



ABN 98 084 370 669

July 25th, 2017
ASX Market Announcements
ASX Limited
20 Bridge Street
Sydney NSW 2000

YOWIE ANNOUNCES 2017 FULL YEAR RESULTS & REAFFIRMS 2018 FORECAST:

- **2017 FULL YEAR NET SALES GROWTH OF 51% VERSUS 2016 ON 53% UNIT SALES**
- **2017 Q4 NET SALES GROWTH OF 23% VERSUS Q4 2016**
- **REAFFIRMS 2018 NET SALES GROWTH OUTLOOK OF 55% TO 70% YoY**

Yowie Group Ltd (ASX: YOW, OTC ADR: YWRPY) (the “**Group**” or “**Yowie**”) wishes to advise that for the Full Year ending June 30, 2017, the group Net Sales revenue growth versus Full Year 2016 was 51%. The Q4 Net Sales revenue grew 23% versus the Q4 2016 Net Sales. All financial figures are unaudited.

Highlights for Q4 and for the full year fiscal 2017 include:

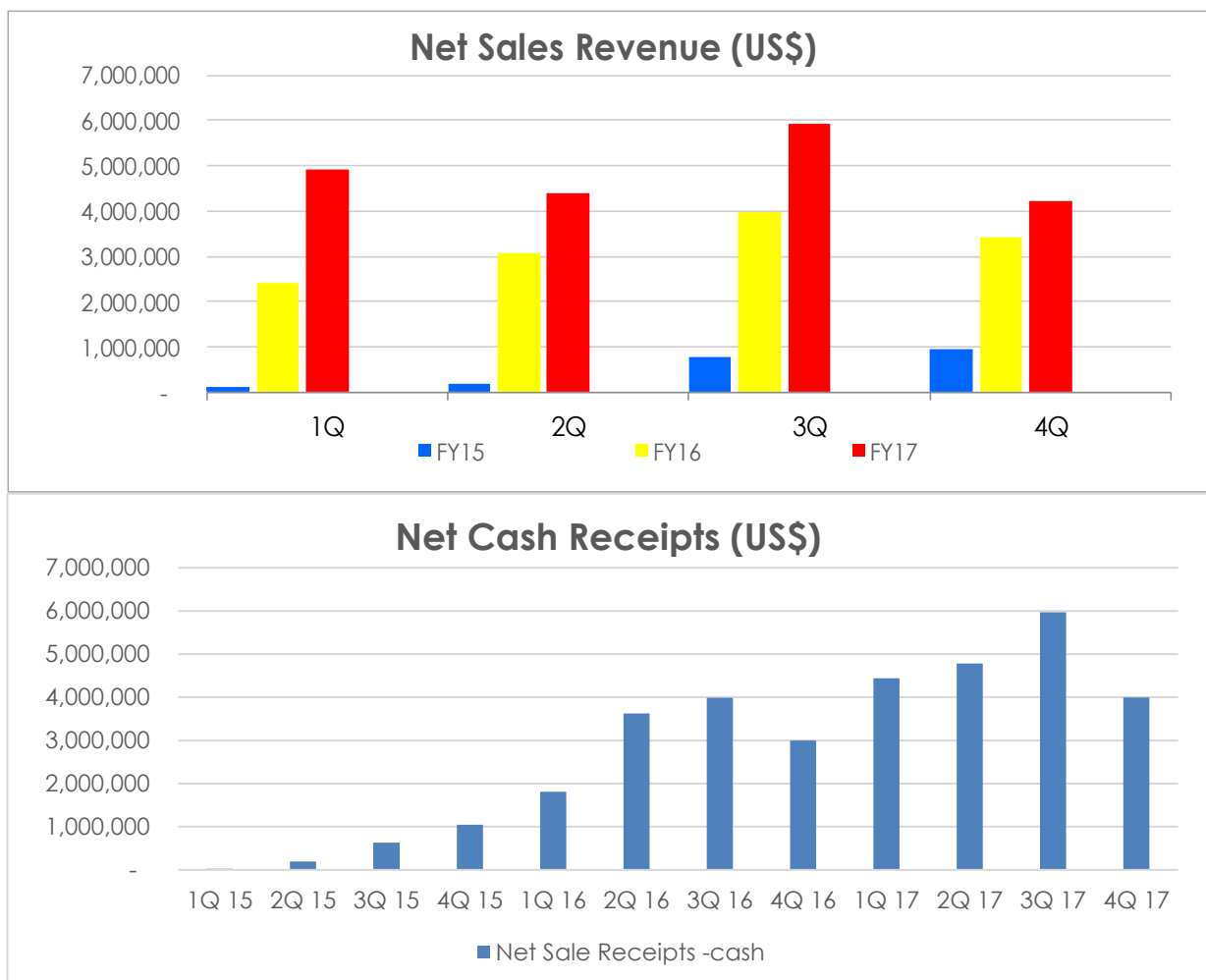
- **YNA Net Sales USD \$3.48M in Q4 fiscal 2017 were essentially flat, +1%, versus Q4 2016 as growth in Convenience and Grocery channels was offset by declines in our largest retailer (-15% versus 2016) stemming from delayed customer program launch (Discovery World), non-repeat of year over year licensing (Angry Birds) and several new competitive entries on front end checkouts. We have several key initiatives in 2018 in place to regain our growth trajectory in our largest retailer.**
- **Q4 Net Sales in Australia were \$755k USD as Yowie continued to make better than expected distribution gains in partnership with Universal Candy across convenience channels and mass merchandisers.**
- **Market share was higher as of June 17, 2017 in the US market based on the latest Nielsen data, xAOC, (eXtended All Outlet Combined) plus Convenience at .51 versus .50 in the March 25, 2017 reading. In xAOC excluding Convenience market share was slightly lower at .98 versus 1.00 for the same time periods, due to performance in our largest retailer.**

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- Total US chocolate category sales were +2.7% in the post Easter period and new competitive additions to the novelty segment combined have tripled leading to an overall negative impact in Q4. Total US chocolate in the 52 weeks ending June 17, 2017 were 0.8% reflecting low category growth.
- The results of the Spring Marketing campaign featuring the Yard Sale video were above expectations based on Facebook, You Tube and Instagram metrics.
- Toward the end of Q4 we made an initial shipment to the UK for an in-market test.
- As we kick-off fiscal 2018 our current outlook for Net Sales remains in the 55% to 70% range versus fiscal 2017.



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Yowie North America

Q4 fiscal 2017 ended the year with distribution growth in Convenience and Grocery channels offset by declines in our largest retailer. In our largest retailer, sales declined in the quarter while growing 32% for the full year. We attribute the recent slowing to the delay of Discovery World, as communicated in June, non-repeat of 2016 licensing, Angry Birds, as well as the later launch of our core innovation (Series 3) delayed by the manufacturing disruption in Q2/Q3.

US Distribution

In the US, in Q4 we saw distribution levels (ACV) increase in both Grocery and C Stores as measured by Nielsen, with C Store growth particularly strong improving from 7.4% on a 52-week basis to 10.5% on a 4-week basis. In Grocery ACV grew from 9.4% on a 52-week basis to 13.5% on a 4-week basis.

US market Share

Overall, market share was mixed as indicated by the most recent Nielsen report June 17, 2017. Nielsen market share data for the 52 weeks ending June 17, 2017 xAOC (T^{Me}Extended All Outlet Combined) plus Convenience increased to .51 versus .50 in the March 25, 2017 report. Market share for xAOC excluding Convenience, (which includes Food, Drug, Mass, Dollar, Club) declined slightly to .98 versus 1.00 for the same periods. The Nielsen data has been revised to include some competitive brand entries in Q4 that were not in Q3. This Nielsen data reflects Yowie's share of the total front of store Chocolate segment plus Convenience, normally referred to as Instant consumables (Single serve).

Australia

We were pleased with the strong start to sales in Australia in the Convenience and Mass Merchandiser channels. Sales accelerated as we continue to gain distribution faster than expected and added 3 key accounts in Q4 (Toys R US, Reject Stores and Big W). In addition, our marketing investment supporting the "Yowie Is Back" campaign on social media is just underway. In the first 3 days, the campaign generated 270k Facebook reach, 140k Instagram reach and 40k You Tube views. We anticipate continued strong growth through expanded distribution and marketing support in 2018.

Financial Results

Our financial results for Q4 reflect investments we are making in market expansion, talent, selling and marketing/advertising as well as the impact of equity based compensation, and a loss on foreign exchange translation. From

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a cash flow perspective, net operating cash outflow was US\$2.32M in the quarter reflecting cash receipts of US\$3.997M, offset by raw material purchases and operating costs of US\$2.86M marketing costs of US\$1.612, and staff, administrative and corporate costs of US\$1.995M. Cash levels remain very healthy at \$26.88M.

Gross margin for the year in 2017 was a strong 55%, a full 300 basis points above the comparable period in 2016, reflecting lower manufacturing costs resulting from improvements in scale efficiency and reductions in commodity and packaging costs.

Marketing

Our recent investments in US marketing delivered strong results with the introduction of our "Best Yard Sale" video which helped generate 10M views on Facebook and increased page followers to 39k, as well as generating 10.9M combined views on You Tube. Both measures scored 37% above the global campaign average as scored through Google and AdAge metrics. We will continue to invest in marketing investments that build brand awareness including the kick-off of our campaign in Australia and a planned \$1.4M investment under development to support the launch of Series 3 in the US in Q1 2018.

Growth Plans

While we have areas of opportunity to improve on execution, from a strategic perspective, our destination remains the same, to significantly expand distribution in the US market, while entering other key markets. We are particularly focused on revitalizing our growth at our largest US retailer where plans are in place to launch Discovery World in mid Q1 2018, the launch of Series 3 (Rescue Series) later in Q1, and executing strong programs for year-end Holiday and Easter including a multi-pack (3 pack) entry to drive overall stronger growth.

Both the Holiday and Easter programs will be executed via incremental merchandising on aisle end-caps. In addition, we are focused on maximizing the opportunity in Australia and entering the Canadian market in Q1. Priority focus areas include making the necessary adjustments to improve our distribution capabilities, bringing innovation to market faster, and completing our recently announced work with Icon Animation on Yowie books and webisodes scheduled for Q3 2018.

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2018 Outlook

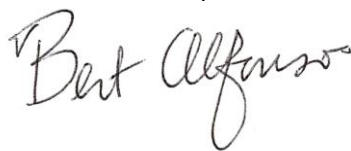
Looking forward to fiscal 2018 our current outlook for Net Sales is in the 55% to 70% range for both US and non-US reflecting the pipeline fill in Australia in Q3/Q4 2017, entry into Canada and one additional international market. We will continue to invest behind brand marketing in the low to mid-teens as a percentage of Net Sales via social media to increase brand awareness.

In fiscal 2018, we anticipate that we will achieve positive EBITDA (excluding non-cash share based compensation) and break-even net profits toward the end of the year. Gross margin is expected to decline from 2017 levels due to Discovery World and higher international sales, but remain above 50% of net sales in 2018. From a seasonal perspective Q1 2018 will be our lowest growth quarter due primarily to the timing difference of Series 2 launch (July 2017) versus Series 3 (September 2018) making Q1 2018 growth in the high single digits growth in the context of the expected annual growth rate of 55% to 70%. We are particularly excited about the quality and innovative collectibles in Series 3 which features global highly endangered species as well as the introduction of the Grumpkin characters. The Series 3 launch will also be concurrently supported by strong marketing investment.

"We remain confident regarding the prospects for the Yowie brand in both the US and selective international markets. Our five key strategies: US and International expansion, talent development, innovative marketing, efficient manufacturing and longer term entering new categories remain our focus areas", said Bert Alfonso, Global CEO.

A conference call is scheduled for 7am Perth time (AWST) / 9am Sydney time (AEST) later today to allow investors the opportunity for Q&A and to clarify any of the elements of this announcement and the overall state of the business. The details of the call are attached below.

Yours sincerely



Bert Alfonso
Global CEO & Managing Director
Yowie Group Ltd

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Conference call details:

Date Tuesday, 25th of July, 2017.

Time: 7am Perth time (AWST) / 9am Sydney time (AEST)– participants are required to dial in 5 minutes prior to the start time.

Australia Dial-in Number 1800 804 595
International Dial-in Number + 61 3 8687 0650

No passcode is required. An operator will ask the name and company of those wanting to participate in the call.

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.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 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")

30 June 2017

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (12 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers ¹	3,997	19,185
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs ²	(2,861)	(12,238)
(c) advertising and marketing	(1,612)	(4,365)
(d) leased assets	-	-
(e) staff costs	(1,092)	(3,702)
(f) administration and corporate costs	(903)	(3,932)
1.3 Dividends received	-	-
1.4 Interest received	293	455
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(146)	(489)
1.7 Government grants and tax incentives	-	-
1.8 Other (royalty income)	3	11
1.9 Net cash from / (used in) operating activities	(2,321)	(5,075)

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

² Operating costs also include freight and storage, brokerage, royalties and commissions.

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (12 months) \$US'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(222)	(547)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property (product development costs for intangible assets)	(285)	(528)
	(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	(507)	(1,083)

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	484	788
3.4	Transaction costs related to issues of shares, convertible notes or options	(3)	(9)
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	481	779

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (12 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	29,231	31,693
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,321)	(5,075)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(507)	(1,083)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	481	779
4.5	Effect of movement in exchange rates on cash held	(6)	564
4.6	Cash and cash equivalents at end of quarter	26,878	26,878

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	26,109	18,530
5.2	Call deposits	769	10,701
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)	26,878	29,231

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**

106

-

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	104
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	

Payments include:

- Termination payment and consultancy fees

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	3,000
9.3	Advertising and marketing	1,400
9.4	Leased assets	-
9.5	Staff costs	900
9.6	Administration and corporate costs	1,000
9.7	Other (provide details if material)	-
9.8	Total estimated cash outflows	6,300

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 J Bassett
(Company secretary)

Date: 25 Jul 2017

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.