



ABN 98 084 370 669

26 July 2019

ASX Market Announcements
ASX Limited
20 Bridge Street
Sydney NSW 2000

ADIT Takeover Bid not to proceed

The Company has received the attached notice from Aurora Funds Management Limited (**Aurora**) as responsible entity for Aurora Dividend Income Trust (**ADIT**) advising that it will not be proceeding with its scrip takeover bid (**Bid**) for the Company.

The Company does not agree with Aurora's conclusions that Yowie's financial performance in the June 2019 Quarter "represents a Material Adverse Change". In this regard, the Company refers to its "FY19 June Quarter Update and Cash Commentary" released to the ASX yesterday.

The Company does however welcome Aurora's decision not to proceed with its extremely unattractive unlisted scrip takeover bid.

Yours faithfully

N J Bassett
Company Secretary

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25 July 2019

Company Announcements
ASX Limited
Level 6, Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

ASX ANNOUNCEMENT

YOWIE TRIGGERS DEFEATING CONDITION ON ADIT BID

Pursuant to sections 629, 631 and 670A of the Corporations Act, Aurora Funds Management Limited (**Aurora**) makes the following ASX Announcement.

Aurora, as responsible entity of the Aurora Dividend Income Trust (ARSN 151 947 732) (**ADIT or Fund**), refers to:

- the FY19 June Quarter Update and Cash Commentary released by Yowie Group Ltd (**Yowie** and **the Company**) and Yowie's Appendix 4C Quarterly Cash Flow report released to the ASX after the market close on 24 July 2019;
- ADIT's scrip takeover bid for shares in Yowie (**ADIT Bid**) in respect of which its Bidder's Statement was issued on 5 July 2019, with a Supplementary Bidder's Statement issued on 11 July 2019; and
- Yowie's ASX announcement on 20 May 2019, advising shareholders to reject the ADIT Bid.

In the FY19 June Quarter Update and Cash Commentary, Yowie management advised that Company experienced an EBITDA loss of US\$1.2 million for the June 19 Quarter. This compares with a US\$300K EBITDA loss in the corresponding period last year (being the June 2018 quarter). The current result is therefore 4 times worse than that experienced in the corresponding period last year.

On 1 November 2018, Yowie management advised that they expected a "*positive EBITDA in the 5% margin range for the full FY19 and operating cash flow positive run rate in the second half of the fiscal year.*"

Further, on 25 January 2019, Yowie management advised that they expect "*to trade EBITDA profitably on a run rate basis by the end of FY19.*"

In addition, the forecast cash outflow for the June 2019 Quarter (as per Yowie's March 2019 quarterly) was US\$4.025 million vs US\$4.933 million actually experienced (excluding interest income and tax refunds of US\$180K).

In Aurora's opinion, it believes Yowie's business is performing well below previous guidance provided by the Company's Board and management. Further, the Company has continued to rationalise its adverse performance, whilst operating losses have continued to increase unabated, with no clear pathway towards profitability.

Aurora has regrettably reached the conclusion that Yowie's actual financial performance experienced in the June 2019 Quarter represents a Material Adverse Change which triggers a defeating condition in the ADIT Bid. The EBITDA loss of US\$1.2 million on cash sales of US\$4.2 million, translates to an annualised EBITDA loss of US\$4.8 million (or circa A\$6.86

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million), in circumstances where the Company has previously advised, on multiple occasions, that the business would be stabilised by 30 June 2019.

As a consequence, Aurora has decided not to waive this triggered defeating condition and as such will not proceed with the ADIT Bid.

Aurora will however continue to monitor the Yowie business and welcomes the ASX Announcement made by the Company on 5 May 2019, signalling an intention to return \$0.02 per share to all Yowie shareholders, subject to shareholder approval. Unless Yowie management can see the business turning around in the near term, Aurora would be supportive of the Company pursuing an orderly wind up of the Yowie business, with further capital returns being distributed to all Yowie shareholders.

Further information

If you have any queries in relation to the ADIT Bid, please contact Aurora on 1300 553 431.

Yours faithfully



Adrian Tilley
Company Secretary | Aurora Funds Management Limited

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