



29 July 2020

ASX Market Announcements

ASX Limited
20 Bridge Street
Sydney NSW 2000

Q4 FY20 JUNE QUARTER UPDATE AND CASH COMMENTARY

Yowie Group LTD (ASX: YOW) (the “Group” or “Yowie”) wishes to provide the following update based on unaudited results for the fiscal year ended 30 June 2020:

Q4 Summary

- Net cash for the quarter increased US\$1,247k, compared to -US\$621k burn pcp. The cash increase was due mainly to operations +US\$582k, including government grants, and FX gains of US\$681k.
- Q4 FY20 net sales of US\$1,957k (-35% versus pcp) were affected by COVID-19 with reduced consumer traffic in April and May, however June sales rebounded matching June’s FY19 sales. Fiscal net sales reached US\$10,754k, -25% versus fiscal 2019.
- Q4 EBITDA loss was -US\$873k due to the soft sales, though improved versus last year’s -US\$1,686k loss. EBITDA loss for the fiscal year of -US\$2,745k was slightly better than last year’s -US\$2,849 loss, despite the lower sales velocity.
- US distribution for Core slowed with the current market circumstances, but will see increases in the next quarter with new accounts added starting in May/June.

Q4 FY20 June Quarter Cash Review

- Yowie Group’s cash position at 30 June 2020 was US\$11.8 million.
- For the June quarter, Yowie reported US\$2.03m of cash receipts from customers.
- US\$1.63m was spent on administration, manufacturing and operating costs.
- US\$0.016m was spent on investing activities and there was a foreign exchange gain of US\$0.681m and interest earned of US\$0.013m.
- US\$0.17k grants and incentives from the US and Australian governments for payroll protection during COVID.
- Net cash gain for the quarter was US\$1.25m.

Head Office

Yowie Group Ltd
Level 4, 216 St Georges Terrace
Perth WA 6000

PO Box 7315, Perth WA 6850
Phone +61 8 6268 2640
Fax +61 8 6268 2699

ABN 98 084 370 669



For personal use only



- The aggregate amount of payments to related parties and their associates included in the current quarter Cash flows from operating activities were US\$143k, comprising directors fees, salaries and superannuation and office rent.

Q4 Financials – Update

Q4 net sales were US\$1,957k, -35% versus the pcp, due to COVID-19 related shutdowns in the US and Australia negatively affecting April and May sales. We did see a strong June as retail openings increased, with net sales of US\$1,104k, flat versus June of the previous year. July is also seeing strong sales as restrictions have been lifted. There is still potential for the reversing of openings, so trends may be inconsistent.

Group EBITDA (unaudited) loss for the quarter was -US\$873k compared to -US\$1,686k in the previous year due to reduced marketing and admin expenses and tighter inventory controls resulting in fewer writedowns; YTD loss was -US\$2,745k compared to -US\$2,849k the previous year, despite the sales decline. Margins remained healthy at 48% for the year.

Impairment

The Group is required, under Australian Accounting Standards, to perform impairment testing when impairment indicators are identified. As at 30 June 2020, impairment indicators have been identified, including the fact that the Group's market capitalization is less than the net assets of the Group. At the date of this announcement, the impairment testing is currently in progress and the Group will update the market once the outcome of this impairment is known.

US Distribution

US Distribution has slowed, except for the critical Food and Convenience channels, due to the erratic market conditions. For the past 52 weeks ending 11 July 2020 compared to the same period last year, Nielsen ACV%:

<u>Channel</u>	<u>2020</u>	<u>2019</u>	<u>Change</u>
Total US + Conv	39.3	43.3	-4.0
Convenience	11.4	10.4	+1.0
Food	20.7	19.5	+1.2
Drug	12.0	18.4	-6.4
Mass	86.8	97.0	-10.2

Despite the challenging environment, previously announced core Yowie in Food Lion (>1,000 grocery stores in the US Southeast) began distribution as scheduled in Q4, along with several convenience chains. This will increase distribution in Q1 of fiscal 21 as product hits the shelves. Distribution

Head Office

Yowie Group Ltd
Level 4, 216 St Georges Terrace
Perth WA 6000

PO Box 7315, Perth WA 6850
Phone +61 8 6268 2640
Fax +61 8 6268 2699

ABN 98 084 370 669



For personal use only



continues to be a focal point for our team in both the US and Australia, but timing will become an issue until business gets back to normal.

Encouraging Nielsen unit consumption shows the past 4 weeks an increase of 11% in Convenience and 50% in Grocery (due to Food Lion); the past 13 weeks showed an increase of 8% in both Convenience and Grocery.

New Product Updates

- Our core Multipack (2 Yowie + and extra toy) placed in the US's largest retailer starting May, with very encouraging initial sales.

Outlook

Though the current market environment presents a high level of uncertainty, we have seen some encouraging results in June and trending into July. The competition continues to invest heavily and launching new products to market. Our focus remains on the following:

1. Focus on fiscal discipline and cash management, to keep margins healthy and allow us to invest in the trade where appropriate.
2. Distribution in the US and Australia across all channels of trade, including Ecommerce and Club stores, to expand buying opportunities for consumers. Retailers have begun to slowly start reviewing category sets for adding new items.
3. Develop and bring to market new items consistent with our brand mission to educate consumers about conservation and endangered species.
4. We are in direct discussions with several potential strategic partners to better position Yowie to compete in the highly competitive US and Australian confection categories.

This announcement is authorised by the Board.

Mark Schuessler
Global CEO & Managing Director - Yowie Group Ltd

Head Office
Yowie Group Ltd
Level 4, 216 St Georges Terrace
Perth WA 6000

PO Box 7315, Perth WA 6850
Phone +61 8 6268 2640
Fax +61 8 6268 2699

ABN 98 084 370 669



For personal use only



About Yowie

Yowie Group Ltd is a global brand licensing company specializing 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 is at the heart of the Yowie proposition.

Yowie Group employs its company-owned intellectual property rights in the outsourcing of the manufacturing and distribution of the Yowie chocolate confectionery product and in the development of a Yowie digital platform and Yowie branded licensed consumer products. The Company's vision for the Yowie brand is to distribute on a widening basis the Yowie product in North America and ANZ, with further international expansion.

For more information on the company go to www.yowiegroup.com

The Yowie consumer website can be found at www.yowieworld.com

DISCLAIMER

This Announcement contains interpretations and forward-looking statements that are subject to risk factors associated with the confectionery and retail industries. You are cautioned not to place reliance on these forward-looking statements, which are based on the current views of the Company on future events. The Company believes that the expectations reflected in the announcement are reasonable but may be affected by a variety of variables and changes in underlying assumptions which could cause actual results to differ substantially from the statements made.

The Company and its Directors, agents, officers or employees do not make any representation or warranty, express or implied, as to endorsement of, the fairness, accuracy or completeness of any information, statement, representation or forecast contained in this announcement and they do not accept any liability for any statement made in, or omitted from, this Announcement.

Head Office

Yowie Group Ltd
Level 4, 216 St Georges Terrace
Perth WA 6000

PO Box 7315, Perth WA 6850
Phone +61 8 6268 2640
Fax +61 8 6268 2699

ABN 98 084 370 669



For personal use only