



ABN 98 084 370 669

October 24, 2016

ASX Market Announcements
ASX Limited
20 Bridge Street
Sydney NSW 2000

YOWIE STRONGEST QUARTERLY SALES SINCE LAUNCH

Yowie Group Ltd (ASX: YOW, OTC ADR: YWRPY) (the “**Group**” or “**Yowie**”) is pleased to announce that for the Quarter Ending September 30, 2016 the company has delivered the strongest quarterly sales performance since launch.

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

- Net Sales reached a new quarterly company record of USD\$4.9M, an increase of 104% on the prior year 1st quarter
- Highest quarterly cash receipts from sales since inception
- Production volumes double versus same quarter last year
- Achieved positive market share results in US, reaching xAOC (™eXtended All Outlet Combined) market share of 0.7%
- Received positive verdict in Whetstone equipment trial
- Commenced market research and exploratory discussions with potential distributors which will lead to an introduction outside the US in Fiscal 2017.
- Launched largest brand building investment to date with USD\$1.2M investment in a pre-Halloween/Christmas marketing campaign

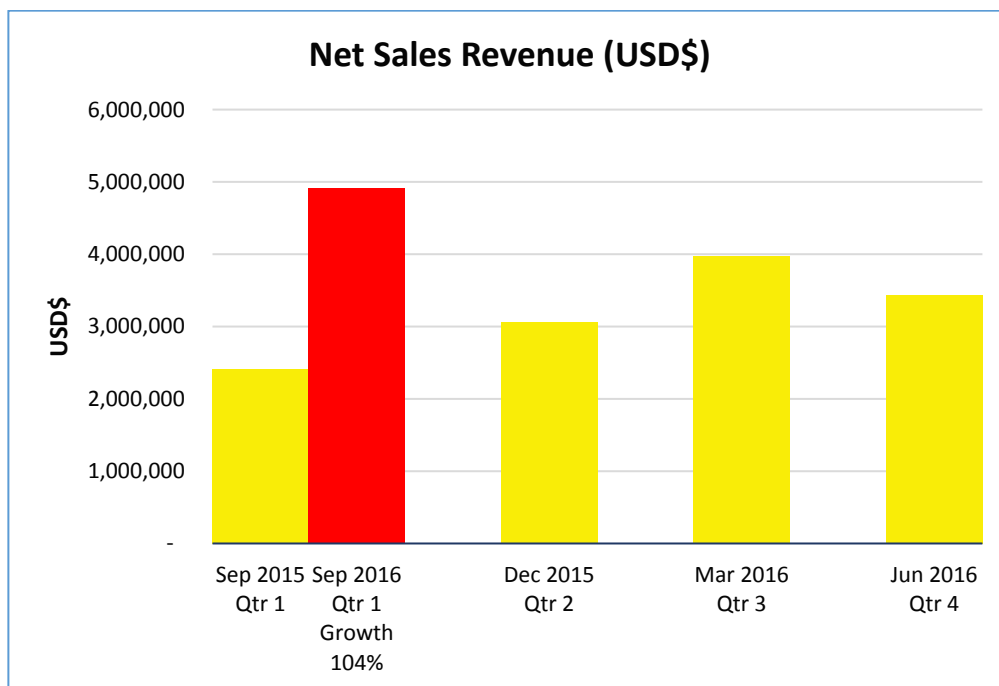
“I am very pleased to report a record quarterly Net Sales of USD\$4.9M”, said Wayne Loxton, Executive Chairman of Yowie Group. During the quarter Yowie launched a second series of Yowie limited edition collectibles, the All-Americas Series in the US market. The new series was supported by our retail partners and well received by consumers.

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Yowie Group Ltd
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Perth WA 6000

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Unit volumes during the quarter were strong at 3.3M and 103% above last year's Q1. Our financial results for the quarter reflect investments we are making in senior executive talent, selling and marketing/advertising as well as equity based compensation and a loss on foreign exchange translation in the quarter. From a cash flow perspective net operating cash outflow was USD\$1.7M in the quarter reflecting cash receipts of USD\$4.4M offset by raw material purchases and operating costs of USD\$3.5M, marketing costs of USD\$891K, and staff, administrative and corporate costs of USD\$1.8M.



Other highlights for the quarter:

US Sales & Distribution:

Under the direction of Sal Alvarez, our North America CEO, Yowie North America market share continued to improve in the quarter as we added in store merchandising and also new accounts. In Q1 we placed 17,500 x 48 unit count floor stands and end caps, more than in any quarter since introduction to increase Yowie in-store merchandising presence.

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In Nielsen market share data for the 52 week ending October 8, 2016 xAOC (™eXtended All Outlet Combined), which includes Food, Drug, Mass, Dollar, Club and excludes Convenience, Yowie reached 0.7% share with Yowie the number 1 selling item. This Nielsen data reflects Yowie share of the total front of store Chocolate segment, normally referred to as instant consumables. Yowie was a top 10 selling item in both Drug and Convenience, although we are still in early stages with distribution in both of these important channels.

Finally, in our largest customer we were the number 1 selling Novelty Item and the number 4 chocolate selling item on the front end.

"During the quarter we continued to add new accounts including 2 divisions of Kroger, Food For Less, Brookshire's Grocery and Winco Foods", said Sal Alvarez, CEO Yowie North America.

Manufacturing Operations:

Plant operations continue to improve with record production of 2.8M units in the quarter with delivered customer service levels of +95%. We continue to look for opportunities to implement cost efficiencies at the plant and believe we have savings programs that will deliver up to USD\$500K in fiscal 2017. On the capacity front, plans to double wrapping capacity to 40 million units annually are on track to be fully operational in Q2.

US Marketing:

During the quarter and extending into Q2, Yowie invested USD\$1.2M on a pre Halloween/Christmas marketing campaign which kicked off on September 23rd. This is the largest investment in brand building to date focused on 2 important markets, San Antonio and Chicago. The marketing program includes social media using You Tube, Face Book, Instagram and Twitter. Since we began the campaign, including post quarter, there have been over 7 million views on You Tube and Face Book. In addition, the campaign incorporates Bus Kings and broadcast television starting on October 17th. Yowie will be on TV for the first time on such popular shows as Nickelodeon, Nick@Nite, Cartoon Network and NBC. "Raising brand awareness remains a key objective in the US market", said Cove Overley, Chief Marketing Officer.

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International:

We continue to make progress on our plans to introduce Yowie into other markets with a current focus in Asia and several European countries. Exploratory discussions with potential distributors and market research efforts are underway that aim to launch Yowie outside the US in quarters 3 or 4 in fiscal 2017.

Digital & Entertainment:

Work was completed on a 6 Yowie book collection centered around the story of Yowie World and the six Yowie characters set in a US environment. Discussions are underway with publishers in preparation for launch in Q3. The books will provide both learning and entertainment for children as well as raise the profile of the Yowie characters in conjunction with brand awareness efforts.

During the quarter we made progress on plans to develop our digital assets through enhancement of the Yowie Play & Learn proposition on the Yowie consumer web site www.yowieworld.com as well as webisode development aimed at the entertainment space.

Legal Matters:

As we previously announced, on September 15th Yowie received a favorable ruling in our case against Hank Whetstone (Atlantic Candy Company) in the company's claim to recover either the Yowie owned wrapping machine or cash equivalent. A final judgement will be handed down by the Court in Q2 or Q3. The outstanding litigation case against Whetstone (ACC) is likely to take several quarters to finalize. With the commissioning of the second wrapper, there is no immediate need to secure the Yowie wrapper at Whetstone prior to concluding the current case.

Organization & Talent:

Management and the Board's focus in Q1 on talent acquisition resulted in on-boarding with the hiring of Bert Alfonso, Group Global CEO, Mark Schuessler, Group COO and our most recent hire Cove Overley, Group Global CMO.

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“Q1 has been a strong quarter for Yowie North America. I want to reassure both our key stakeholders and investors that we will stay focused on brand building and value creation for the foreseeable future”, said Bert Alfonso, Group Global CEO. “

In conclusion, “I am very pleased with Yowie Group’s performance in Q1”, said Wayne Loxton, Executive Chairman. “We continue to execute against our key strategies and are gaining momentum in the important US market and moving forward on international expansion’.

Yours sincerely



Wayne Loxton
Executive Chairman
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")

30 September 2016

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (3 months) \$US'000
1. Cash flows from operating activities	4,439	4,439
1.1 Receipts from customers ¹		
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs ²	(3,473)	(3,473)
(c) advertising and marketing	(891)	(891)
(d) leased assets	-	-
(e) staff costs	(840)	(840)
(f) administration and corporate costs	(961)	(961)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	35	35
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(30)	(30)
1.7 Government grants and tax incentives	-	-
1.8 Other (royalty income)	2	2
1.9 Net cash from / (used in) operating activities	(1,719)	(1,719)

¹ Receipts from customers in current quarter has increased compared to previous quarters due to achieving successful launch of the new second series of Yowie limited edition collectables – the "All American Series" together with expansion of Yowie distribution into Convenience stores. 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 continuous effort by the company to ramp up production volume to meet future sales. Operating costs also include freight and storage, brokerage, royalties and commissions.

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (3 months) \$US'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property (product development costs for intangible assets)	(71)	(71)
(e) other non-current assets ³	35	35
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	(36)	(36)

³ Positive cash flow from other non-current assets relates to refund from vendor for capital expenditures paid in June 2016 Qtr.

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	-	-
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	-	-

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (3 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	31,693	31,693
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,719)	(1,719)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(36)	(36)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5 Effect of movement in exchange rates on cash held	563	563
4.6 Cash and cash equivalents at end of quarter	30,501	30,501

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	12,943	9,963
5.2 Call deposits	17,558	21,730
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)	30,501	31,693

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
163
-

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	900
9.4 Leased assets	-
9.5 Staff costs	925
9.6 Administration and corporate costs	950
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	6,275

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
(Director/Company secretary)

Date: 24 October 2016.

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.