



5 July 2019

ASX Market Announcements
ASX Limited
20 Bridge Street
Sydney NSW 2000

Company Update – Board Guidance and Capital Return

Since our last communication on 30th April, there has been a great deal happening at Yowie Group Limited (“Yowie” or “the Company”).

Unfortunately, much of the Board’s energy has been expended dealing with inadequate takeover offers and 249D notices.

More on those issues later.

Meanwhile, I am pleased to advise that there is continuing progress on the operational front.

Distribution continues to increase, with significant recent large wins at Kroger and most importantly the 15,000 Dollar General locations.

The Yowie Bites product has now successfully launched with our largest retail customer. In September we are launching an all-natural single serve gummy product.

Our cash burn rate has slowed markedly to less than half of the previous year. In the year just started, we will return to growth and we anticipate trading cash positively in the second half of the financial year.

We ended the 2019 Financial Year with just over US\$16 million in cash and are forecasting using only a small part of this for working capital.

For this reason, we have decided to make a 2c per share return of capital, subject to shareholders’ approval. A notice of meeting in relation to this capital return will be sent out later this month. Should trading during this year turn out as forecast, we would envisage additional capital returns.

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



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The current unsolicited highly conditional takeover offer from Aurora Dividend Income Trust severely undervalues your company. Yowie Group is on track to trade positively in this financial year and to finally generate its working capital requirements from trading. The Aurora offer places no value on the business and is less than the cash backing in the Company.

The offer is also a non-cash offer with the consideration being units in an unlisted trust. Aurora is yet to deliver its formal bidder's statement. Once that has been provided, your Board will prepare their formal response. As previously advised, you should take no action in relation to this bid until after you receive your Board's formal response.

The current attempt by Keybridge to dismiss myself, Glen Watts and Tim Kestell so that, presumably, we can be replaced with Keybridge's and or its associates' nominees is also particularly worrying.

We believe that they have not as yet proposed individuals to become directors in our place because they have no one available with any experience of fast-moving consumer goods (FMCG) or grocery marketing. We base this judgement on the series of oil and gas executives and lawyers that they have suggested in the past. Since they and their associates became our largest shareholder, nearly eighteen months ago, they have not made one constructive suggestion regarding the operation of the business.

Your board is overseeing a gradual turnaround in Yowie's operating performance. We thank you for your patience, which we believe will be rewarded in the foreseeable future.

Louis Carroll
Chairman

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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 is to distribute on a widening basis the Yowie product in North America and ANZ, with further international expansion.

For more information on the Company go to www.yowiegroup.com

The Yowie consumer website can be found at www.yowieworld.com

DISCLAIMER

This Announcement contains interpretations and forward-looking statements that are subject to risk factors associated with the confectionary 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.

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