



25 October 2019

ASX Market Announcements
ASX Limited
20 Bridge Street
Sydney NSW 2000

Q1 FY20 SEPTEMBER QUARTER UPDATE AND CASH COMMENTARY

Strong first quarter FY20 sales, improved financial performance and continued increasing retail distribution

Yowie Group Ltd (ASX: YOW), (the “Group” or “Yowie”) provides the following quarterly update and commentary for the September 2019 quarter:

Highlights

Yowie continues to make progress in delivering on its key priorities for FY2019-20.

- Strong first quarter sales
 - Net Sales reached US\$4.5m, a 23% increase versus the previous year with strong US Yowie core sales and the addition of Bites/Gummies.
- Improved financial performance
 - Q1 FY20 EBITDA -US\$22k versus -US\$178k in previous year.
 - Operating cash flow for the quarter was breakeven, compared to -US\$519k burn the previous quarter (Q4 FY19).
- Increasing distribution
 - US distribution across all channels continues to increase versus the previous year.
 - Bites distribution increasing into focus channels.
 - All natural single serve gummy product launched in September.
- Outlook – continuing to deliver on Key Priorities
 - On track to deliver revenue growth in FY20 and improving EBITDA and positive operating cash flow run rate while contending with an extremely competitive US confectionary market.

Q1 FY20 September Quarter Cash Review

- For the September quarter, Yowie reported US\$3.7m of cash receipts from customers.
- US\$3.7m was spent on manufacturing and operating costs, net of interest received.
- US\$0.07m was spent on investing activities and there was a foreign exchange loss of \$US0.1m.

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- Net cash outflow for the quarter was (US\$0.18m) compared to an outflow (US\$0.6m) the previous quarter.

Update on Key Priorities for FY2019 -20

Continued progress on increasing retail distribution

We continue to see increasing US retail distribution across all channels.

For the past 52 weeks ending 5 October 2019 compared to the same period last year, ACV%:

Channel	2019	2018	Change
Total US	42.5	39.2	+3.4
Convenience	22.7	16.7	+6.0
Food	31.2	17.8	+3.4
Drug	20.6	19.4	+1.2
Mass	97.5	96.9	+0.6

Shipments have begun into divisions of Ahold (#4 Grocery) and the #1 Dollar Store chain with over 15,000 outlets nationally. We still have room to expand distribution, with our focus on the Food and Convenience channels. This expanded US distribution is critical for success given the extreme competitive activity ramping up for the Holiday season and the launch of a new global chocolate brand into the market.

Add new Yowie confectionary products

Previously announced new single serve Gummy + pet surprise has started to reach shelves in the US. We are also launching a core Yowie multipack, with bonus toys, for back of the store (2 Yowie + 1 bonus toy) and Club store (4 Yowie + 2 bonus toys) distribution.

We have begun AUS in store tests of a chocolate Bites 105g sharebag (with animal and puzzle piece toy) and a 144g Gummy sharebag (with pet animal toy) and expected launches in major retailers by FY20 Q3.

Improved financial performance – return to positive revenue growth trajectory in FY20, improved EBITDA and cash flow

We expect a revenue growth trajectory that will result in improved EBITDA and positive operating cash flow run rates. As noted, we continue to see gradual improvement in our EBITDA and cash flow due to fiscal discipline and strategic spending, despite a hyper competitive situation in all markets.

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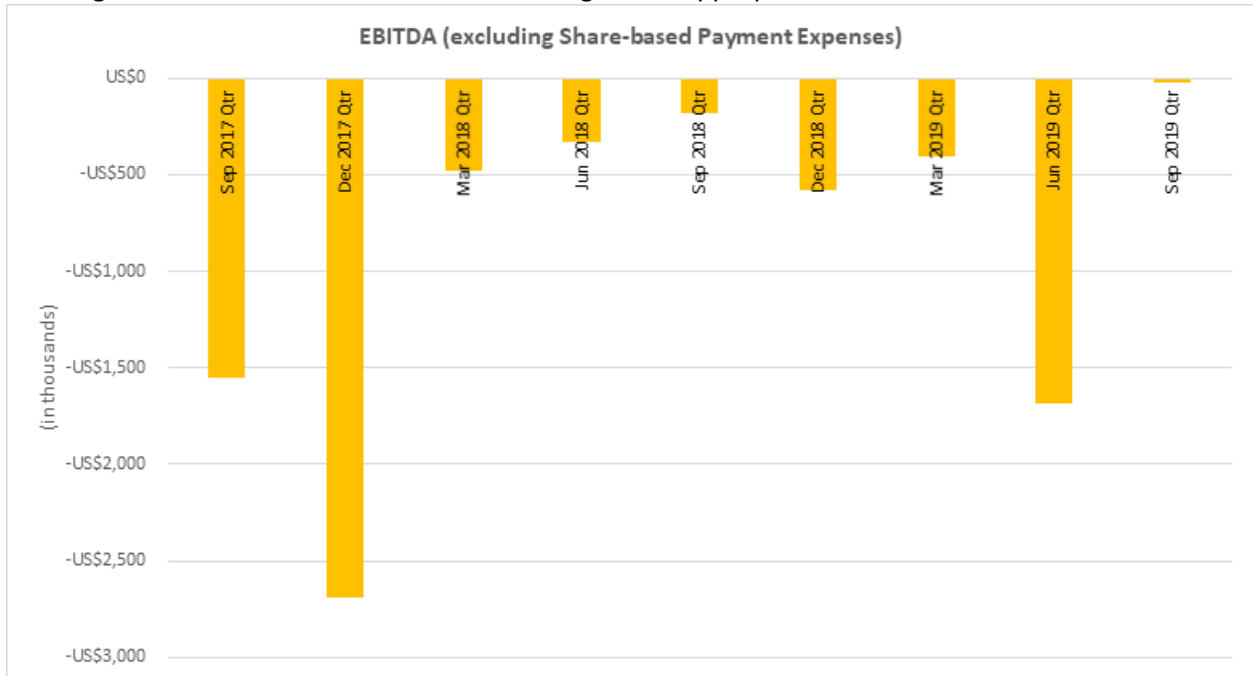




Yowie's group net sales for the September quarter of FY20 were US\$4.5m, up 23% from US\$3.7m, reflecting strong US core Yowie, the addition of Bites and Gummies, and timing of AUS shipments. We continue to see significant competitive activity in the US and AUS confectionary markets from major global competitors. We continue to push new distribution and develop new items to compete effectively.

EBITDA improvement

Q1 FY20 EBITDA loss of -US\$22k was an improvement compared to -US\$178k in the previous year, as well as the previous 8 quarters. Gross Margin continues to be a very healthy 53% of net sales allowing us to invest with retailers and marketing where appropriate.



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Cash Flow

We are showing a considerable improvement in the cash run rate trend with Q1 breakeven operating cash flow. This was our best cash quarter since Q1 FY19 due to sales receipt improvement and more focus on managing inventory.



Outlook – On track to continue delivering net sales growth, improved EBITDA and positive operating cash run rate in FY20

Our plans are in place to deliver net sales growth, improve EBITDA and cash run rate during FY20 based on continuing to deliver on our key priorities.

- Expanding distribution in both the US and AUS markets. We began pipeline shipping to major US grocery and specialty retailers in Q1 and have several other major retailers expanding store count distribution in Q2 and Q3. We are also adding Bites and Gummy distribution points.
- Expanding our product portfolio with innovative surprise inside treats, focusing on our mission of teaching children and parents about conservation and endangered species, will broaden our shelf presence and increase Yowie brand awareness. The launch of US Yowie Bites, Gummies and multi pack options have started portfolio expansion. We are also adding Bites and Gummy sharebag options to the AUS market.

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- Improve our financial performance. In addition to revenue growth, we continue to evaluate our cost structure and focus on fiscal discipline to become more efficient and allow for more investments with the trade and consumer marketing. Though we have made gradual improvements, there are still major challenges to reach sustainable, on-going profitability and positive operating cash run rate.

Mark Schuessler

Global CEO & Managing Director - Yowie Group Ltd

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.yovieworld.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.

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