



ABN 98 084 370 669

April 19th, 2017
ASX Market Announcements
ASX Limited
20 Bridge Street
Sydney NSW 2000

YOWIE DELIVERS RECORD QUARTER, 50% NET SALES GROWTH YOY IN MARCH 2017 QUARTER

FULL YEAR NET SALES GROWTH OUTLOOK REDUCED FROM 85% to 70% TO REFLECT LOWER Q3 IN U.S. AND STAGED ROLL-OUT INTO CANADA

Yowie Group Ltd (ASX: YOW, OTC ADR: YWRPY) (the “**Group**” or “**Yowie**”) wishes to advise that for the Quarter Ending March 31, 2017, the group has delivered 50% Net Sales revenue growth versus Q3 2016.

Highlights of financial results for the third quarter fiscal 2017 include:

-)] **Net Sales for the quarter were the highest sales ever achieved in a quarter by the Group at US\$5.9M, an increase of 50% YoY.**
-)] **Net Sales for YTD 2017 were US\$15.3M, an increase of 60% versus the comparable period in 2016.**
-)] **Cumulative sales since inception are US\$33.3 million (20 million units)**
-)] **Q3 included initial shipments of \$1.2M to Australia with Yowie in retail distribution in selected channels from mid-April.**
-)] **Net Sales for YNA were \$4.7M, an increase of 20% over prior year Q3.**
-)] **YNA sales to retailers (excluding our largest customer) increased 120%, in the Grocery, Drug and Convenience channels aided by higher Easter sales.**
-)] **Both January and February sales results achieved plan.**
-)] **Gross margin in Q3 was a strong 56%.**
-)] **Expanded company brand portfolio with launch of ‘Discovery World’ brand including acceptance by our largest customer for shipment in Q4 fiscal 2017.**

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-)] **March was the highest production output on record for Yowie with 5 million units with inventory holding cover now stabilized at 4 weeks cover.**
-)] **Continued market share growth in US, reaching xAOC (™eXtended All Outlet Combined) market share of 1.0% resulting from improved distribution.**
-)] **In the novelty chocolate segment, Yowie is the only brand showing growth over the last 52 weeks.**
-)] **\$1.2M investment in Pre-Easter social media marketing campaign performing at well above Google benchmarks.**
-)] **Strong closing cash balance of U.S. \$29.2M, (\$A38.9) with no debt.**

Challenges to the financial results for the quarter included:

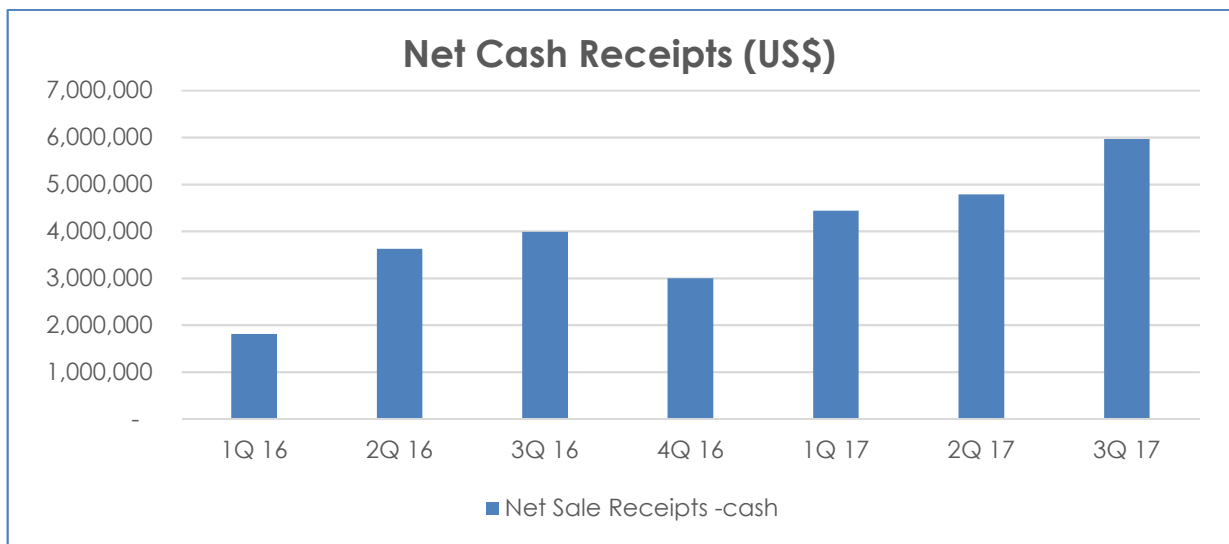
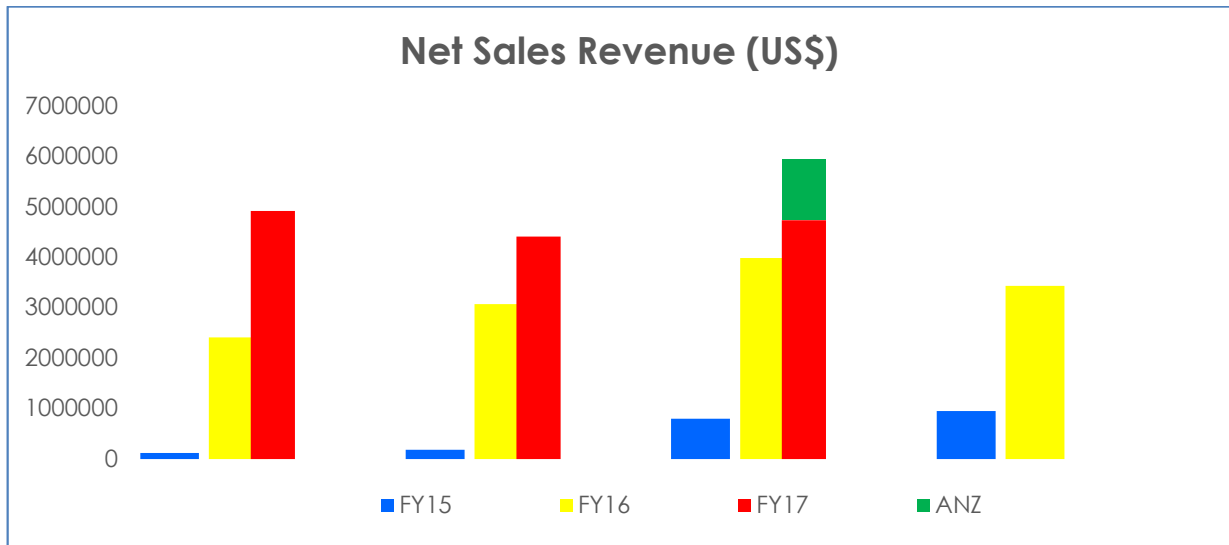
-)] **YNA sales were adversely impacted by our largest customer's corporate decision to make a U.S western region distributor change implemented in early March**
-)] **Yowie production issues experienced at the beginning of Q3 affected order fulfillment in the quarter**
-)] **The combined impact of these issues reduced Q3 Net sales for YNA by about \$1M vs forecast.**

"I am pleased to report a record quarter of strong growth, with Net Sales of US\$5.9M". Overall, the 50% Net Sales growth is solid after allowing for the impact on orders resulting from low inventory levels at the start of the quarter and from a distributor change made by our largest customer. The combined impact of these issues affected orders by about \$1M compared to our expectations. In Q3, Easter packaged product contributed to growth and we also initiated shipments to our historic home market, Australia, where product reached selected retailer shelves in mid-April", said Bert Alfonso, Global CEO of Yowie Group.

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Our financial results for the quarter reflect investments we are making in market expansion, senior executive talent, sales and marketing/advertising as well as the impact of equity based compensation, and a gain on foreign exchange translation of US\$759k. From a cash flow perspective, net operating cash outflow was US\$577k in the quarter reflecting cash receipts of US\$5.966M, offset by raw material purchases and operating costs of US\$3.434M, marketing costs of US\$838k, and staff, administrative and corporate costs of US\$1.981M. Cash levels remain very healthy at US\$29.2M.

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On a year to date basis, for the nine months ending March 31, 2017, Net Sales were US\$15.3M, a 60% growth over the comparable period in 2016. Gross margin for the nine month period in 2017 was a strong 56% versus 53% in the comparable period in 2016, reflecting a 350 basis point improvement through improvements in scale efficiency and reductions in packaging costs.

US Sales & Distribution:

The U.S. market share for Yowie continued to improve in the quarter as we placed in-store Easter packaged merchandising on end-cap at major retailers. We continue to make good progress in the important Convenience channel reaching 8.7% ACV versus 5.1% on a 4 week basis versus prior year. Key new accounts added during the quarter include CVS (Drug, Meije , Pitco Foods and SuperValu.

In Nielsen market share data for the 52 week ending March 31st, 2017 xAOC (™eXtended All Outlet Combined), which includes Food, Drug, Mass, Dollar, Club but excludes Convenience, Yowie reached 1.0% (from 0.96% in 2Q FY17) market share with Yowie continuing to be the number 1 selling item where available. This Nielsen data reflects Yowie's share of the total front of store Chocolate segment, normally referred to as instant consumables (single serve). Yowie was once again a top 10 selling item in both Drug and Convenience, although we are still in early stages with distribution in these important channels. In the novelty chocolate segment Yowie is the only brand gaining growth over the last 52 weeks.

In our largest customer we remain the number 1 selling novelty item and the number 5 chocolate selling item overall on the front end. Consumer offtake remains consistently strong at twice the velocity threshold. The challenge in our major customer remains securing expanded distribution for Yowie across other points in store. During the quarter, our largest customer made a change to their West Coast region distributor that disrupted sales orders at 4 distribution centers impacting the current quarter by about US\$500K in sales. That distributor change is now going smoothly and we fully expect orders to return to normal in Q4. As a result, U.S. sales growth in the quarter was driven by an increase of 120% from sales to other U.S. accounts which is a strong indicator of continued progress in

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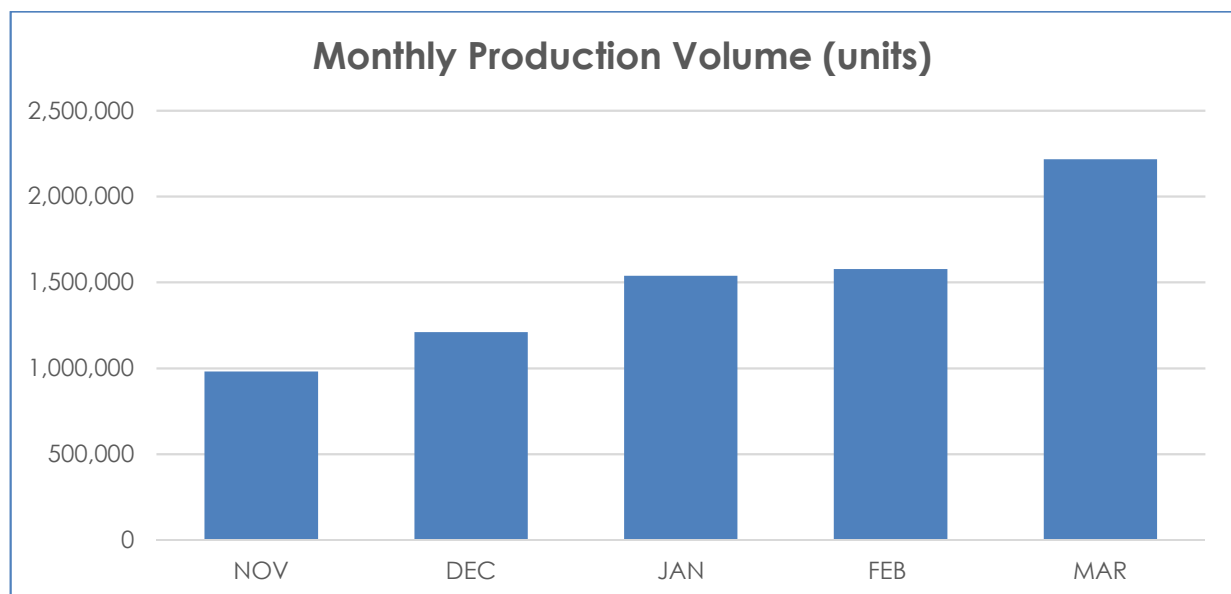
the Grocery, Drug and C Store channels, where we have ample opportunity for continued expansion.

After the quarter-end we announced the addition of a new exciting expansion to our company brand portfolio with the launch of Discovery World, covered under a separate announcement. We expect shipments of Discovery World to commence in Q4 fiscal 2017.

Manufacturing Operations:

Q3 saw a marked improved in manufacturing production following Q2 issues that affected shipments in the first half of Q3. Production levels reached 5M units, a record output and allowed us to raise inventory stocks to 4 weeks, our best levels since Q3 2016. We are confident that the improvements made during Q3 will continue going forward.

Gross margin for the quarter came in at a strong 56%. We continue to make progress on implementing cost efficiencies at the plant and are in track to deliver over USD\$500K savings in fiscal 2017, as previously mentioned.



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US Marketing:

In late March Yowie kicked off a \$1.2 million dollar Spring marketing campaign in the U.S market ahead of the important Easter Holiday and in commemoration of Earth Day. The Spring campaign is national across the U.S. market and runs from March 26 to July 15 comprising of social media advertising via You Tube, Facebook and Instagram. Early metrics reflect very good results versus the Google benchmarks for Facebook and You Tube.

New videos will feature on You Tube including 2 “hero videos” capturing consumers at live action events. The You Tube campaign video “Yard Sale” has already generated 2.8M views on You Tube and 5.6M views on Facebook including our highest post engagement of 117k, in just 2 weeks of airing. Two themes will be emphasized on Instagram that create a forum for loyal Yowie collectors invested in saving The Natural World and building affinity with the six Yowie characters.

We are very pleased with the early results of the campaign and will continue to invest in social media advertising to increase brand awareness and drive demand with consumers.

International:

Net Sales for International were US\$1.2M as Initial shipments were made to re-enter the Australian market with the ‘Yowie is Back!’ launch theme. “We are very pleased and excited about getting back into the Australian market given the brands history and nostalgia for Yowie”, said Mark Schuessler, COO. The brand’s return will be supported by social media marketing investment and is already available on store shelves.

Talent:

During the quarter, Gary Gabrielle, VP Regional Sales joined the YNA team to expand our capabilities in the U.S. Gary brings significant industry and retail experience. Just after the quarter’s end, Amy Wilson joined Yowie as VP World Travel Retail (Duty Free). Amy brings a wealth of knowledge and experience in WTR, a new and incremental growth opportunity for our Yowie brand in a global channel that aligns well with Yowie’s character I.P, innovation and gifting profile.

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“We are fortunate to have Gary and Amy joining the Sales team at this time as they will allow us greater coverage of U.S. key accounts in the US as well as begin our entry into the exciting World Travel Retail space, a multi-million Dollar channel where we currently have no presence. Our strengthened sales capability means we are well positioned for continued strong growth in 2018.”, said Bert Alfonso, Global CEO.

Board Appointments:

As previously announced, during the quarter, Executive Chairman, Wayne Loxton, resigned and Trevor Allen was named Interim Non-Executive Chairman. Bert Alfonso, Global CEO was named Managing Director of the Board. A search for a Non-Executive Chairman is currently underway. Mr. Alfonso purchased 237k shares (USD\$100k) of Yowie on the open market, during the quarter.

Current Quarter & Outlook:

“I am pleased with our Q3 operating performance, continued gains in U.S. market share and re-entry into Australia. As we enter Q4 we are lowering our annual growth rate to the 70% range versus our previous 85% to 90% due to lower U.S. sales in Q3 and a projected staged roll-out into Canada, our third market. I fully believe that while projecting our young business will remain challenging, our business fundamentals remain strong as well as our longer term growth potential,”, said Bert Alfonso, Group Global CEO.

Looking further out into fiscal 2018, our preliminary outlook projects a Net Sales growth rate similar to our revised 2017 forecasted rate with a breakeven position at Net Profit (Loss) After Tax. We will provide greater details of our plans and financial outlook for fiscal 2018 at our Q4 2017 update.

Yours sincerely

Bert Alfonso
Global CEO & Managing Director

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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 includes distribution of Yowie product in North America, with further expansion planned into Australia, New Zealand and throughout Asia, where the Yowie brand is known and brand equity remains strong, even with the brand not having been active in the market for around ten years. Expansion into Europe and the Middle East are key strategic priorities for a second-stage brand rollout.

Yowie Group Ltd was first listed on the Australian Securities Exchange www.asx.com.au in December 2012 under code name 'YOW'. The Company's registered head office is in Perth, Western Australia.

For more information on the company go to www.yowiegroup.com
The Yowie consumer website can be found at www.yowieworld.com

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

YOWIE GROUP LTD

ABN

98 084 370 669

Quarter ended ("current quarter")

31 March 2017

Consolidated statement of cash flows

**Current quarter
\$US'000**

**Year to date
(9 months)
\$US'000**

1. Cash flows from operating activities	Current quarter \$US'000	Year to date (9 months) \$US'000
1.1 Receipts from customers ¹	5,966	15,188
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs ²	(3,434)	(9,377)
(c) advertising and marketing	(838)	(2,753)
(d) leased assets	-	-
(e) staff costs	(860)	(2,610)
(f) administration and corporate costs	(1,121)	(3,029)
1.3 Dividends received	-	-
1.4 Interest received	7	162
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(300)	(343)
1.7 Government grants and tax incentives	-	-
1.8 Other (royalty income)	3	8
1.9 Net cash from / (used in) operating activities	(577)	(2,754)

¹ Receipts from customers are net of trade discounts and volume rebates.

² Increased in product manufacturing and operating costs in current quarter compared to previous quarter was mainly attributed to increase in production volume. Operating costs also include freight and storage, brokerage, royalties and commissions.

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (9 months) \$US'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(36)	(325)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property (product development costs for intangible assets)	(108)	(243)
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) 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)	-	(8)
2.6 Net cash from / (used in) investing activities	(144)	(576)
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	304	304
3.4 Transaction costs related to issues of shares, convertible notes or options	(6)	(6)
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 (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	298	298

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (9 months) \$US'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	28,895	31,693
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(577)	(2,754)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(144)	(576)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	298	298
4.5	Effect of movement in exchange rates on cash held	759	570
4.6	Cash and cash equivalents at end of quarter	29,231	29,231

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	18,530	18,819
5.2	Call deposits	10,701	10,076
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)	29,231	28,895

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$US'000**

116

-

Payments include:

-) Payments of directors' fees to directors

7. Payments to related entities of the entity and their associates	Current quarter \$US'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
-	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
-		

9. Estimated cash outflows for next quarter	\$US'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	3,500
9.3 Advertising and marketing	1,000
9.4 Leased assets	-
9.5 Staff costs	900
9.6 Administration and corporate costs	950
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	6,350

Quarterly report for entities subject to Listing Rule 4.7B

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

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.

Sign here: N Bassett..... Date: .. April 19th, 2017.....
(Director/Company secretary)

Print name: Neville Bassett.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.