



25 May 2020

ASX Market Announcements
ASX Limited
20 Bridge Street
Sydney NSW 2000

Capital Return

Yowie Group Ltd (ASX: YOW) (the “**Group**” or “**Yowie**”) wishes to advise that it proposes a 4 cent per Share capital return to Shareholders (**Capital Return**).

The Capital Return will be subject to shareholder approval and a waiver being granted by the ASX in relation to ASX Listing Rule 7.25 to the extent necessary to permit the Company to undertake the return of capital.

To effect the Capital Return, the Company proposes to reduce its share capital by returning to Shareholders the amount of 4 cents per ordinary share held by each Shareholder at 7.00pm (EST) on Tuesday 30 June 2020 (**Record Date**). The terms of the return of capital are the same for each Shareholder.

The Capital Return of 4 cents per ordinary share will be returned to relevant Shareholders by way of an equal reduction of capital under Chapter 2J.1 of the *Corporations Act 2001* (Cth) (**Corporations Act**). The funds that will be used to make the payments to relevant Shareholders in respect of the Capital Return will be sourced from the Company's existing cash reserves.

What are the reasons for the Capital Return?

The Board has undertaken a detailed review as to how it should manage the Company's capital position going forward. The decision to propose the Capital Return reflects the Board's consideration that the Company has surplus capital as at the end of April 2020 with just over US\$11 million in cash, with a significant sum surplus to the Company's working capital requirements.

As shown in our announcement on 6 May 2020, your board continues to husband the company's cash resources effectively.

This capital return will amount to about US\$5.7 million out of the US\$11 million which we currently have in cash.

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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Who will participate in the Capital Return?

Subject to Shareholder approval, the distribution resulting from the Capital Return will be to Shareholders who hold fully paid ordinary shares in the capital of the Company at the Record Date.

If the Capital Return is not approved, the excess cash will be retained by the Company or utilised as the Board considers appropriate.

What is the effect of the Capital Return on the Company?

Effect on capital structure: For the purposes of ASX Listing Rule 7.20, the Company provides the following information to Shareholders regarding the effect of the return of capital on its securities.

If the Capital Return is implemented, the Company's issued share capital will be reduced by A\$8,731,846, being 4 cents per fully paid ordinary share. As no shares will be cancelled in connection with the Capital Return, the Capital Return will not affect the number of shares held by each Shareholder or the control of the Company. The Company will continue to have 218,296,162 fully paid ordinary shares on issue.

The Company has service rights on foot, vesting on completion of continuous service. Any service rights in the Company that have not vested before the 'ex' date of the Capital Return cannot participate in the Capital Return. As a result, the value of the service rights will reduce in value by an amount equal to the Capital Return per share.

Impact on existing business and growth opportunities: The Board considers that the Capital Return will not adversely affect the Company's capacity to fund or pursue existing business and growth opportunities whilst also taking into account the interests of all stakeholders.

Share price impact: If the Capital Return is implemented, the Company's shares are likely to trade at a lower share price than they would have done had the Capital Return not been implemented (reflecting that capital is being returned to Shareholders). This is likely to occur from the 'ex' date, being the day that the Company's shares trade without an entitlement to participate in the Capital Return.

Given that the Company's Share price is below \$0.20 and is likely to decrease following the return of capital, a waiver of ASX Listing Rule 7.25 is required. A waiver application has been submitted to ASX in relation to ASX Listing Rule 7.25 to the extent necessary to permit the Company to undertake the return of capital. A decision on the waiver application is yet to be received from ASX.

There is therefore a risk that the ASX waiver may not be obtained. If the ASX waiver is not obtained, the proposed resolution will be withdrawn and the meeting will not proceed.

Tax implications for the Company: No adverse tax consequences are expected to arise for the Company as a result of the Capital Return.

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Requirements for the return of capital

The Capital Return will constitute an equal capital reduction for the purposes of the Corporations Act as:

- it relates only to ordinary shares;
- it applies to each holder of ordinary shares in proportion to the number of ordinary shares they hold; and
- the terms of the reduction will be the same for each holder of ordinary shares.

Section 256B(1) of the Corporations Act permits a company to reduce its share capital, including by returning capital in cash or in kind, if the reduction:

- is fair and reasonable to the company's Shareholders as a whole;
- does not materially prejudice the company's ability to pay its creditors; and
- is approved by Shareholders under section 256C.

A resolution to be put to a General Meeting will seek the approval of Shareholders as required under section 256C.

Is the Capital Return fair and reasonable to Shareholders?

The Board considers that the Capital Return is fair and reasonable to the Company's Shareholders as it will be available to all ordinary Shareholders equally having regard to the number of ordinary shares in the Company held by each of them at the Record Date.

Is there any material prejudice to creditors?

The Company has undertaken significant work to assess the impact of the return of capital on the Company's ability to pay its creditors, including current and reasonably foreseeable future claimants. The Company has considered its financial position under a range of possible business and operating environments in order to assess the Company's capacity to meet the claims of all of its creditors, including current and reasonably foreseeable future obligations, following the return of capital.

The Directors have carefully reviewed the Company's assets, liabilities and expected cash flows, and believe that the Capital Return will not materially prejudice the Company's ability to pay its creditors. The Directors have also satisfied themselves as to the solvency of the Company following the implementation of the Capital Return. In particular, the Company will have sufficient cash resources to pay its creditors after the return of capital.

Tax implications for Shareholders

The information set out below is general in nature and should not be relied upon as advice.

Tax implications for shareholders will depend on the circumstances of the particular shareholder. All shareholders should therefore seek their own professional advice in relation to their tax position. Neither the Company nor any of its officers, employees or advisers assumes any liability or responsibility for advising shareholders about the tax consequences of the Capital Return.

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No adverse tax consequences are expected to arise for the Company from the Capital Return

Payment details and rounding

The amount payable in respect of each fully paid ordinary share in the Company on issue on the Record Date will be 4 cents per fully paid ordinary share. Amounts payable to Shareholders will be rounded up or down to the nearest cent, applying standard rounding techniques.

If the Capital Return is approved by Shareholders, payment will be made to Shareholders according to payment elections provided to the Company's share registry, Link Market Services Limited.

Timetable for the Capital Return

Subject to shareholder approval, the proposed Capital Return is expected to take effect in accordance with the following timetable*:

Event	Date
General meeting and Capital Return approval	Wednesday, 24 June 2020
Yowie's share trade 'ex' the Capital Return	Monday, 29 June 2020
Record Date for determining entitlement to participate in Capital Return	Tuesday, 30 June 2020
Implementation of the Capital Return	Tuesday, 14 July 2020

*All dates and times are indicative only. The Company reserves the right to vary these dates and times.

This announcement is authorised by the Board

N J Bassett
Company Secretary

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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 confectionery 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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