



24 July 2019

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

## **FY19 JUNE QUARTER UPDATE AND CASH COMMENTARY**

**Delivering continuing progress on Key Priorities: Improving financial performance, increasing distribution, expanded product portfolio, with capital return announced for shareholders**

Yowie Group Ltd (ASX: YOW), (the “Group” or “Yowie”) provides the following quarterly update and commentary based on unaudited results for year end 30 June 2019:

### **Highlights**

Yowie has made significant progress in delivering on its Key Priorities for FY2019-20

- Improved financial performance
  - FY19 EBITDA of -US\$2.3 million compared to -US\$5.0 million in the previous year.
  - Q4 EBITDA of -US\$1.2 million including significant increase in marketing expenditures of US\$0.7m to launch Yowie Bites and our Wild Water Series 5 and c. US\$0.2 million on legal expenses largely incurred in responding to the unsolicited takeover bid as announced to ASX and the section 249D meeting request.
- Improving cash burn rate
  - Q4 -US\$621k versus -US\$1,510k in pcpr., although also includes one off marketing and legal costs.
  - Total cash flow for FY 2019 was -US\$3.1 million, an improvement of 68% compared to -US\$7.4 million in the pcpr.
- Revenue growth and increasing distribution
  - Q4 group net sales affected by continued challenging market conditions, reaching US\$3.3 million down from US\$4.9 million in the pcpr. Annual sales were US\$14.7 million, down from US\$17.5 million the previous year.
  - Despite this sales decline, top line sales are now being driven by new customer distribution in the US and AUS, investments in key customer retail programs and delivering more SKU's to grow brand awareness and expand shelf presence of the Yowie brand.

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- US distribution across all channels continues to increase with significant large wins at Kroger and most importantly the 15,000 Dollar General locations.
- New Yowie Bites successfully launched with largest retail customer. All natural single serve gummy product to be launched in September.
- On track to deliver revenue growth in FY20 - positive EBITDA and positive cash flow run rate.
- Capital return announced
  - Yowie ended FY19 with just over US\$16 million of cash, with only a small part of this required for this financial year's working capital.
  - 2c per share capital return announced on 5 July, subject to shareholders approval, with scope for additional capital returns.

### 2019 June Quarter Cash Review

- For the June 2019 quarter, Yowie reported US\$4.228m of cash receipts from customers, making a total of US\$15.259m for the fiscal year.
- US\$4.747m was spent on manufacturing and operating costs, net of interest received, including US\$0.7m for launch marketing for Wild Water Series 5 and Bites.
- US\$0.074m was spent on investing activities and there was a foreign exchange loss of US\$0.028m.
- Net cash flow for the quarter was (US\$0.621m) compared to a (US\$1.51m) the previous year, an improvement of 59%.

### Update on Key Priorities for FY2019 -20

#### Continued progress on increasing retail distribution

We continue to see increasing US retail distribution across all channels.

For the 13 weeks ending 20 April 2019 compared to the same period last year, ACV%:

Channel	2019	2018	Change
Total US	43.7	41.2	+2.5
Convenience	22.1	15.8	+6.3
Food	19.2	17.9	+1.3
Drug	21.1	14.0	+7.1
Mass	96.2	95.6	+0.6

We are excited to be adding major points of distribution in the next quarter, including divisions of Kroger (#2 grocery), Ahold (#4 grocery) and the #1 Dollar Store chain with over 15,000 outlets

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nationally. There are still significant opportunities to expand distribution, with our focus on the Food and Convenience channels.

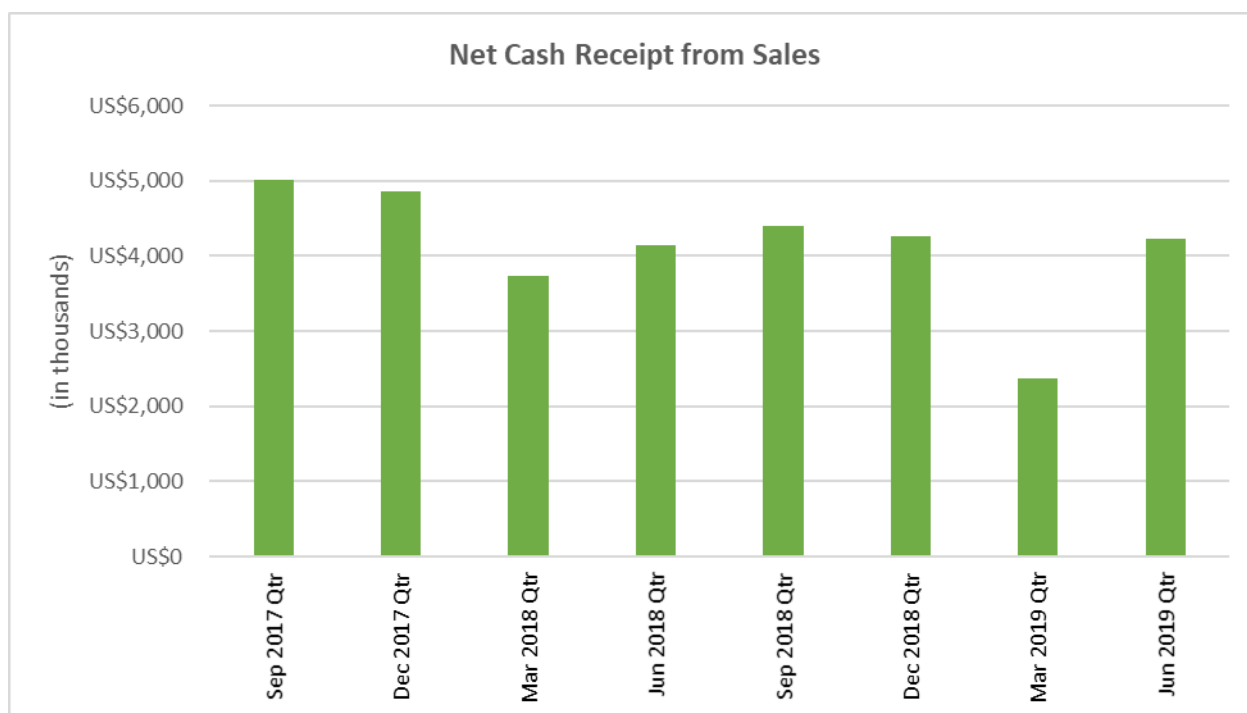
#### **Add new Yowie confectionary products**

The second half of this fiscal year saw the successful US launch of Bites, Wild Water Series launch in both the US and AUS, and the US announcement of our new single serve Gummy + pet surprise (already accepted in our largest customer) to hit shelves in October. We also are presenting innovative items specific to the AUS market to the AUS retailers with FYQ3 expected launches.

#### **Improved financial performance – return to positive revenue growth trajectory in FY20, positive EBITDA and cash flow**

Getting back to a revenue growth trajectory will put us on a path to positive EBITDA and cash flow positive. We continue to see improvement in our EBITDA and cash flow despite stiff competition in all markets.

We are seeing store weekly turnover at major customers in both markets beginning slight upward momentum and along with aforementioned additional distribution and trade promotion activity we are confident that we will see topline growth in FY 2020.



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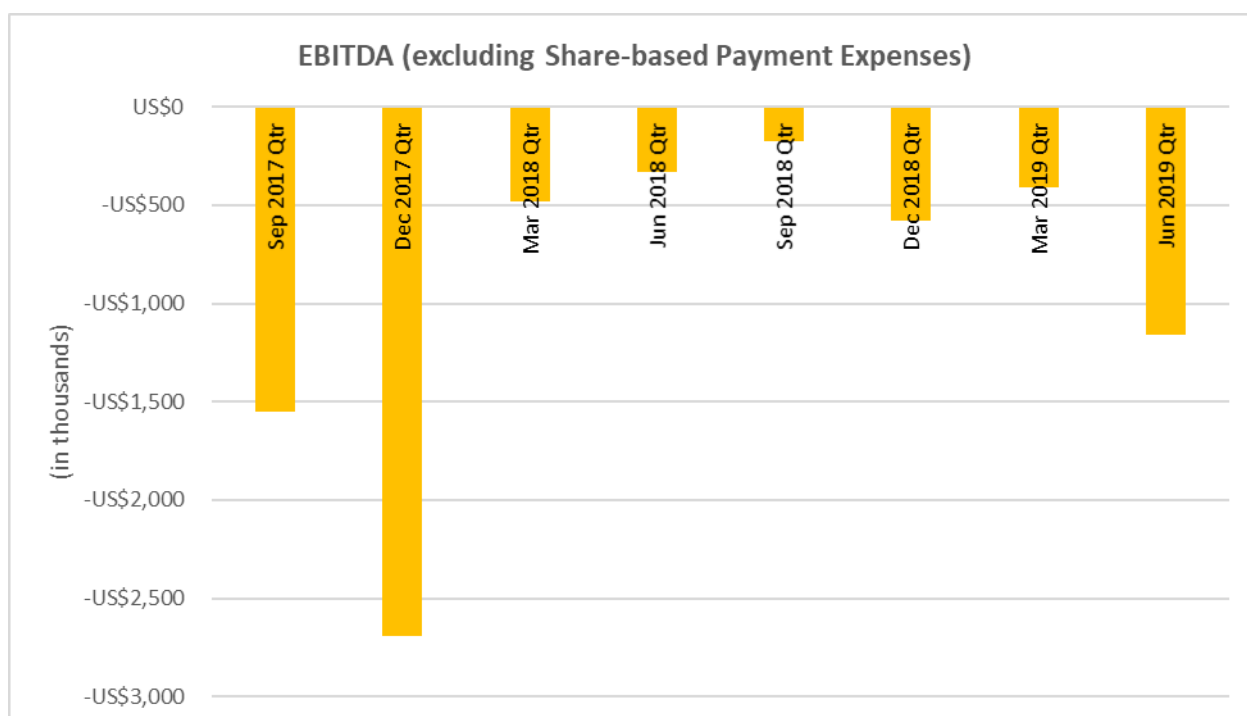
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## EBITDA improvement

FY 2019 EBITDA loss of US\$2.3 million was a 54% improvement compared to US\$5.0 million in the previous year. This was achieved by better fiscal discipline, reduced spending while dealing with the competitive environment. Q4 EBITDA loss was US\$1.2 million compared to the previous year of US\$0.3 million due mainly to a significant planned increase in marketing expenditures to launch Yowie Bites and our Wild Water Series 5. Gross Margins continue to be very healthy at 50% of net sales allowing us to invest with retailers and marketing where appropriate.



## Cash Flow

We are showing a considerable improvement in the cash run rate with Q4 (US\$621k) versus (US\$1,510k) the previous year's Q4. This also was an improvement versus Q3 2019 (US\$1,769k) and Q2 2019 (US\$922k). Total cash flow for FY 2019 was (\$3,106k), an improvement of 58% compared to (\$7,410k) compared to the previous year.

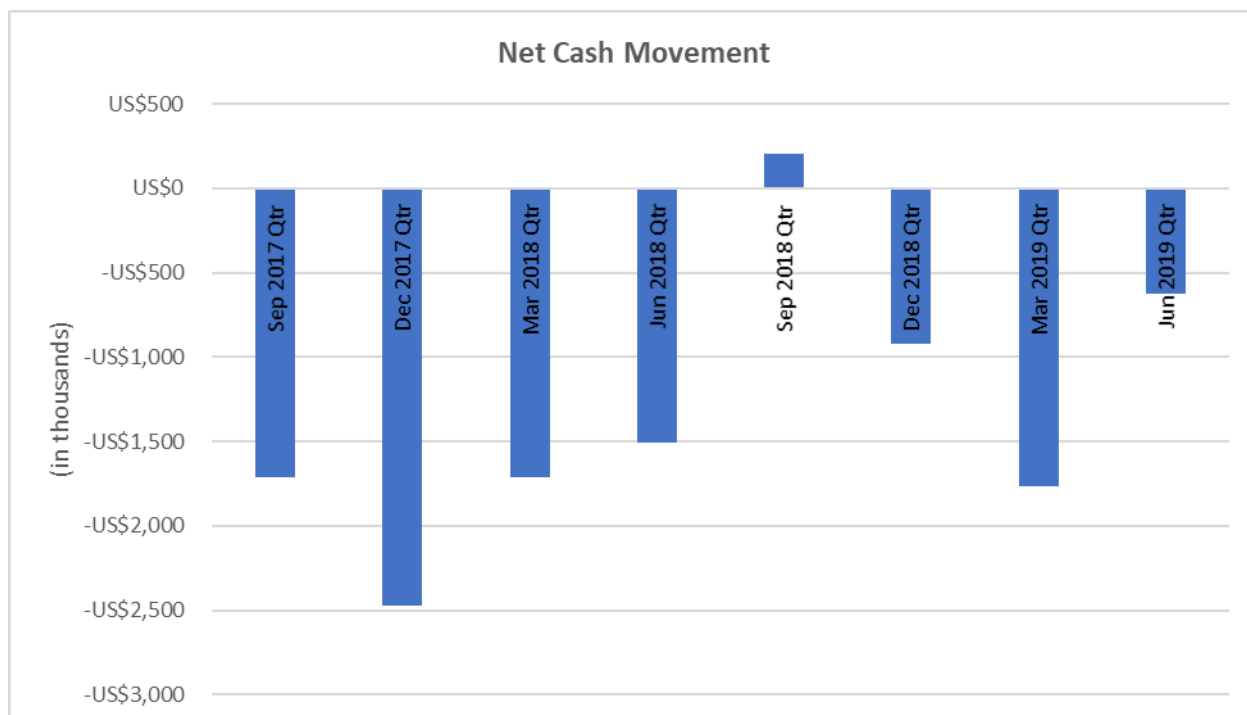
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**Outlook – On track to deliver net sales growth, positive EBITDA and positive cash run rate in FY20**

Our plans are in place to get us to deliver net sales growth, positive EBITDA and positive cash run rate during FY2020 based on continuing to deliver on our Key Priorities

- Expanding distribution in both the US and AUS markets. We have commitments from major US grocery and specialty retailers to range Yowie beginning in Q1 FY2020.
- Expanding our product portfolio with innovative surprise inside treats, focusing on our mission of teaching children and parents about conservation and endangered species, will broaden our shelf presence and increase Yowie brand awareness. The launch of Yowie Bites and Gummies is the beginning of that portfolio innovation.
- Investment in the retail trade is critical for us to succeed in the highly competitive confectionary category. We have solid plans in place with major retailers in the US and AUS to showcase our brand with consumers.

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- Improve our financial performance. In addition to revenue growth, we continue to evaluate our cost structure to become more efficient and allow for more investments with the trade and consumer marketing.

**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](http://www.yowiegroup.com)

The Yowie consumer website can be found at [www.yovieworld.com](http://www.yovieworld.com)

#### **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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