



30 January 2024

## December 2023 Quarterly Activities Report

**Yowie Group Limited (ASX: YOW)** (the “Group” or “Yowie”) Yowie, a leading novelty confectionary brand is pleased to provide this Quarterly Activities Report based on unaudited results and Q2 FY24 Appendix 4C:

*(all numbers are stated in United States Dollar, unless otherwise stated)*

### Highlights:

- Q2 Group net sales of \$3.2m, down 3% on prior corresponding period (pcp) (Q2 FY23: \$3.3m) due to the Australia’s sales segment.
- Q2 US net revenue of \$3.05m, up 12% on pcp and now EBITDA positive. US segment represents 95% of group net sales with a further focus on sales and innovation.
- Q2 Australia net revenue of \$156k, down 73% on pcp due to transition of Australian distribution.
- Easter manufacturing for Bluey Seasonal Confectionery commenced in Q2 across a number of SKUs. Deliveries into key retail partners in Australia commenced at the start of Q3.
- Ernest Hillier operation has been restarted successfully passing quality assurance checks with a tier 1 customer and generating sales. Further improvements and works ongoing to enhance the capabilities on site.
- Yowie is currently in the process of creating its Strategic Plan with the board and management prioritising the key focus areas for the company moving forward.
- Operating cash flows for the quarter were -\$1.39m, versus -\$327k in the previous year, primarily due to payment of prior period spoilage claims, lower sales receipts from the Australian business and increased inventory purchases related to seasonal Easter products in Australia, with corresponding sales proceeds anticipated in the upcoming quarter. These spoilage claims had been fully provided for in prior periods and do not negatively impact EBITDA of current period.
- Cash on hand as at 31 December was \$4.53m.

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## Operational Review:

### North America

US net revenue was \$3.05m, up 12% on pcp. This represents 95% of the Group's net sales. EBITDA in the region was \$416k, this is up 422% pcp and was achieved through higher sales and reduction in administrative costs. Yowie North America has remained consistently EBITDA positive over the past 4 months and further focus is placed on growing top line sales and spending optimization.

During the period the US team has been focusing on renewing their go to market strategy, this includes finding new channels and markets, improving retail sales programs and enhancing the sales tools with its national sales broker network. Further work is also being done to assess ways to improve the reliability and cost efficiency of production, given fragility issues on our core range resulting in continued higher than desired damage claims from retail partners.

Innovation remains a huge opportunity for Yowie North America given its access to retailers nationally. The company is currently building out an innovation pipeline, both under the Yowie brand but also exploring licensing opportunities, similar to what has been done in Australia for Bluey, AFL & NRL. Licences have given Yowie Australia a strong consistent engagement with retailers, and we believe a similar opportunity can be sought in North America.

### Australia

Yowie Australia net revenue was \$156k, down 73% on pcp. The significant reduction on last year is mainly due to the transition of the Australian distribution of Yowie products from the previous external distributor to managing our own customers in an effort to exert increased control over the performance of the brand in Australia and to seek new ways to sustainably grow. The sales order timings and closing off any credits or claims with the previous distributor impacted net sales as once off, which is not anticipated to continue into Q3.

Yowie uses merchandise licenses to elevate the Yowie brand, increase sales and distribution and improve buying power with suppliers. It has become a core pillar of our business, and we are pleased under our tier 1 brand merchandise agreement Bluey – the number 1 Australian Childrens TV show, we have created a number of seasonal Easter products which commenced production in Q2 ready for sale in Q3. A strong Easter sales program is well underway with key retail partners in Australia.

### Ernest Hillier

In August 2023, Yowie announced that it acquired the assets of the Ernest Hillier chocolate business for A\$375k (US\$241k). Ernest Hillier is Australia's first chocolate manufacturer and oldest privately owned chocolatier, established in 1914.

During the quarter we invested in bringing the facility back up to an industry acceptable operating standard, meeting strict employee safety, food safety and customer requirements. We're pleased to say the site passed its quality audits and commenced operations in October 2023 and is now generating sales. During the quarter multiple production runs were completed for a tier 1 client and post quarter end production commenced for a number of our licensed Bluey Range.



The operation still requires further improvements to ensure we have the right capabilities to be competitive and can capitalize on the opportunities in market.

The Ernest Hillier brand and range is currently under review with a focus on rejuvenating the brand proposition and offering to market by Q4.

## Financial and Corporate Overview

Group net sales for Q2 FY24 was \$3.2m down 3% versus prior year.

Group EBITDA loss for the quarter was -\$230k compared to -\$328k in the pcp, driven by higher sales and reduction in administrative cost in our US business, offset by lower Australian's business due to transition of distribution partners and restart costs pertaining to the Ernest Hillier operation.

The Group is still in the process of reviewing its requirements for the leadership team. The Group remains committed to driving sales growth through increased distribution in both North America and Australia, expanding product offerings and develop effective marketing and merchandising programs across key trade channels.

## ASX additional Information

The aggregate amount of payments to related parties and their associates in the current quarter cash flows from operating activities were \$32k, comprising directors fees, salaries and superannuation.

This ASX announcement has been approved for the release by the board of Yowie Group Ltd.

**ENDS**

### 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.

### 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.

## 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")**

31 December 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$US'000</b>	<b>Year to date \$US'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers <sup>1</sup>	1,945	5,207
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs <sup>2</sup>	(2,311)	(5,399)
(c) advertising and marketing	(165)	(378)
(d) leased assets	-	-
(e) staff costs	(480)	(1,064)
(f) administration and corporate costs	(417)	(839)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	34	81
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)	3	3
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,391)</b>	<b>(2,389)</b>

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

<sup>2</sup> Operating costs also include freight, storage, brokerage commission, royalties, merchandising, repairs & maintenance and quality control

Consolidated statement of cash flows		Current quarter \$US'000	Year to date \$US'000
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	(241)
	(c) property, plant and equipment	(76)	(76)
	(d) investments	-	-
	(e) intellectual property <sup>3</sup>	(78)	(115)
	(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 (security deposit)	(51)	(83)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(205)</b>	<b>(515)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

<sup>3</sup> New series development

Consolidated statement of cash flows		Current quarter \$US'000	Year to date \$US'000
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	5,982	7,402
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,391)	(2,389)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(205)	(515)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	140	28
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>4,526</b>	<b>4,526</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> 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	1,481	2,495
5.2	Call deposits	3,045	3,487
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,526</b>	<b>5,982</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	Current quarter \$US'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	32
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.	<b>Financing facilities</b>	<b>Total facility amount at quarter end \$US'000</b>	<b>Amount drawn at quarter end \$US'000</b>
	<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	<b>Total financing facilities</b>	-	-
7.5	<b>Unused financing facilities available at quarter end</b>		-
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.	<b>Estimated cash available for future operating activities</b>	<b>\$US'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,391)
8.2	Cash and cash equivalents at quarter end (item 4.6)	4,526
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	<b>Total available funding (item 8.2 + item 8.3)</b>	4,526
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	3.25
	<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: 30 January 2024

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.