



25 January 2018

DECEMBER 2017 QUARTERLY REPORT AND APPENDIX 4C

Yowie achieves 23% higher global net sales in Q2 FY18

Yowie Group LTD (ASX: YOW, OTC ADR: YWRPY) (the “group” or “Yowie”) advises that for the quarter ending 31 December 2017, the group has delivered net sales growth of 23% versus the previous corresponding period (pcp).

Q2 Highlights

- Global net sales up 23% versus pcp.
- Accelerating increase in US distribution – more than 15,000 additional outlets in Q3/4.
- Social media for Series 3 US launch exceeded expectations – 119m on line impressions vs 95m target.
- Gross margins over 50% and strong closing cash balance \$22.7m.
- Focus on efficiency, manufacturing costs, packaging and supply chain issues follow recent stock adjustment and revised growth outlook (as previously announced to ASX).
- FY18 Sales guidance affirmed (+17% vs pcp) with focus on accelerating growth in existing markets, careful expansion into new markets and a more competitive proposition for distributors and retailers.

*Note: All figures are unaudited and quoted in USD unless otherwise specifically stated. Results and FY18 net sales guidance exclude the \$1.95m stock adjustment claim as announced to ASX on 12 January 2018.

Group Financial Highlights

- Q2 Net Sales were \$5.4 million, a 23% improvement versus pcp.
- 1H Net Sales reached \$10 million representing 7% growth versus pcp.
- North American Q2 sales were \$4.5 million, flat versus pcp.
- Australia Q2 sales reached \$0.93 million and achieved plan.
- Tight cost controls in place: marketing spend in 2H FY18 will be \$1.3m less than 1H. Other operating overheads have been reduced by \$936,000 pa.
- Gross margin continued over 50%.
- Strong closing net cash balance of \$22.7 million.

Louis Carroll, Chairman of Yowie Group LTD said, “Overall, the quarter sales were solid due to the Australian and Canadian additions to the portfolio. We are seeing encouraging results in the commitment in new distribution in the US, Australia and Canada. While we prudently invest for growth we are also intensifying our efforts to ensure Yowie is efficient and costs are managed very carefully. The significant cost reductions are detailed above. We look forward to delivering on full year net sales guidance, delivering a stronger second half of the year and restoring shareholder confidence.”

Head Office

Yowie Group Ltd
Level 4, 216 St Georges Terrace
Perth WA 6000

PO Box 7315, Perth WA 6850
Phone +61 8 6268 2640
Fax +61 8 6268 2699

ABN 98 084 370 669





Figure 1: Net Sales Revenue compared to Previous Years

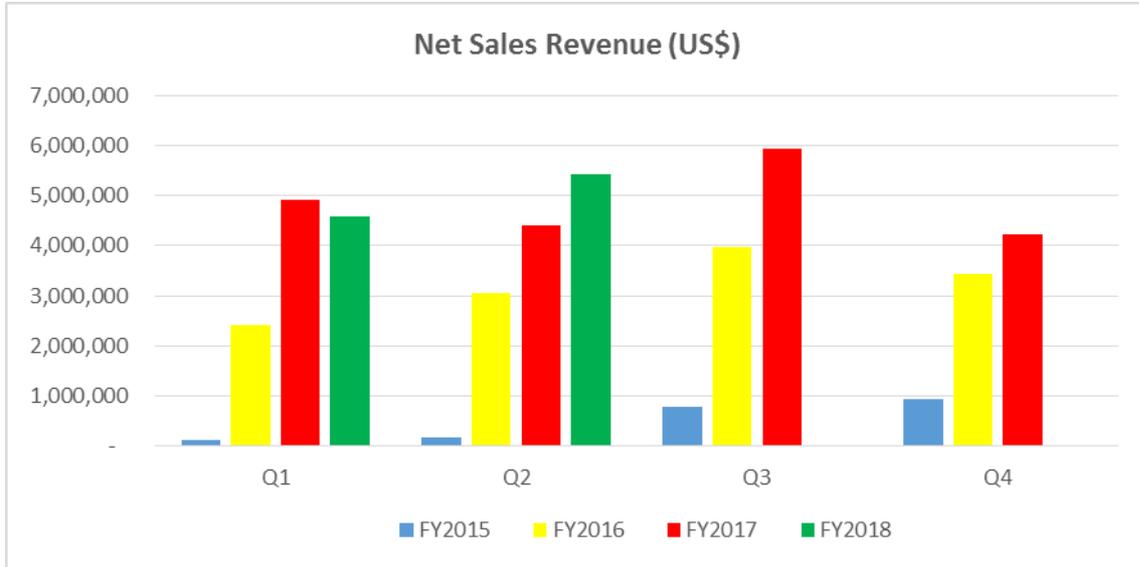
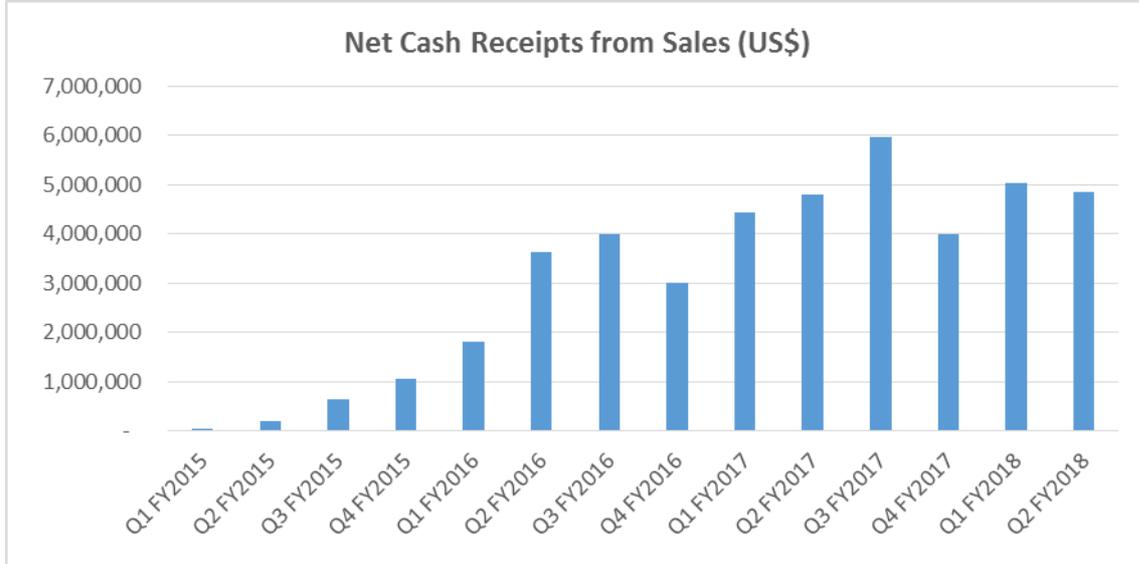


Figure 2: Net Cash Receipts from Sales compared to Previous Years



Head Office
 Yowie Group Ltd
 Level 4, 216 St Georges Terrace
 Perth WA 6000

PO Box 7315, Perth WA 6850
 Phone +61 8 6268 2640
 Fax +61 8 6268 2699

ABN 98 084 370 669





Our financial results for the second quarter reflect continuing investments in distribution expansion, sales and marketing, and positive impacts of reversals of asset impairment and share based payments.

Our net operating cash outflow was \$1.89 million, with cash receipts of \$4.86M, offset by raw material and operating costs of \$3.34M, marketing costs of \$1.12M and staff, administrative and corporate costs of \$2.23M. We also saw a one time charge related to a stock adjustment at our largest customer. Cash levels are a strong \$22.7M.

Significant attention is being paid to improve distribution across all channels in the US, Canada and Australia with more competitive promotional and merchandising activity to engage retailers and provide the consumer easier access to Yowie. We also are improving product design and supply chain efficiencies to improve the bottom line.

Corporate infrastructure is being restructured to maximize retail, broker and distributor touchpoints, take advantage of our team's experience and reduce administrative costs.

Yowie North America Sales and Distribution

Market share as reported by Nielsen for the 52 weeks ending December 2, 2017, AOC (™eXtended All Outlet Combined) plus Convenience was .494%, a slight decline versus .503% pcp. This is the Yowie share of the total front of store chocolate segment and includes Food, Drug, Mass, Dollar, Club and Convenience channels. Yowie continues to be the #1 seller in \$'s per store where available. In our largest US customer, we remain the #1 selling novelty item and #6 in overall \$ Sales.

Regarding distribution, Yowie is showing strong gains in all channels the past 52 weeks, with accelerating increase the last quarter in Convenience (+3.1% ACV) and Food (+5.4% ACV), both focus channels for us. But at 37% ACV distribution, we have a great scope to expand the availability of Yowie. As was reported in an earlier announcement, we have commitments for Q3 and Q4 from retailers totaling in excess of 15,000 outlets across all channels of trade, including Target, Safeway and Giant Eagle expansion; 7-11, Circle K, Speedway and Travel Centers of America; Bed, Bath and Beyond and Five Below. The commitments are due to our restructured sales team maximizing customer touch points and a more aggressive approach to trade spending.

In Canada, though later than planned, we are gaining commitments from the country's largest Drug chain, major convenience and petrol chains, grocery and specialty. We will see accelerated build into the market in Q3 and Q4.

Australia

The Australian market continues to perform well with retailers engaged and happy with sustained progress. We are preparing for a pre-Easter launch of Series 2 – the Ranger Series and we anticipate more distribution as the product performs to expectations. We continue to expand distribution throughout Australia and we anticipate growth in New Zealand in Q3 as well.

Head Office

Yowie Group Ltd
Level 4, 216 St Georges Terrace
Perth WA 6000

PO Box 7315, Perth WA 6850
Phone +61 8 6268 2640
Fax +61 8 6268 2699

ABN 98 084 370 669





Manufacturing Operations

We have restructured our supply chain personnel to better manage our production and materials management in cooperation with the manufacturing facility. Inventory levels are sufficient to service our customers at the highest level and we are evaluating cost savings opportunities to eliminate inefficiencies as we grow. In light of the recent stock adjustment at our biggest retail customer, our focus is to make changes in packaging and the supply chain to eliminate issues going forward.

Marketing

The Q2 marketing focus was the Fall Campaign for the Series 3 launch into the US market. The total campaign reached 119 million impressions, surpassing our target of 95 million. The campaign also had 15 million Facebook views, our biggest to date. In terms of social media, our worldwide Instagram account hit record numbers thanks to content strategy, proactive engagement and a continual analysis of the most effective areas to invest.

Outlook

With our clear strategy to deliver strong organic profitable growth over time, our execution priorities are as follows:

- Focus on our competitive advantages: our conservation message, quality, collectability and digital presence. We must strive for ways to deliver our message and product in more innovative and efficient ways to delight the consumer and enhance retailer engagement.
- Accelerate distribution growth across all channels of trade in our current markets through aggressive account management.
- Careful expansion into new markets with a more competitive proposition for distributors and retailers.
- We are managing our corporate costs and marketing investment, to drive us to profitability, while investing prudently for growth.

Yowie will report results for the first half of FY18 to the ASX in the week commencing February 19.

Investor Enquiries:

Michael Brown
+61 400 24 8080

Media Enquiries:

Kevin Skinner
+61 414 82 2631

Head Office

Yowie Group Ltd
Level 4, 216 St Georges Terrace
Perth WA 6000

PO Box 7315, Perth WA 6850
Phone +61 8 6268 2640
Fax +61 8 6268 2699

ABN 98 084 370 669



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 December 2017

Consolidated statement of cash flows	Current quarter \$US'000	Year to date 6 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers ¹	4,857	9,876
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs ²	(3,346)	(6,059)
(c) advertising and marketing	(1,123)	(2,268)
(d) leased assets	-	-
(e) staff costs	(998)	(2,384)
(f) administration and corporate costs	(1,238)	(2,429)
1.3 Dividends received	-	-
1.4 Interest received	11	24
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(50)	(87)
1.7 Government grants and tax incentives	-	-
1.8 Other (royalty income)	-	2
1.9 Net cash from / (used in) operating activities	(1,887)	(3,325)

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 6 months) \$US'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(148)	(249)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property (product development costs for intangible assets)	(418)	(710)
(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)	-	-
2.6 Net cash from / (used in) investing activities	(566)	(959)

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	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(5)
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	-	(5)

Consolidated statement of cash flows	Current quarter \$US'000	Year to date 6 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	25,163	26,878
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,887)	(3,325)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(566)	(959)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	(5)
4.5 Effect of movement in exchange rates on cash held	(21)	100
4.6 Cash and cash equivalents at end of quarter	22,689	22,689

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	21,909	24,380
5.2 Call deposits	780	783
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)	22,689	25,163

6. Payments to directors of the entity and their associates	Current quarter \$US'000
6.1 Aggregate amount of payments to these parties included in item 1.2	132
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	

Payments include:

- Payments of directors' fees to directors and salary 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	3,000
9.3 Advertising and marketing	550
9.4 Leased assets	-
9.5 Staff costs	780
9.6 Administration and corporate costs	1,000
9.7 Other (provide details if material) ³	250
9.8 Total estimated cash outflows	5,580

³ Stock adjustment claims relating to last two years by major US retail customer. Refer to the announcement on 12 January 2018

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 January 2018

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.