



ABN 98 084 370 669

## Quarterly Activities Report for the period to 30 June 2016

### Highlights

- Yowie sales volume is 2.5 times greater than the same quarter prior year
- The quarter delivered the third best quarter income received from sales behind December 2015 and March 2016 quarters
- The quarter delivered the second highest sales performance at 23% of total Yowie sales since inception, surpassed only by the peak selling March quarter with 26%
- May was the third highest selling month since inception against traditional chocolate industry post Easter seasonal sales decrease
- June was the sixth consecutive month of sales over \$1million
- Improved average selling price in the quarter versus prior year through broadened channel mix to include convenience and independent channel outlets
- Yowie exhibited at the U.S National Confectionery Association, 2016 Sweets & Snacks Expo in May in Chicago
- Yowie permanent display stand launched to retail trade
- Successful replenishment to planned stock level coverage secured from new manufacturing plant
- Appointed Mark Schuessler as Chief Operating Officer for Yowie Group Ltd
- Appointed Bert Alfonso as Chief Executive Officer for Yowie Group Ltd
- Signed a three year Licensing Agreement to develop products for successful Japanese brand Yo-kai Watch™
- Signed a three year Licensing Agreement to develop products for SpacePOP a music and fashion brand targeting tween girls
- Completed placement of 35,555,556 ordinary paid shares at AUD\$0.90 per share raising \$32 million

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[In detail:](#)

### **Strong quarter result against traditional chocolate industry post Easter seasonal sales decrease**

The June 2016 quarter was the second strongest sales quarter for Yowie in the U.S. market since launch in June 2014. Sales were more than five times greater than for the same period a year ago in what is traditionally a post Easter chocolate industry sales decrease period leading into the warmer months in spring and summer.

Yowie sales continue to grow at a rate greater than the U.S. chocolate industry MAT (moving annual total) growth rate of around 2-3%.

Average performance across all Walmart stores continues to surpass Walmart's required benchmark average in the front end sub-category.

### **New Accounts**

New accounts secured in the quarter included (but not limited to) Jo-Ann Stores, Holiday, S. Abraham & Sons, Wegman's, Great Lakes, Heartland, Super America, Weigel's, Nugget Market, Vons, Save Mart Supermarkets, DC Grocery Cash, B. Green & Co and Vistar.

### **Successful replenishment to planned stock level coverage secured from new manufacturing plant**

Following a successful commissioning process and the production of the Angry Birds licensed product, the new Yowie manufacturing line is now producing Yowie product to meet customer demand. The new line is delivering against all key performance indicators including faster speed, lower cost and improved quality.

### **Appointed Mark Schuessler as Chief Operating Officer for Yowie Group Ltd**

Yowie Group Ltd appointed Mark Schuessler as Chief Operating Officer on 13 June 2016. Mark is an experienced senior executive leader with over 30 years' broad U.S. and international markets experience. He has extensive cross discipline and cross category operational and leadership experience in the consumer packaged goods industry with Doumak Inc., The Campbell Soup Company, Procter and Gamble and early financial roles in the printing and banking industries.

### **Appointed Bert Alfonso as Chief Executive Officer for Yowie Group Ltd**

Yowie Group Ltd appointed Bert Alfonso as Chief Executive Officer, Global on 13 June 2016. Bert is a global senior executive with over 30 years' experience in improving operating performance and increasing shareholder value in a broad range of leadership roles, most notably are Hershey, Cadbury Schweppes and Warner Lambert.

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## Completed placement of 35,555,556 ordinary paid shares at AUD\$0.90 per share raising \$32 million

The company completed a placement of 35,555,556 ordinary fully paid shares at AUD\$0.90 per share, raising AUD\$32 million. Funds raised under the placement will be used for working capital and, in particular, for the continued rollout of the Yowie product in the U.S.

## Sales & Marketing

The June 2016 quarter was the second strongest sales quarter for Yowie in the U.S. market since launch in June 2014. The 2016/17 Yowie Marketing and New Product Development Program was presented to key major customers.

### Marketing

- Advertising - A second stage Yowie advertising campaign recommendation is under review for launch consideration around Halloween 2016.
- Digital – This quarter saw 97 new videos uploaded taking the total videos uploaded since launch to over 800. The total number of video views this quarter was 7.9 million and total views since launch now at 16.5 million views. This is a steady climb and increase from 5 million total views at year end 2015. The Two Sisters Toy Style Easter egg hunt video launched at Easter is now at nearly 4 million views <https://www.youtube.com/watch?v=xAmLTZgM3ZE> .

A video of Yow Brands Angry Birds chocolate eggs was uploaded in Russian language this month and has already garnered over 70k views <https://www.youtube.com/watch?v=Ba7IRJSxZWM>.

We are seeing a higher percentage of organic search and direct access to Yowie World the website. This is likely to be a sign of word of mouth leading to search combined with better product visibility in stores. Website sessions are now also longer. Most visited sections on the site are the parents' page, the play section and where to buy. Visitors by country are U.S.A 83%; Australia 7% and U.K 4%. Russia is the #2 spot for Yowie App downloads on Android accounting for 6% overall.

- Publishing - Work is now complete on the development of Yowie character storylines and creative development for the launch of six individual Yowie character books into the U.S market in time for launch in 2017. The books are designed to bring the Yowie story to life for U.S consumers. The books are set in American habitats each with an American storyline, and American endangered and other animals. Concepts are currently being presented to US book buyers. Bruce Davey is overseeing development of the books.

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- Animation - creative development currently underway for Yowie books has been designed to feed into webisode development. Bruce Davey is overseeing development. Progress has been made on securing a preferred webisode writer with a proposal due shortly.
- Licensing - The Yow Brands Ltd website is now live at [www.yowbrands.com](http://www.yowbrands.com).
- Yowie signed a three year Licensing Agreement for Yo-kai Watch™, a LEVEL 5 abby Inc. entertainment property that has experienced great success in its native Japan. The Yowie/Yo-kai Watch™ Agreement is for the right to manufacture and distribute two chocolate candy products - a YO-KAI WATCH™ chocolate candy inclusion product with a surprise collectible inside, and a novelty chocolate bar, the "Chocobar" a favourite chocolate candy of the TV show's main character, Jibanyan. The terms of the agreement give Yowie licensing rights up until December 31, 2018 for the North American market.
- Yowie signed a three year Licensing Agreement for SpacePOP a new music and fashion-driven brand created to appeal to tween girls. The Agreement grants Yowie licensing rights up until December 31, 2018 for the North American market including the rights to manufacture and distribute SpacePOP chocolate candy inclusion product with a SpacePOP collectable inside. The collectables will be selected from an extensive range of SpacePOP characters and other SpacePOP brand assets. Created and developed by GBI to appeal to tween girls' (ages 7 - 12) with passions for fashion, beauty, friendship and adventure.

Wayne Loxton  
**Executive Chairman**  
**Yowie Group Ltd**

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### **About Yowie**

Yowie Group Ltd is a global brand licensing company specialising 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 eight 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](http://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](http://www.yowiegroup.com)  
The Yowie consumer website can be found at [www.yovieworld.com](http://www.yovieworld.com)

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# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Name of entity

YOWIE GROUP LTD

ABN

98 084 370 669

Quarter ended ("current quarter")

30 June 2016

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$US'000	Year to date (12 months) \$US'000
1.1 Receipts from customers <sup>1</sup>	3,000	12,426
1.2 Payments for (a) staff costs	(1,153)	(2,411)
(b) advertising and marketing	(726)	(1,853)
(c) research and development	-	-
(d) leased assets	-	-
(e) other working capital <sup>2</sup>	(2,768)	(8,423)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	16	78
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(6)	(43)
1.7 Other (royalty income)	2	48
<b>Net operating cash flows</b>	<b>(1,635)</b>	<b>(178)</b>

<sup>1</sup> Receipts from customers in current quarter decreased slightly after achieving increased sales in previous two consecutive quarters following U.S. rollout to over 4,300 Walmart stores and strong Easter sales in previous quarters.

<sup>2</sup> Increased in other working capital by \$1.36 m in current quarter compared to previous quarter due to recruitment fee of CEO Global and COO Global and ramp up of production costs to meet future sales following commencement of production at new production line at the Madelaine Chocolate Company during the current quarter.

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**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

	Current quarter \$US'000	Year to date (12 months) \$US'000
1.8 Net operating cash flows (carried forward)	(1,635)	(178)
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property (product development)	(114)	(477)
(d) physical non-current assets	(928)	(2,636)
(e) other non-current assets (Deposits paid)	(54)	(54)
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(1,096)</b>	<b>(3,167)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>(2,731)</b>	<b>(3,345)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	23,126	27,333
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (capital raising costs/share issue costs)	(1,040)	(1,055)
<b>Net financing cash flows</b>	<b>22,086</b>	<b>26,278</b>
<b>Net increase / (decrease) in cash held</b>	<b>19,355</b>	<b>22,933</b>
1.21 Cash at beginning of quarter/year to date	11,717	8,465
1.22 Exchange rate adjustments to item 1.21	621	295
<b>1.23 Cash at end of quarter</b>	<b>31,693</b>	<b>31,693</b>

+ See chapter 19 for defined terms.

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$US'000
1.24	Aggregate amount of payments to the parties included in item 1.2	170
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Payments include:

- Payments of directors' fees to directors

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Nil

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

		Amount available \$US'000	Amount used \$US'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

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**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$US'000	Previous quarter \$US'000
4.1	Cash on hand and at bank	9,963	10,800
4.2	Deposits at call	21,730	917
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.23)</b>		<b>31,693</b>	<b>11,717</b>

**Acquisitions and disposals of business entities**

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	-
5.2	Place of incorporation or registration	-
5.3	Consideration for acquisition or disposal	-
5.4	Total net assets	-
5.5	Nature of business	-

+ See chapter 19 for defined terms.

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## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does ~~does not~~\* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: N J Bassett  
(Company Secretary)

Date: 25 July 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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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