



31 July 2024

June 2024 Quarterly Activities Report

Yowie Group Limited (ASX: YOW) (the “Group” or “Yowie”) Yowie, a leading novelty confectionary brand is pleased to provide this Quarterly Activities Report based on unaudited results and Q4 FY24 Appendix 4C:

(all numbers are stated in United States Dollar, unless otherwise stated)

Highlights:

- Q4 Group net sales of \$3.14m, up 17% on prior corresponding period (pcp) (Q4 FY23: \$2.68m) due to increased retailer activity in the form of activations in both North America and Australia.
- Q4 North America net revenue of \$2.79m, up 10% on pcp, this represents 89% of global sales for Q4.
- Q4 Australia net revenue of \$349k, up 160% due to AFL/NRL product lines.
- Group EBITDA for the quarter was a loss of -\$1.32m, largely driven by unexpected Easter promotional claims in Australia, costs associated with improving Ernest Hillier facility and end of year inventory write-offs.
- New management have implemented over \$1.5m in annualised cost savings (through staff, rent and supplier reductions), \$1m in one-off cost savings and identified a further \$1m in future annualised cost reduction to be implemented by December 2024.
- Announced licensing partnership with NBA, which will provide Yowie the rights to develop, manufacture and sell confectionery lines containing NBA themed Yowie toys in the USA, Australia and New Zealand through to 30 September 2026.
- Changes to the Board and Leadership team including John Patton appointed as Executive Chairman, Nicholas Bolton appointed as the Global Chief Executive Officer and Andrew Ranger as Executive Director.
- Operating cash outflows for the quarter were -\$37k, compared to -\$1m in the pcp. The decrease in operating cash outflows was primarily due to timing of receipts from sales and timing of purchases of raw materials.
- Cash on hand as at 30 June 2024 was \$1.58m.



Operational Review:

North America

North American Segment Delivers Modest Growth: The North American segment generated net revenue of \$2.79 million, reflecting a 10% over pcp. This segment continues to be the primary revenue driver, contributing 89% of the Group's total net sales. EBITDA for the region which was -\$186k improved by 50% or \$189k compared to the prior year's period.

Sales Growth Driven by Strategic Initiatives: The sales increase can be attributed to the successful deployment of display stands in over 4,500 Family Dollar stores. These stands showcased both the core Yowie product range of Chocolate Characters and the Yowie Pops, driving consumer awareness and purchase intent.

Go-to-Market Strategy Optimization Ongoing: Yowie is actively engaged in refining its go-to-market strategy in North America. This initiative encompasses identifying new distribution channels and markets, enhancing retail sales programs, and bolstering the sales tools utilized by its national sales broker network.

NBA Development Progress: With the recently secured licensing partnership with NBA which provides Yowie the rights to develop, manufacture and sell confectionery lines containing NBA themed Yowie toys, work is currently underway to realise the potential of the NBA partnership.

Australia

Yowie Australia Delivers Revenue Growth: Yowie's Australian segment reported a 160% increase over pcp in net revenue to \$349k. This upswing is attributed to targeted promotional activities and the deployment of over 900 display stands featuring AFL and NRL Milk Chocolate Eggs with collectible toys.

Ernest Hillier Facility Optimization: The Ernest Hillier facility, contributing over one-third of Yowie Australia's quarterly net revenue, has undergone a comprehensive improvement program. This initiative has demonstrably enhanced food safety, employee safety, and overall operational standards. Additionally, significant upgrades have been implemented in critical areas including chocolate moulding, panning, enrobing, bagging, and jarring. With these improvements in place, the facility is actively onboarding new clients in preparation for peak production seasons like Christmas and Easter.

Brand Rejuvenation Strategy: Yowie is currently conducting a strategic review of the Ernest Hillier brand and product portfolio. This initiative aims to revitalize the brand proposition and unlock further growth potential.

EBITDA Impacted by Short-Term Factors: The Australian segment reported an EBITDA loss of -\$760k. This result reflects a further poor result from its seasonal business and operating losses at the Ernest Hillier facility. Bringing the Australian segment to break even is a material priority for management.



Financial and Corporate Overview:

Financials

- Group net sales for Q4 FY24 was \$3.14m up 17% versus prior year.
- Group EBITDA loss for the quarter was -\$1.32m compared to -\$650k in the prior year period.
- The Group provided a loan to the liquidator of PR Finance Group Limited (“PRFG”) of AUD 1.5 million with interest rate of 12% p.a. to be utilised as cash security for its recovery actions, Keybridge Capital Limited (“KBC”) has agreed to indemnify Yowie Group Limited against any loss for the provision of this loan to PRFG. The initial term of the loan is for a period of up to 4 months, subject to further agreement between the parties.
- The Group entered into a reciprocal loan agreement with KBC where Yowie may borrow a maximum principal up to AUD 5,000,000 from KBC, with interest rate of 10% p.a for its working capital purposes, or to earn a greater return on cash assets from time to time, deposit funds with KBC at the 10% pa rate and limit. The loan is unsecured and payable at call with no set maturity date.

At the end of June 2024 quarter, Yowie has USD 1.1m on deposit with KBC earning 10% p.a.

Corporate Overview

This quarter saw significant leadership changes at Yowie. Following Mr. Sean Taylor's resignation, the Board appointed Mr. John Patton as Executive Chairman. To fill the resulting vacancy, Mr. Andrew Ranger was appointed Executive Director.

The Board further bolstered the leadership team by appointing Mr. Nicholas Bolton as Global Chief Executive Officer. Mr. Bolton takes the helm vacated by Mr. Mark Schuessler.

The current Board and management have initiated a thorough cost review process across all aspects of the business, including raw materials costs, staffing structure, and sales and distribution models.

During this review, new management have already implemented over \$1.5 million in annualised cost savings, eliminated over \$1 million in one off costs that otherwise would have been incurred and identified a further \$1 million in annualised cost savings to be implemented in the current calendar year.

ASX additional Information

The aggregate amount of payments to related parties and their associates in the current quarter cash flows from operating activities were \$45k, comprising directors fees, salaries and legal costs reimbursement.

This ASX announcement has been approved for the release by the board of Yowie Group Ltd.

ENDS



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.

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.

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 June 2024

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	3,533	13,028
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs ²	(2,245)	(11,181)
(c) advertising and marketing	(297)	(862)
(d) leased assets	-	-
(e) staff costs	(458)	(2,027)
(f) administration and corporate costs	(589)	(1,996)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	11	116
1.5 Interest and other costs of finance paid	(4)	(12)
1.6 Income taxes paid	(3)	(3)
1.7 Government grants and tax incentives	-	-
1.8 Other income	15	27
1.9 Net cash from / (used in) operating activities	(37)	(2,910)

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, merchandising, repairs & maintenance and quality control

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	-	(241)
(c) property, plant and equipment	(15)	(108)
(d) investments	-	-
(e) intellectual property ³	(160)	(282)
(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	(2,073)	(2,073)
2.4 Dividends received (see note 3)	-	-
2.5 Other (security deposit)	-	(83)
2.6 Net cash from / (used in) investing activities	(2,248)	(2,787)

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 (finance lease)	(49)	(110)
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	(49)	(110)

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	3,871	7,402
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(37)	(2,910)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,248)	(2,787)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(49)	(110)
4.5	Effect of movement in exchange rates on cash held	41	(17)
4.6	Cash and cash equivalents at end of period	1,578	1,578

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	1,578	2,242
5.2	Call deposits	-	1,629
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)	1,578	3,871

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	45
6.2	Aggregate amount of payments to related parties and their associates included in item 2	1,095

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.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	5,000	-
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.		
	Lender: Keybridge Capital Limited Interest rate: 10% p.a. Maturity date: At call facility Unsecured/secured: Unsecured		

8.	Estimated cash available for future operating activities	\$US'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(37)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,578
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	1,578
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	42.65
	<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

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.

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 July 2024

Authorised by: The Board of Directors
(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.