



31 January 2022

ASX Market Announcements

ASX Limited

20 Bridge Street

Sydney, NSW 2000

### Q2 FY22 December Quarter Update and Cash Commentary

Yowie Group Ltd (ASX: YOW) (the “Group” or “Yowie”) is pleased to provide the following quarterly update based on unaudited results for the quarter ended 31 December 2021:

#### Q2 Summary

- Q2 FY22 Group net sales of US\$4,209k, +83% versus pcp. 1H FY22 sales reached US\$8,183k, +47% versus pcp. Sales gains occurred in both the US and AUS markets and across all channels of trade, despite continuing COVID-19 difficulties.
- Q2 FY22 EBITDA\* was +US\$436k, much improved versus pcp -US\$496k, and 1H FY22 EBITDA\* of +US\$708k, improved on last year’s -US\$270k due to the increase in net sales and cost management despite the current inflationary environment.
- Net cash for the quarter decreased -US\$489k, comprised of the following: outflows from operations of -US\$501k and FX +\$US12k. 1H FY2022 resulted in -US\$365k from operations and a -US\$61k FX loss. The use of cash was due to forward buying of inventory (toys, packaging) to ensure production materials on hand with continued volatile global supply chain.
- U.S. Nielsen consumption data reflected a 9.9% increase for the 13 weeks ended 8 January 2022, continuing a 9 month year on year increase.

*\*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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## Q2 FY22 December Quarter Cash Review

- Net cash decrease for the quarter was -US\$489k. 1H FY22 net cash decreased -US\$440k, due to inventory build.
- For the December quarter, Yowie reported US\$3,638k of cash receipts from customers.
- US\$4,139k was spent on manufacturing and operating costs, net of interest received.
- Foreign exchange gain of US\$12k.

## Q2 Financials – Update

Yowie had an outstanding quarter and 1H with Q2 net sales of US\$4,209k, +83% versus the pcp and 1H net sales of US\$8,183k, +47% versus pcp. Gains in both the US and AUS, across all trade channels, drove the topline, despite continued difficulties with COVID-19, similar to last year. Excellent consumption gains drove warehouse ordering, though we continue to deal with inconsistent production due to COVID impacts at our New York co-packer. We enter the 3<sup>rd</sup> quarter with over \$1M in backlogged orders and exciting new distribution coming on board.

Group EBITDA\* (unaudited) gain for the quarter was +US\$436k compared to -US\$496k in the pcp. 1H FY22 EBITDA\* gain was a record US\$708k compared to -US\$270k last year, resulting from our excellent sales results and expense management during a volatile inflationary environment. Margins remained healthy at 48%, despite the increase in material and transportation costs. We bought forward inventory to ensure availability to keep up with sales demand.

## Nielsen Market Data (US)

Continued upward Nielsen® retail \$ consumption trends show the past 13 weeks +9.9%, due to +63.3% in Convenience and +14.2 Grocery and 12.5% Mass. Our 52-week increases were 37.7% for total, 54.9% Convenience, 42.1% Grocery and 30.2% in Mass. Increased retail foot traffic and disposable income, along with product availability resulted in our strong results.

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## Outlook

Q2 kept up our positive performance from Q1 and last fiscal year, even with supply chain disruptions, cost increases and an uncertain retail environment in the US and AUS. Our mission is to achieve sustainable operating profitability and effective cash management. Critical focus areas include:

1. We are pleased to have added new Board members (Executive Chairman Sean Taylor and Non-Executive Director Scott Hobbs) with significant experience in AUS FMCG brand development, licensing, sales and chocolate manufacturing to help us get to the next phase of growth and brand development, especially in AUS.
2. Keep the sales momentum with increased distribution in both the US and AUS and offering effective trade programs across all trade channels and keeping retailers' shelves full.
3. Focusing on 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.
  - b. Consumer digital engagement.
  - c. Brand licensing partnerships.
4. Fiscal discipline and cash management is part of our culture and drives above industry margins allows us to invest in the trade where appropriate, and will help us manage supply chain costs in this inflationary environment. Every aspect of our business is being evaluated for efficiencies and opportunities.

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](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.

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")**

31 December 2021

<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>	3,638	7,651
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs <sup>2</sup>	(3,252)	(6,101)
(c) advertising and marketing	(165)	(299)
(d) leased assets	-	-
(e) staff costs	(500)	(1,027)
(f) administration and corporate costs	(222)	(590)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
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)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(501)</b>	<b>(365)</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 and merchandising

Consolidated statement of cash flows	Current quarter \$US'000	Year to date \$US'000
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(14)
(d) investments	-	-
(e) intellectual property	-	-
(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)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>-</b>	<b>(14)</b>

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

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

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	8,457	8,408
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(501)	(365)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(14)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	12	(61)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>7,968</b>	<b>7,968</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	6,879	7,375
5.2	Call deposits	1,089	1,082
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>7,968</b>	<b>8,457</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	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. <b>Financing facilities</b>	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.</i>		
<i>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>	\$US'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(501)
8.2 Cash and cash equivalents at quarter end (item 4.6)	7,968
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	7,968
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	15
<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>	

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### 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: 31 January 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.