Board.

The Group has only one reportable segment, which relates to the operations of its confectionery business. All production and sales to date have taken place in the United States, with production carried out under a contract manufacturing arrangement. The net result is presented on a consolidated basis.

(t) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

A forgivable loan from government is treated as a government grant when there is reasonable assurance that the Group will meet the terms for forgiveness of the loan.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

(u) Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management bases its judgements and estimates on historical experience and on other factors it believes to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made.

Share-based payments

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. The estimate also requires making assumptions about the most appropriate inputs to the valuation model, including the expected life of the share option, volatility and dividend yield. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 15.

23. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Significant accounting judgements, estimates and assumptions (continued)

Income taxes

Judgement is required in assessing whether deferred tax assets are recognised in the statement of financial position. Deferred tax assets are recognised only when it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. Judgements are also required about the application of income tax legislation.

Allowance for disposal of inventories

The allowance for disposal of inventories assessment requires a degree of estimation and judgement. The level of the allowance is assessed by taking into account the recent sales experience, the ageing of inventories, future production plans and their alignment with the remaining term of any applicable contract manufacturing agreements, as well as any and other factors that affect inventory obsolescence. To the extent that these judgements and estimates prove incorrect, the Group may be exposed to potential additional inventory write-downs or reversals in future periods.

Rebate allowances

The rebate allowances relate to the customers right to claim promotional discounts and spoilage of goods. At the point of sale, promotional discounts, spoilage allowance and corresponding adjustment to revenue is recognised for those allowances expected to be claimed by customers. The Group uses its accumulated historical experience and, whenever available, mutually agreed terms to estimate the rebate allowances on a per customer basis.

DIRECTORS' DECLARATION



In accordance with a resolution of the directors of Yowie Group Limited, I state that:

1. In the opinion of the Directors:
 - (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001*

Note 2 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

On behalf of the Board

A handwritten signature in blue ink, appearing to be "Sean Taylor", written over a faint blue circular stamp or watermark.

Sean Taylor
Executive Chairman

31 August 2023

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

Opinion

We have audited the financial report of Yowie Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

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Key Audit Matters

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

Key Audit Matter	How our audit addressed this matter
<p>Revenue</p> <p>Revenue was considered a key audit matter as it is the most significant account balance in the statement of profit or loss and other comprehensive income.</p> <p>For the year ended 30 June 2023, the Group recognised revenue from the sale of goods of \$13,285,268.</p> <p>Significant judgement is required in determining the timing of revenue recognition, given the shipping terms, and the related timing of when control passes to the end customer.</p>	<p>We performed the following audit procedures, amongst others, in relation to the recognition of revenue:</p> <ul style="list-style-type: none"> · Assessed whether the revenue recognition policies are in compliance with Australian Accounting Standards; · Evaluated and tested the operating effectiveness of the Group's controls related to revenue recognition; · Performed substantive analytical review procedures. The substantive analytical review involved setting expectations of revenue and gross profit margins by using historical data and budgets; · Sampled a selection of sales invoices and delivery documentation to address the risks of occurrence and accuracy of the revenue recognised; and · Reviewed sales transactions before and after the reporting date to ensure that revenue is recognised in the correct financial period.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023 but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <https://www.auasb.gov.au/auditors-responsibilities/ar2.pdf>. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2023.

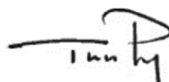
In our opinion, the Remuneration Report of Yowie Group Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 31 August 2023

Additional information as required by the Australian Securities Exchange Listing Rules and not disclosed elsewhere in this report is set out below. This information is current as at 23 August 2023.

Distribution of Quoted Securities

Ranges	No. of Holders of Ordinary Shares	No. of Ordinary Shares
1 - 1,000	1,027	253,670
1,001 - 5,000	492	1,383,906
5,001 - 10,000	231	1,851,969
10,001 – 100,000	514	17,900,859
100,000 and over	134	197,177,497
Total	2,398	218,567,901

There were 1,912 shareholders holding less than a marketable parcel of ordinary shares.

Quoted and Unquoted Equity Securities

Equity Security	Quoted	Unquoted
Ordinary shares	218,567,901	-
Service rights <i>Exercise price: Nil</i> <i>Expiry date: 8 Dec 2026</i>	-	10,800,000

Unlisted Employee/Consultant Options/Rights

Exercise Price	Expiry Date	Service Rights	No. of Holders
Nil	8 Dec 2026	10,800,000	1

Holder: Systems Update Pty Ltd <ISS Investment Trust>

Twenty Largest Holders of Ordinary Shares

	Name	Shares Held	Percentage %
1	BNP Paribas Nominees Pty Ltd	27,386,280	12.53
2	Reash Pty Ltd <The Watson Family Trust>	22,460,496	10.28
3	Keybridge Capital Limited	17,127,903	7.84
4	Keybridge Capital Limited	16,998,394	7.78
5	Recruitment Investments Pty Ltd	11,243,150	5.14
5	Scarborough Equities Pty Ltd	11,243,150	5.14
6	Citicorp Nominees Pty Ltd	10,556,993	4.83
7	Bentley Capital Limited	9,956,110	4.56
8	Mr Keith Phillip Hudson & Mrs Ann Hudson	7,423,661	3.40
9	Keybridge Capital Limited	6,423,799	2.94
10	Abdullah Hani Abdallah	5,666,667	2.59
11	Mr Ian Morton & Mrs Deborah Morton	5,259,001	2.41
12	4F Investments Pty Ltd	2,709,604	1.24
13	Kamga Pty Ltd	2,300,000	1.05
14	Patricia Mary Fields	2,000,000	0.92
15	Dr Gregory Bryan Makin	1,757,027	0.80
16	Agri Export Australia Pty Ltd	1,448,689	0.66
17	Systems Update Pty Ltd	1,375,212	0.63
18	Mr Keith Phillip Hudson	1,285,032	0.59
19	Mark Schuessler	1,208,248	0.55
20	Talal Adel Hammoud	1,144,280	0.52
	TOTAL	166,973,696	76.39

Substantial Shareholders

Substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are as follows:

Shareholder	No. of Shares	Percentage %
Aurora Funds Management Limited in its capacity as responsible entity of HHY Fund	26,526,643	12.14
Bentley Capital Limited	21,199,260	9.70
Keybridge Capital Limited	77,836,436	35.61
Orion Equities Limited	21,199,260	9.70
Queste Communications Ltd	21,199,260	9.70
Reash Pty Ltd <The Watson Family Trust>	22,460,496	10.28
Recruitment Investments Pty Ltd	11,243,150	5.14
Scarborough Equities Pty Ltd	21,199,260	9.70
Wilson Asset Management Group	77,836,436	35.61

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Voting Rights

Ordinary shares carry one vote per share. There are no voting rights attached to the options in the Company.

Stock Exchange

The Company is listed on the Australian Securities Exchange and has been allocated the code "YOW". The "Home Exchange" is Perth.

On-market Buy-back

There is no current on-market buy-back.

Other Information

Yowie Group Limited is incorporated and domiciled in Australia, and is publicly listed company limited by shares.

Corporate Governance Statement

The Board of Directors of the Company is responsible for the Corporate Governance of the Company. The Board is committed to achieving and demonstrating the highest standard of corporate governance applied in a manner that is appropriate to the Company's circumstances.

The Company has taken note of the Corporate Governance Principles and Recommendations 4th edition, which became effective for the first full financial year commencing on or after 1 January 2020.

The Company's Corporate Governance Statement is current as of the date of this report and it has been approved by the Board. The Corporate Governance Statement is available on the Company's website at: www.yowieworld.com