

19 June 2020

ASX Codes: KBC; KBCPA

ASX MARKET ANNOUNCEMENT

Investment in Yowie - Update

Keybridge Capital Limited (Keybridge), currently holds a relevant interest in Yowie Group Limited (Yowie) (ASX:YOW) of approximately 23%.

Keybridge is an active value investor that seeks to use influential stakes in companies to drive initiatives that are value accretive for all shareholders. Keybridge identified that Yowie would benefit from shareholders exerting influence for the benefit of the company as a whole.

Accordingly, Keybridge has called a shareholder meeting, to be held on 24 June 2020, for the replacement of the majority of the Yowie Board with resolutions seeking to appoint Nicholas Bolton and John Patton as Keybridge's representative directors. Despite being the company's largest shareholder, the Yowie board has resisted Keybridge having representation proportional to its shareholding.

Yowie have, separately, called a meeting on the same day, seeking to return 4 cents per share to shareholders as a capital return. Keybridge supports this initiative and intends to vote in favour of the resolution. Capital returns are generally in shareholders' interests and, accordingly, align with the ethical values that Keybridge adopts as an active value investor.

Keybridge has, however, like other Yowie investors, suffered a significant loss on its Yowie investment and is disappointed that the current Board has been unable to facilitate the changes necessary within the business, to make Yowie the successful company we believe it ought to be. Keybridge initiated steps to change the Board following a very disappointing Q3 2020 result announced by Yowie on 24 April 2020, which compounds the disappointing results over a number of years.

If successful in our attempt to obtain board representation as Yowie's largest shareholder, Keybridge intends to use that representation to:

- Conduct an immediate review of Yowie's operations
- Seek to improve cost controls and operational efficiencies within the business
- Seek to rapidly reduce the company's cash burn to nil
- Look for opportunities for sales growth, and
- Consider value accretive corporate transactions that may enhance the value of the Yowie business

Keybridge encourages other Yowie shareholders to support its resolutions to change the Board.

This announcement was authorised for release by Keybridge's Managing Director.

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FOR FURTHER INFORMATION:

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