



29 January 2021

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

Q2 FY21 December 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 Q2 ended December 2020:

Q2 Summary

- Net cash for the quarter increased by US\$941k, comprised of the following: gains in operations of US\$764k and FX gain of US\$177k. H1 FY21 yielded +US\$1,920k from operations and FX gain of US\$393k, prior to the US\$6,132k shareholder approved return of capital in Q1.
- Q2 FY21 net sales of US\$2,306k (+19% versus pcp) were affected by COVID shutdowns at our manufacturing plant, leaving over US\$600k in US and AUS backlogged orders in December. H1 FY21 sales reached US\$5,570k, -13% versus pcp.
- Q2 FY21 EBITDA loss was US\$344k, much improved versus pcp loss of US\$1,167k, despite lower sales. Improved results came from reductions in raw materials, administration and marketing expenditures. H1 FY21 EBITDA loss of US\$143k improved on last year’s loss of US\$1,189k due to better fiscal management.
- US Nielsen consumption data reflected a 9.5% increase for the 13 weeks ended 26 December 2020, despite the difficult retail environment.

Q2 FY21 December Quarter Cash Review

- Net cash gain for the quarter was US\$0.94m.
- For the December quarter, Yowie reported US\$2.62m of cash receipts from customers.
- US\$1.88m was spent on manufacturing and operating costs, net of interest received.
- Foreign exchange gain of US\$0.18m.

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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\$128k, comprising directors fees, salaries and superannuation and office rent.

For the H1 FY21, net cash increased US\$2,313k, before the US\$6,132k return of capital, compared to pcg of a (US\$892k) burn, a net US\$3,205k improvement.

Q2 Financials – Update

Q2 net sales were US\$2,306k, +19% versus the pcg. Additionally, we had over US\$600k in US and Australian backlogged orders due to our manufacturing plant being shut down by government authorities with the resurgence of COVID. We are back producing and will have orders filled and safety stock in place by early February. We have maintained close communication with our US and Australian retail partners, who have worked with us on keeping product available to consumers. Our shelf presence and retail consumption has been trending higher in both the US and Australia.

H1 FY21 net sales reached US\$5,570k, -13% versus last year, impacted by the manufacturing issues. Group EBITDA loss for the quarter was US\$344k compared to loss of US\$1,167k in pcg. H1 FY21 EBITDA loss was US\$143k compared to loss of US\$1,189k last year, despite the lower sales, because of reduced raw material pricing, logistics, marketing and administration (legal and executive salaries) expenses. Margins remained healthy at 51%, an improvement to pcg's 48%.

Nielsen Market Data (US)

Continued upward Nielsen® retail \$ consumption trends show the past 13 weeks +9.5%, due to +10.5% in Convenience and +76.4% in Grocery. As we have navigated this past year, shelves have remained filled and consumer pull through has steadily increased.

New Product Updates

- In response to consumer requests, we will be bringing back several earlier Series in a combined promotion titled “Blast from the Past”, launching in Australia and the US during our fiscal Q4, prior to our Series 7 release.
- Yowie will be announcing another new confectionary surprise inside item this year, but it has been delayed due to supplier issues.

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Outlook

Despite this difficult environment, we have been able to improve consumer takeaway, generate cash, improve margins, and get closer to operating profitability. Our team focused on containing costs through negotiation and planning, keeping product on shelves and connecting with consumers via social media. Going forward, our focus remains on the following:

1. Distribution and trade programs will continue to be critical until we reach large competitor levels across all channels, giving consumers Yowie availability.
2. Fiscal discipline and cash management, to keep margins healthy and allow us to invest in the trade where appropriate.
3. Finding new ways to increase consumer awareness of our brand mission to educate consumers about conservation and endangered species, through new confectionary items and digital engagement opportunities.
4. Engaging strategic partners to better position Yowie to compete in the highly competitive US and Australian confection categories against the global competition.

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

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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