



29 October 2020

ASX Market Announcements  
ASX Limited  
20 Bridge Street  
Sydney, NSW 2000

### **Q1 FY21 SEPTEMBER QUARTER UPDATE AND CASH COMMENTARY**

Yowie Group Ltd (ASX: YOW) (the “Group” or “Yowie”) wishes to provide the following quarterly update based on unaudited results for Q1 ended September 2020:

#### **Q1 Summary**

- Net cash for the quarter decreased US\$4,760k, comprised of the following: increase in operations of +US\$1,156k, FX gain of US\$216k, offset by the return of capital US\$6,132k authorised by shareholders.
- Q1 FY21 net sales of US\$3,264k (-28% versus pcp) were affected by COVID-19 with moderated consumer traffic. This was a 67% increase versus the previous quarter (Q4 FY20) as retail traffic did increase beginning in June and store velocities at major retailers ticked up.
- Q1 EBITDA gain was US\$200k versus a loss of US\$22k in the pcp and loss of US\$747k (excluding inventory write-down) in the previous quarter. Improved earnings resulted from reductions in administration and marketing expenditures.
- US 13-week distribution for Core is down versus pcp, though trending up the past 4 weeks versus pcp.

#### **Q1 FY21 September Quarter Cash Review**

- Net cash gain for the quarter was an encouraging US\$1.372m, excluding the return of capital.
- For the September quarter, Yowie reported US\$2.49m of cash receipts from customers.
- US\$1.56m was spent on administration, manufacturing and operating costs.
- Foreign exchange gain of US\$216k and interest earned of US\$4k.
- US\$34k grants from Australian government and a US tax refund of US\$186k.
- US\$6,132k return of capital resulted in a net cash decrease of US\$4,760k.

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- The aggregate amount of payments to related parties and their associates included in the current quarter Cash flows from operating activities were US\$116k, comprising directors fees, salaries and superannuation and office rent.

### Q1 Financials – Update

Q1 net sales were US\$3,264k, -28% versus the pcp, but a 67% increase versus last quarter's sales of \$1,957k. We have seen a rebound in the last 4 months from the COVID related shutdowns in both the US and Australia as retailers began to rebuild depleted inventories. Encouraging increases in retail velocities suggest consumers are expanding their confectionary market baskets to include novelties.

Group EBITDA (unaudited) gain for the quarter was US\$200k compared to -US\$22k pcp due to reduced marketing and admin (legal and executive salaries) expenses. This was also a big improvement versus last quarter's loss of US\$747k (excluding inventory write-down). Gross margin remained healthy at 51% for the quarter.

### US Distribution

For the past 52 weeks ending 3 October 2020 compared to the same period last year, Nielsen ACV%:

Channel	2020	2019	Change
Total US + Conv	40.8	44.3	-3.5
Convenience	13.3	11.0	+2.5
Food	23.8	20.6	+3.2
Drug	14.2	20.0	-5.8
Mass	88.4	97.9	-9.5

US Distribution has started back on an uptrend the past 4 weeks, driven by the critical Food and Convenience channels, as retailers have started accepting new items in their stores again.

Encouraging Nielsen unit consumption shows the past 4 weeks an increase of 24% in Convenience and 115% in Grocery versus the previous year; the past 13 weeks showed an increase of 19% in Convenience and 78% Grocery.

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## New Product Updates

- Our core Multipack (2 Yowie + and extra toy) placed in the US's largest retailer starting May, has had very encouraging sales and we expect expanded distribution.
- Yowie will be announcing another new confectionary surprise inside item in Q2 FY21.

## Outlook

Q1 was encouraging with increased shipments, improved velocities and better cash management as we navigated the COVID retail environment. The competition continues to invest heavily and launching new products into the novelty section. Our focus remains on the following:

1. Fiscal discipline and cash management, to keep margins healthy and allow us to invest in the trade where appropriate.
2. Distribution will continue to be critical until we reach large competitor levels across all channels. Retailers are back to reviewing category sets for adding new items and we will be adding several new retailers in Q2 and Q3.
3. New items consistent with our brand mission to educate consumers about conservation and endangered species.
4. We are making progress 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

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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](http://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.

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