



28 July 2022

ASX Market Announcements

ASX Limited

20 Bridge Street

Sydney, NSW 2000

Q4 FY22 June Quarter Update and Cash Commentary

Yowie Group Limited (ASX: YOW) (the “Group” or “Yowie”) is pleased to provide the following quarterly update based on unaudited results for Q4 ended June 2022:

Q4 Summary

- Q4 FY22 net sales reached US\$3,881k, -2% versus pcp, resulting in YTD FY22 sales US\$15,606k, +24% versus pcp. The year’s sales gains came from both the US (+21%) and AUS (+53%) markets with sales and distribution increases across all channels of trade.
- Q4 FY22 EBITDA* was -US\$336k versus pcp +US\$338k due to increases in marketing, legal, raw material, selling and distribution costs. YTD FY22 EBITDA* of +US\$433k improved on last year’s -US\$27k due to the overall increase in net sales for the year, while also managing the global inflationary environment.
- Net cash for the quarter decreased US\$186k, comprised of the following: gains from operations US\$56k, outflows of US\$128k from product development investing and FX loss of US\$114k. Net cash for YTD FY22 decreased US\$231k, comprised of the following: +US\$40k from operations, -US\$142k used in product development investing and FX loss of -US\$129k.

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

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ABN 98 084 370 669



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Q4 FY22 June Quarter Cash Review

- Net cash decrease for the quarter was -US\$186k. Fiscal year net cash decreased -US\$231k.
- For the June quarter, Yowie reported US\$3,858k of cash receipts from customers.
- US\$3,802k was spent on administration, manufacturing and operating costs, net of interest received.
- US\$128k was spent on new series development.
- Foreign exchange loss of US\$114k.
- The aggregate amount of payments to related parties and their associates in the current quarter cash flows from operating activities were US\$118k, comprising directors fees, salaries and superannuation.

Q4 Financials – Update

Our overall Q4 net sales totaled US\$3,881k, -2% versus the pcp's record quarter. Our YTD net sales of US\$15,606k represents a healthy +24% increase versus pcp. The fiscal year gains were the result of strength in both the US and AUS markets.

US sales increased 21% across all channels of trade. Nielsen US consumption has maintained positive trends over the past 52 weeks with a 17.3% total market increase. The Convenience channel (+47%) and Grocery channel (+22%) channels maintained their strong performance we've seen in prior quarters this year. Our largest US customer yielded a 19% increase over the same period. The improved performance is due to increased distribution, strong trade promotion programs and continued consumer social media engagement/promotions driving increased brand awareness.

Our AUS business continues to show strength in weekly unit movement in wholesale, convenience and large Grocery accounts. We also gained distribution in the second largest retail chain with encouraging results to date. The gains in the market came despite freight delays due to global shipping issues.

Group EBITDA (unaudited) loss for the quarter was -US\$336k compared to +US\$338k pcp. Fiscal years FY22 EBITDA ended at US\$433k compared to -US\$27k last year. Gross margin for the year remained healthy at 48%, despite the increase in material, transportation, and certain one-time administrative costs.

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Outlook

This has been a very successful year especially in light of the current market environment. Sales have rebounded in the US and AUS markets due to consumer cash positions, impulse purchases being strong across the confectionary category, and increased retail distribution in our target Grocery and Convenience channels. We posted positive EBITDA, despite challenges on a number of critical areas. Specifically, we continue to contend with manufacturing difficulties, freight delays to AUS, evolving retail environments and significant cost increases in packaging, raw materials, freight and warehousing. The Yowie team has stepped up and met these challenges resulting in the Company's best annual historical performance.

As we have communicated consistently in the past, our stated mission is to achieve sustainable operating profitability and effective cash management to build shareholder value. Critical focus areas include:

1. Sales growth remains our number one priority driven by increased retail distribution in both the US and AUS, offering competitive trade programs across all trade channels, and expanding consumer awareness through digital and experiential engagement. As our performance improves, more retailers are adding us to their assortment and more trade programs are available.
2. Innovation to grow topline sales and increase consumer awareness of our brand mission to educate consumers about conservation and endangered species, including, but not limited to:
 - a. New product development, both seasonal and flanker products. We have new seasonal hitting the AUS shelves for Easter 2023.
 - b. Consumer digital and experiential engagement, providing existing and new consumers a direct look at how we focus on play and learn.
 - c. Brand licensing partnerships in mission appropriate spaces.
3. We continue to make fiscal responsibility a primary goal for everyone in the organization, especially with the extreme inflationary environment. This requires us to be flexible and diligent with operating and administrating expenses.
4. With the changing and difficult market environment, stabilizing our product supply is critical as we grow organic sales volume, increase retail distribution and expand to other markets.

We are excited by our results, but even more excited about keeping the momentum and expanding the Yowie brand to new consumers and markets.

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This announcement has been authorised for release by Yowie Managing Director, Mark Schuessler.

Mark Schuessler

Global CEO & Managing Director - Yowie Group Ltd

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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.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.

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Appendix 4C

**Quarterly cash flow report for entities
subject to Listing Rule 4.7B**

Name of entity

Yowie Group Limited

ABN

98 084 370 669

Quarter ended ("current quarter")

30 June 2022

Consolidated statement of cash flows	Current quarter \$US'000	Year to date \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers ¹	3,858	15,531
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs ²	(2,479)	(11,277)
(c) advertising and marketing	(265)	(755)
(d) leased assets	-	-
(e) staff costs	(459)	(1,962)
(f) administration and corporate costs	(600)	(1,500)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	3
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (royalty income)	-	-
1.9 Net cash from / (used in) operating activities	56	40

¹ Receipts from customers are net of trade discounts, volume rebates and various bill-backs

² Operating costs also include freight, storage, brokerage commission, royalties and merchandising

Consolidated statement of cash flows	Current quarter \$US'000	Year to date \$US'000
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property ³	(128)	(142)
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(128)	(142)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (return of capital)	-	-
3.10 Net cash from / (used in) financing activities	-	-

³ New series development

Consolidated statement of cash flows		Current quarter \$US'000	Year to date \$US'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	8,363	8,408
4.2	Net cash from / (used in) operating activities (item 1.9 above)	56	40
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(128)	(142)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(114)	(129)
4.6	Cash and cash equivalents at end of period	8,177	8,177

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$US'000	Previous quarter \$US'000
5.1	Bank balances	7,626	7,239
5.2	Call deposits	551	1,124
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	8,177	8,363

6.	Payments to related parties of the entity and their associates	Current quarter \$US'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	118
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7.	Financing facilities	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
	<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	N/A		

8.	Estimated cash available for future operating activities	\$US'000
8.1	Net cash from / (used in) operating activities (item 1.9)	56
8.2	Cash and cash equivalents at quarter end (item 4.6)	8,177
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	8,177
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 July 2022

Authorised by: Neville Bassett
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.