



31 October 2022

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

Q1 FY23 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 the quarter ended 30 September 2022:

Highlights

- Q1 FY23 Group net sales of US\$3,682k, -7% versus pcp, as consumer consumption was impacted by the prevailing economic uncertainty and inflationary pressures.
- Q1 FY23 EBITDA was +US\$51k, lower versus pcp (+US\$308k), due to the impact of lower overall sales and increased freight and legal costs.
- Net cash for the quarter increased by US\$22k, comprised of the following: gains in operations of US\$137k, outflows of US\$43k from investing and FX loss of US\$72k.

Q1 FY23 September Quarter Cash Review

- Net cash gain for the quarter was US\$22k.
- US\$3,766k was spent on administration, manufacturing and operating costs, net of interest received.
- US\$43k was spent on investing activities (capital expenditures).
- Foreign exchange loss of US\$72k, due to strength of USD against AUD
- The aggregate amount of payments to related parties and their associates in the current quarter cash flows from operating activities were US\$134k, comprising directors fees, salaries and superannuation.

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ABN 98 084 370 669





Q1 Financials – Update

Q1 net sales were US\$3,682k, -7% versus the pcp. We have seen a slowdown at the shelf in the US due to consumers grappling with inflation and an uncertain economic climate resulting in reduced retail foot traffic. Additionally, US retailers are remaining cautious with inventory levels given the overall slowdown of impulse confection and the concern of consumers with the extended inflation results. Fortunately, distribution kept steady during the past quarter. AUS sales remain encouraging with our expanded distribution, improved per store sales at the largest retailers, and the anticipated Easter seasonal offerings.

Group EBITDA (unaudited) gain for the quarter was US\$51k compared to +US\$308k in the pcp, impacted by the lower year on year sales, increased legal fees relating to the Whetstone case and higher freight/storage costs in the US. Gross margins improved and remain above industry averages.

Outlook

Q1 results exhibited consumer concern about inflation and slowing economies. Despite this difficult environment, Yowie is looking at ways to expand our footprint and keep our momentum positive. Though we do face challenges with cost increases in packaging, raw materials, freight and warehousing, our plan is to remain flexible to deal with the uncertain market.

Our continued stated mission is to grow topline sales, achieve sustainable operating profitability, effectively manage cash and build shareholder value. Critical focus areas include:

1. Sales growth remains our number one priority driven by increased retail distribution in both the US and AUS, expanding product offerings, being competitive across all trade channels, and expanding consumer awareness through digital and experiential engagement. We also continue to evaluate other markets as warranted.
2. 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. We have new seasonal items hitting the AUS shelves for Easter 2023.
 - b. Consumer digital and experiential engagement, providing existing and new consumers a direct look at how we focus on play and learning.
 - c. Brand licensing partnerships in mission appropriate spaces.
3. Manage the company's financial resources responsibly and prepare for investing opportunities at retail, with new products and improving product supply.

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Despite the current environment, Yowie is excited about expanding the Yowie brand to new consumers and markets.

This announcement has been authorised for release by Yowie Managing Director, Mark Schuessler.

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.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.

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")

30 September 2022

Consolidated statement of cash flows	Current quarter \$US'000	Year to date \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers ¹	3,903	3,903
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs ²	(2,537)	(2,537)
(c) advertising and marketing	(202)	(202)
(d) leased assets	-	-
(e) staff costs	(610)	(610)
(f) administration and corporate costs	(420)	(420)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	3
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)	-	-
1.9 Net cash from / (used in) operating activities	137	137

¹ Receipts from customers are net of trade discounts, volume rebates and various bill-backs

² 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
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(28)	(28)
	(d) investments	-	-
	(e) intellectual property ³	(15)	(15)
	(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)	-	-
2.6	Net cash from / (used in) investing activities	(43)	(43)

3.	Cash flows from financing activities		
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)	-	-
3.10	Net cash from / (used in) financing activities	-	-

³ New series development

Consolidated statement of cash flows		Current quarter \$US'000	Year to date \$US'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	8,177	8,177
4.2	Net cash from / (used in) operating activities (item 1.9 above)	137	137
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(43)	(43)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(72)	(72)
4.6	Cash and cash equivalents at end of period	8,199	8,199

5.	Reconciliation of cash and cash equivalents 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	7,682	7,626
5.2	Call deposits	517	551
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	8,199	8,177

6.	Payments to related parties of the entity and their associates	Current quarter \$US'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	134
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

7.	Financing facilities <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>	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
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.	Estimated cash available for future operating activities	\$US'000
8.1	Net cash from / (used in) operating activities (item 1.9)	137
8.2	Cash and cash equivalents at quarter end (item 4.6)	8,199
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	8,199
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
	<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>	

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 October 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.