

Rule 4.3A

Appendix 4E

Preliminary final report

Name of entity:

Yowie Group Ltd

1.

ABN or equivalent company
reference:

98 084 370 669

Reporting period:

Year ended 30 June 2024

Previous corresponding period:

Year ended 30 June 2023

2. **Results for announcement to the market**

**30 June 2024
US\$**

2.1	Revenue from ordinary activities	up	11%	to	14,687,885
2.2	Loss from ordinary activities for the period after tax attributable to members	up	2,465%	to	(2,640,430)
2.3	Net loss for the period attributable to members	up	2,465%	to	(2,640,430)
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		N/A		

2.6 Brief explanation of any of the figures reported above to enable the figures to be understood:
expressed in US Dollars (US\$), unless otherwise stated

Net sales

Group net sales for the year ended 30 June 2024 were \$14.69 million, 11% higher than the previous corresponding period. This primarily was due to Easter seasonal sales in Australia with over 10 different SKUs across our own Yowie brand and licensed brands, such as AFL, NRL and Bluey. Although the seasonal sales in Australia increased the Group's net sales, it had negative impact on the Group's net loss for the year as promotional claims and other selling costs exceeded initial estimates, driven primarily by a poor Easter seasonal sales result across all segments of the Australian retail landscape.

The Group remains committed to driving sales growth through increased distribution in both the US and Australia, expanding product offerings and develop effective marketing and merchandising programs across key trade channels.

Loss after income tax

The loss for the Group after providing for income tax was \$2.64 million, compared to loss of \$0.1 million in the previous year. A key reason for this result was due to losses generated from its Australian seasonal sales as described above and operating losses experienced by the newly acquired Ernest Hillier facility, with significant upgrades having been implemented in critical areas including chocolate moulding, panning, enrobing, bagging and jarring. With these improvements in place, the facility is actively onboarding new clients in preparation for the upcoming peak production Christmas and Easter seasons.

The loss last year also included the reversal of a prior period impairment of \$1.05 million mostly related to a deposit refund on manufacturing equipment which had been impaired in FY2020.

Operational Savings

Yowie management have conducted a thorough cost review of the business at the end of the financial year. As previously announced, the result of the review has removed approximately \$2.5 million of annualised costs from the business. There are expected to be further cost savings achieved by eliminating negative margin seasonal products from the offering suite.

Cash flow

The Group's operating cash outflow for the year ended 30 June 2024 was \$2.87 million, compared to outflow of \$1.33 million in the previous year. The reason for this was attributable to the same reasons described in the 'Loss after income tax' section above.

The Group's investing cash outflow included the upfront asset acquisition cost of the Ernest Hillier chocolate business for \$0.24 million (AUD 375,000).

During the year, the Group provided a loan to the liquidator of PR Finance Group Limited ("PRFG") of AUD 1.5 million with interest rate of 12% p.a. to be utilised as cash security for its recovery actions. Keybridge Capital Limited ("KBC") has agreed to indemnify Yowie Group Limited against any loss for the provision of this loan to PRFG. The initial term of the loan is for a period of up to 4 months, subject to further agreement between the parties.

The Group also entered into a reciprocal loan agreement with KBC where Yowie may borrow a maximum principal up to AUD 5,000,000 from KBC, with an interest rate of 10% p.a., for working capital purposes, or to earn a greater return on cash assets from time to time, where funds are deposited with KBC at the 10% pa rate. The loan is unsecured and payable at call with no set maturity date. At the end of June 2024, Yowie has USD 1.1m on deposit with KBC earning 10% p.a.

**3. Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2024**

	Note	Consolidated	
		2024 US\$	2023 US\$
Sale of goods		14,687,885	13,285,268
Cost of sales		(8,472,625)	(6,867,906)
Gross profit		6,215,260	6,417,362
Selling and distribution		(5,380,186)	(4,090,618)
Marketing		(877,102)	(965,402)
Administration	1	(2,594,313)	(2,523,163)
Finance costs		(17,838)	-
Other income		207,878	153,869
Foreign exchange losses		(17,639)	(76,539)
Write-down of inventory		(301,358)	(66,383)
Reversal of plant and equipment impaired in prior years		130,474	1,052,115
(Loss)/profit before income tax		(2,634,824)	(98,759)
Income tax expense		(5,606)	(4,188)
(Loss)/profit after income tax for the year		(2,640,430)	(102,947)
Other comprehensive income for the year			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Movement in foreign currency translation reserve		19,041	11,021
Total comprehensive (loss)/profit for the year net of tax attributable to members of the Company		(2,621,389)	(91,926)
Profit per share attributable to members of the Company			
Basic (loss)/profit per share (cents)		(1.20)	(0.05)
Diluted (loss)/profit per share (cents)		(1.20)	(0.05)

4. Consolidated Statement of Financial Position
As at 30 June 2024

	Note	Consolidated	
		2024 US\$	2023 US\$
Current Assets			
Cash and cash equivalents		1,577,918	7,401,682
Trade and other receivables		2,201,931	1,237,618
Prepayments		1,126,372	798,659
Inventories		3,708,782	3,531,557
Loan receivables	2	2,131,588	-
Total Current Assets		10,746,591	12,969,516
Non-Current Assets			
Plant and equipment		402,872	192,953
Intangible assets		235,203	123,378
Right-of-use assets		208,966	-
Other non-current assets		91,679	-
Total Non-Current Assets		938,720	316,331
Total Assets		11,685,311	13,285,847
Current Liabilities			
Trade and other payables		4,552,114	3,859,307
Provisions		62,698	57,117
Lease liabilities		211,183	-
Unearned income		352	-
Total Current Liabilities		4,826,347	3,916,424
Non-Current Liabilities			
Lease liabilities		39,133	-
Total Non-Current Liabilities		39,133	-
Total Liabilities		4,865,480	3,916,424
Net Assets		6,819,831	9,369,423
Equity			
Issued capital		46,950,875	46,687,677
Reserves		(324,065)	(90,060)
Accumulated losses		(39,806,979)	(37,228,194)
Total Equity		6,819,831	9,369,423

5. **Consolidated Statement of Cash Flows**
For the year ended 30 June 2024

	Note	Consolidated	
		2024 US\$	2023 US\$
Cash flow from operating activities			
Receipts from customers		13,032,485	12,865,986
Other receipts		11,173	6
Payments to suppliers and employees		(16,012,370)	(14,343,326)
Interest received		116,106	153,863
Interest paid		(12,270)	-
Income taxes paid		(5,606)	(4,188)
Net cash flows (used in)/from operating activities		(2,870,482)	(1,327,659)
Cash flow from investing activities			
Loan to other entity		(2,101,837)	-
Payments for plant and equipment		(368,516)	(28,990)
Payments for intangible assets		(282,098)	(73,091)
Payments for security deposit		(91,679)	-
Refund of deposit for plant and equipment		-	719,794
Net cash outflows from/(used in) investing activities		(2,844,130)	617,713
Cash flow from financing activities			
Payment of finance lease liabilities		(111,819)	-
Net cash outflows used in financing activities		(111,819)	-
Net decrease in cash and cash equivalents		(5,826,431)	(709,946)
Cash and cash equivalents at beginning of the year		7,401,682	8,177,210
Effect of foreign exchange movements		2,667	(65,582)
Cash and cash equivalents at end of the year		1,577,918	7,401,682

6. Consolidated Statement of Changes in Equity
For the year ended 30 June 2024

	Issued capital	Share- based payment reserve	Consolidated Foreign currency translation reserve	Accumulated losses	Total
	US\$	US\$	US\$	US\$	US\$
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	-	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
Balance as at 1 July 2023	46,687,677	2,255,525	(2,345,585)	(37,228,194)	9,369,423
Loss for the year	-	-	-	(2,640,430)	(2,640,430)
Other comprehensive income					
Foreign currency translation	-	-	19,041	-	19,041
Total comprehensive income for the year	-	-	19,041	(2,640,430)	(2,621,389)
Transactions with owners recorded directly in equity					
Conversion of service rights	263,198	(263,198)	-	-	-
Share-based payments	-	71,797	-	-	71,797
Expired service rights	-	(61,645)	-	61,645	-
Balance as at 30 June 2024	46,950,875	2,002,479	(2,326,544)	(39,806,979)	6,819,831

7. Notes to the Financial Statements

Note 1 – Administration

	Consolidated	
	2024 US\$	2023 US\$
<i>Administration expenses include:</i>		
Employee benefits	1,016,489	1,111,326
Business development and travel	48,005	42,291
Legal, tax, listing, compliance and insurance	767,746	743,777
Share-based payments (refer to Note 15)	71,797	134,955
Depreciation and amortisation	318,639	96,088
Rents and outgoings	163,485	49,401
Lawsuit settlement	10,000	190,000
Other administrative expenses	198,152	155,325
	2,594,313	2,523,163

Note 2 – Loan receivables

	Consolidated	
	2024 US\$	2023 US\$
Current		
Loan to Keybridge Capital Limited ¹	1,100,715	-
Loan to other entity ²	1,001,122	-
Interest accrued on loans	29,751	-
	2,131,588	-

¹ The Group entered into a reciprocal loan agreement with Keybridge Capital Limited (“KBC”) where Yowie may borrow a maximum principal of up to AUD 5,000,000 from KBC, with an interest rate of 10% p.a., for working capital purposes, or to earn a greater return on cash assets from time to time. The loan is unsecured and payable at call with no set maturity date. As at 30 June 2024, the Group has US\$1.1 million (A\$1.65 million) on deposit with KBC.

² The Group provided a loan to the liquidator of PR Finance Group Limited (“PRFG”) of US\$1 million (A\$1.5 million) with interest rate of 12% p.a. to be utilised as cash security for its recovery actions. Keybridge Capital Limited (“KBC”) has agreed to indemnify the Group against any loss for the provision of this loan to PRFG. The initial term of the loan is for a period of up to 4 months, subject to further agreement between the parties.

7. Notes to the Financial Statements (continued)

Note 3 – 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 F1” 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.

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 8 May 2023.

7. Notes to the Financial Statements (continued)

Note 3 – Contingencies (continued)

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

The Court has indicated it will defer ruling on the amount of attorney's fees and costs until the conclusion of the appeals. On appeal, the briefing for both appeals concluded in May 2024. An oral argument is set on the "main appeal" for 19 September 2024. No oral argument has been set yet on the attorney fee appeal. YNA expects the Court of Appeals to rule on both pending appeals in calendar year Q4 2024 or Q1 2025. 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.

8. Dividends (in the case of a trust, distributions)

Date dividend is payable

Record date to determine entitlements to the dividend

If it is a final dividend, has it been declared?

Amount per security

	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Final dividend: Current year	Nil	N/A	N/A
Interim dividend: Current year	Nil	N/A	N/A

Total dividend (distribution) per security (interim *plus* final)

	Current period	Previous Corresponding Period
Ordinary securities	N/A	N/A
Preference securities	N/A	N/A

9. Dividend or distribution plans in operation

N/A

The last date(s) for receipt of election notices for the dividend or distribution plans

N/A

10. Net tangible asset (NTA) backing

	Current Period 2024 US\$	Previous Corresponding Period 2023 US\$
Net tangible asset backing per ordinary security (cents)	2.89	4.23

11. Control gained over entities having material effect

Name of entity (or group of entities)

N/A

Consolidated loss from ordinary activities after tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired

N/A

Date from which such profit has been calculated

N/A

Loss from ordinary activities after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period

N/A

Loss of control of entities having material effect

Name of entity (or group of entities)

N/A

Consolidated profit (loss) from ordinary activities after tax of the controlled entity (or group of entities) for the current period to the date of loss of control

N/A

Date to which the profit (loss) has been calculated

N/A

Consolidated profit (loss) from ordinary activities after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period

N/A

Contribution to consolidated profit (loss) from ordinary activities from sale of interest leading to loss of control

N/A

12. Material interests in entities which are not controlled entities

The Group has no material interest in entities which are not controlled entities.

13. Significant information

Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position:

Please refer to section 2.6

14. Foreign entities set of accounting standards used in compiling the report (IAS)

N/A

15. Commentary on the results for the period

15.1 Earnings per security (EPS)

	Current Period 2024	Previous Corresponding Period 2023
Basic EPS (cents per share)	(1.20)	(0.05)
Diluted EPS (cents per share)	(1.20)	(0.05)

15.2 Returns to shareholders (Including distributions and buy backs)

	Current Period 2024 US\$	Previous Corresponding Period 2023 US\$
Ordinary securities	N/A	N/A
Preference securities	N/A	N/A
Other equity instruments	N/A	N/A
Total	N/A	N/A

The dividend or distribution plans shown below are in operation.

N/A

The last date(s) for receipt of election notices for the dividend or distribution plans

N/A

Any other disclosures in relation to dividends (distributions).

N/A

15.3 Significant features of operating performance

Refer to Item 13.

15.4 Segment Information

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.

15.5 Report on trends in performance

Refer to Item 2.6.

15.6 Report any factors which have affected the results during the reporting period or which are likely to affect results in the future, including those where the effect could not be quantified.

N/A

16. Compliance statement

This report is based on accounts to which one of the following applies.
(Tick one)

- | | | | |
|-------------------------------------|--|--------------------------|---|
| <input type="checkbox"/> | The accounts have been audited. | <input type="checkbox"/> | The accounts have been subject to review. |
| <input checked="" type="checkbox"/> | The accounts are in the process of being audited or subject to review. | <input type="checkbox"/> | The accounts have not yet been audited or reviewed. |

17. If the accounts have not yet been audited or subject to audit review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:

N/A

18. If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:

N/A

Sign here:



(Executive Chairman)

Date: 30 August 2024

Print name:

John Patton