

30 January 2020

ASX Market Announcements ASX Limited 20 Bridge Street Sydney NSW 2000

Q2FY20 December Quarter Update and Revenue Guidance

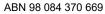
Yowie Group LTD (ASX: YOW) (the "Group" or "Yowie") wishes to provide the following update for the quarter ending 31 December 2019 (unaudited):

Q2 Summary

- Q2FY20 sales were soft due to challenging market conditions with significant holiday competitive display activity from the major confectionary companies, including another significant chocolate brand launch by a major global competitor.
- Our largest customer reset front end novelty set in November, reducing the number of shelf locations in each store.
- US distribution for core Yowie continued to increase in the critical Food and Convenience channels and Bites and Gummies distribution is expanding.
- Q2 EBITDA loss of -US\$955k due to soft sales. 1H EBITDA loss of -US\$977k versus -US\$754k loss previous year.
- Negative operating cash flow of -US\$640k for the quarter; Q2 net cash flow, excluding return of capital, of -US\$717k versus -US\$922k previous year.

Head Office

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







Q2 FY20 December Quarter Cash Review

- For the December quarter, Yowie reported US\$3.2m of cash receipts from customers.
- US\$3.8m was spent on administration, manufacturing and operating costs, net of interest received.
- US\$0.16m was spent on investing activities and there was a foreign exchange gain of US\$0.1m.
- Capital return of US\$3m was paid to shareholders.
- Net cash outflow for the quarter was US\$3.7m including the capital return.

Q2 Financials – Update

Q2 net sales were US\$2,092k, -49% versus the pcp due to significant competitive activity throughout the quarter, including a new chocolate line launch related to our largest novelty competitor. The heightened activity made it difficult to secure display space in the critical holiday period that Yowie relies on to drive consumption. 1H sales were US\$6,595k, -15% versus last year.

In the US, the largest retailer, along with several other retailers, reduced its novelty front end footprint. Store distribution was not affected but the number of store locations Yowie is shelved was reduced by 30%. Concurrently, they adjusted their inventory to reflect their store changes. Adding significant Grocery and Convenience distribution is key to offsetting shifts in this channel.

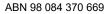
Group EBITDA (unaudited) loss for the quarter was -US\$955k compared to -US\$576k in the previous year; 1H loss was -US\$977k compared to -US\$754k due to the sales decline and increased legal fees. Margins remained healthy at 49% for the 1H compared to 46% for the pcp.

Revenue Guidance

Subdued sales in the December quarter will impact on revenue growth in FY20 and the overall outlook as reported in the September quarterly report. Based on current trend, revenue growth will fall short of FY19 revenue, also impacting on EBITDA. Operating cash flow is also expected to remain negative for the next two quarters.

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US Distribution

Regarding distribution, Yowie continues to grow in critical channels, namely food and convenience. For the past 52 weeks ending 28 December 2019 compared to the same period last year, ACV%:

Channel	2019	2018	Change
Total US + Conv	44.6	43.7	+0.9
Convenience	21.9	20.1	+1.8
Food	21.4	19.3	+2.1
Drug	19.2	20.9	-1.7
Mass	96.6	97.3	-0.7

We have confirmed chain wide front end distribution for core Yowie in Food Lion (>1,000 grocery stores in the US Southeast) and Casey's General Stores (> 700 convenience stores in the US Midwest). Our core Yowie Multipack (2 Yowies + an extra toy) will hit the back of store candy aisle in the nation's largest retailer starting May. Bites and Gummies are expanding distribution in a number of grocery and convenience stores nationally.

We have partnered with a preferred vendor to launch our Amazon Prime eCommerce site with excellent initial sales of 12-pack core Yowie, Bites, Gummies and Books. We have a 6 month marketing plan set to drive consumers to on line purchases.

Distribution will continue to be a focal point for our team in both the US and AUS through aggressive retail trade investment, especially in Grocery and Convenience and portfolio expansion.

New Product Updates

- Both US Bites and Gummies are gaining traction in all channels, but more slowly than anticipated.
 The cost to participate with the retail trade has become expensive due to spending increases by the large manufacturers. Consumer response has been positive, but getting product in retail has been a challenge. We are adding focus to eCommerce to get to our most loyal consumers.
- AUS Bites and Gummies tests have been going well and we are waiting for the retailers to determine ranging possibilities.

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Impairment

The Group is required, under Australian Accounting Standards, to perform impairment testing when impairment indicators are identified. As at 31 December 2019, 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.

Outlook

In the face of the extremely competitive US confectionary category, we will continue to be aggressive in meeting our overall strategic priorities to improve operating performance, including:

- 1. Continue expanding distribution in the US and Australia across all channels of trade, including eCommerce, to expand buying opportunities for consumers.
- 2. Develop and bring to market new items consistent with our brand mission to educate consumers about conservation and endangered species.
- 3. Continue to focus on fiscal discipline to become more efficient and justify trade investment to compete with our large competitors.

Mark Schuessler Global CEO & Managing Director - Yowie Group Ltd

About Yowie

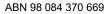
Yowie Group Ltd is a global brand licensing company specializing in the development of consumer products designed to promote learning, understanding and engagement with the natural world through the adventures and exploits of six endearing Yowie characters. Educating children and adults about the environment 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.yowieworld.com

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DISCLAIMER

This Announcement contains interpretations and forward-looking statements that are subject to risk factors associated with the confectionary 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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