



29 February 2024

The Manager
Company Announcements
ASX Market Announcements Office
ASX Limited

Takeover Bid by Keybridge Capital Limited – Target’s Statement and Independent Expert’s Report

We attach by way of service pursuant to item 14 of section 633(1) of the Corporations Act 2001 (Cth), a copy of the **Target’s Statement** of Yowie Group Limited (**Yowie**) and Independent Expert’s Report of Moore Australia Corporate Finance (WA) Pty Ltd accompanying the Target’s Statement (**Independent Expert’s Report**), in response to the off-market takeover bid by Keybridge Capital Limited (**Keybridge**) for all of the ordinary shares in Yowie.

A copy of the Target’s Statement and Independent Expert’s Report was lodged today with the Australian Securities and Investments Commission and sent to Keybridge.

The Target’s Statement and Independent Expert’s Report will be sent to Yowie shareholders by the following means:

1. Yowie shareholders with an electronic address for the purposes of receiving electronic copies of shareholder communications will, unless they have validly elected to receive hard copies of shareholder communications, receive an email with a letter providing a link to an electronic copy of the Target’s Statement and Independent Expert’s Report (**Shareholder Letter**); and
2. Yowie shareholders who do not have an electronic address for the purposes of receiving electronic copies of shareholder communications, and Yowie shareholders who have validly elected to receive hard copies of shareholder

Head Office

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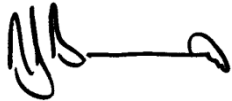


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communications, will be sent a hard copy of the Shareholder Letter to their registered postal address.

A copy of the Shareholder Letter is attached to this announcement.

This announcement is authorised for release by the Independent Directors of Yowie.

A handwritten signature in black ink, consisting of a stylized 'NB' followed by a horizontal line and a small flourish at the end.

Neville Bassett
Company Secretary
Yowie Group Limited

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29 February 2024

Dear Yowie Shareholder

Takeover Bid by Keybridge Capital Limited – Target’s Statement and Independent Expert’s Report

I am writing to inform you that Yowie Group Limited (**Yowie**) has now released its **Target’s Statement** and the Independent Expert’s Report of Moore Australia Corporate Finance (WA) Pty Ltd accompanying the Target’s Statement (**Independent Expert’s Report**).

The Target’s Statement and Independent Expert’s Report are in response to the off-market takeover bid by Keybridge Capital Limited (**Keybridge**) for the ordinary shares in Yowie pursuant to Keybridge’s bidder’s statement dated 9 February 2024 and despatched 16 February 2024 (**Bidder’s Statement**).

The Target’s Statement sets out the response and recommendation of your Independent Directors to Keybridge’s takeover offer for your Yowie shares as set out in the Bidder’s Statement.

The Target’s Statement and Independent Expert’s Report contain important information and require your immediate attention.

This letter sets out how you can access the Target’s Statement and Independent Expert’s Report.

You can access the Target’s Statement and Independent Expert’s Report on Yowie’s website at the following link: <https://yowieworld.com/investors-and-corporate/>

Please note Yowie will not be sending you a hard copy of the Target’s Statement and Independent Expert’s Report unless you request hard copies.

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You may request a hard copy of the Target's Statement and Independent Expert's Report be sent to you by contacting Yowie's Company Secretary, Neville Bassett on (08) 6268 2622 (within Australia) or +61 (8) 6268 2622 (outside Australia) or by email at neville@yowiegroup.com, or by post: PO Box 7315, Perth WA 6850.

If you request a hard copy of the Target's Statement and Independent Expert's Report, it will be printed and mailed to you as follows:

1. if you are a shareholder in Australia—by pre-paid ordinary post or by courier; and
2. if you are a shareholder is outside of Australia—by pre-paid airmail post or by courier.

Thank you for your continued support as a Yowie shareholder.

Yours sincerely



Sean Taylor
Executive Chairman
Yowie Group Limited



YOWIE GROUP LIMITED ACN 084 370 669

TARGET'S STATEMENT

in response to the takeover offer by Keybridge Capital Limited

The Independent Directors of Yowie Group Limited
unanimously recommend that you

REJECT

the Offer

To **REJECT** the Offer, **DO NOTHING**

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.
IF YOU ARE IN ANY DOUBT ABOUT HOW TO DEAL WITH THIS DOCUMENT, YOU SHOULD
CONSULT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER AS SOON AS POSSIBLE.

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IMPORTANT NOTICES

Nature of this document

This document is a Target's statement issued by Yowie Group Limited (ACN 084 370 669) (**Yowie**) under Part 6.5 of Division 3 of the Corporations Act and dated 29 February 2024. This Target's Statement is given in response to the off-market takeover bid made by Keybridge Capital Limited (ACN 088 267 190) (**Keybridge**) for all the ordinary shares in Yowie.

ASIC disclaimer

A copy of this Target's Statement has been lodged with ASIC. ASIC takes no responsibility for the contents of this Target's Statement.

Definitions and interpretation

A number of defined terms are used in this Target's Statement. These terms are explained in Section 12.1 of this Target's Statement. The rules of interpretation that apply to this Target's Statement are set out in Section 12.2 of this Target's Statement. In addition, unless the contrary intention appears or the context requires otherwise, words and phrases used in this Target's Statement and defined in the Corporations Act have the same meaning and interpretation as in the Corporations Act.

Investment decisions

Nothing in this Target's Statement constitutes investment, legal, tax or other advice. This Target's Statement does not take into account your individual objectives, financial situation or particular needs. It does not contain personal advice. You should seek your own independent legal, financial and taxation advice before deciding whether to accept or reject the Offer.

Forward looking statements

Some of the statements appearing in this Target's Statement may be in the nature of forward-looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to Yowie and the industry in which Yowie operates as well as general economic conditions, conditions in the financial markets, exchange rates and interest rates and regulatory changes, many of which are

outside the control of Yowie and its Board. Actual events or results may differ materially from the events or results expressed or implied in any forward-looking statement.

None of Yowie, Yowie's officers and employees, any persons named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement, makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward-looking statement. The forward-looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement.

Keybridge information in this Target's Statement

Except where disclosed otherwise in this Target's Statement, the information on Keybridge contained in this Target's Statement has been prepared by Yowie using publicly available information, including the Bidder's Statement, which has not been independently verified by Yowie. Accordingly, Yowie does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

Notice to foreign shareholders

The release, publication or distribution of this Target's Statement may, in some jurisdictions, be restricted by law or regulation and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. This Target's Statement has been prepared in accordance with Australian law and the information contained in the Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside of Australia.

Privacy

Yowie has collected your information from the Yowie register of shareholders for the purpose of providing you with this Target's Statement. The type of information Yowie has collected about you includes your name, contact details and information on your holding of Yowie Shares. Without this information, Yowie would be hindered

in its ability to issue this Target's Statement. The Corporations Act requires the name and address of shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Yowie's Related Bodies Corporate and external service providers (such as the share registry of Yowie and print and mail service providers) and may be required to be disclosed to regulators such as ASIC.

Important Dates

Date of the Bidder's Statement	9 February 2024
Date Bidder's Statement despatched	16 February 2024
Date of this Target's Statement	29 February 2024
Commencement of Offer Period	16 February 2024
Close of Offer (unless extended or withdrawn)	4:00pm (WST) 16 March 2024

Further information

Any questions regarding this Target's Statement should be directed to the Yowie Company Secretary, Mr Neville Bassett ((08) 6268 2622) or by email at neville@yowiegroup.com.

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Chairman's Letter

29 February 2024

Dear Yowie Shareholder,

On 29 December 2023, Keybridge Capital Limited (ASX:KBC) (**Keybridge**) first announced its intention to make a takeover offer for all of the shares in Yowie Group Limited (ASX:YOW) (**Yowie**) offering \$0.034 for each fully paid ordinary share in Yowie (**Offer**). A Bidder's Statement in relation to that Offer was initially served on Yowie and released to the ASX on 29 December 2023 (**Initial Bidder's Statement**).

Regrettably, Keybridge did not despatch the Initial Bidder's Statement within the 28-day time period prescribed by item 6 of subsection 633(1) of the Corporations Act, and therefore sought and received consent from ASIC under section 652B of the Corporations Act to withdraw its initial bid and to provide a new Bidder's Statement in relation to the Offer dated 9 February 2024 and despatched by Keybridge on 16 February 2024 (**Bidder's Statement**).

The Offer is scheduled to close at 4:00pm (WST) on 16 March 2024, subject to Keybridge's right to extend the Offer Period in accordance with the Corporations Act.

The independent Directors of Yowie, being those Directors who are not regarded as representatives of Keybridge and comprising Sean Taylor (Executive Chairman) and Scott Hobbs (Non-Executive Director) (**Independent Directors**), unanimously recommend that you **REJECT** the Offer.

TO REJECT THE OFFER, SIMPLY IGNORE ALL DOCUMENTATION SENT TO YOU BY KEYBRIDGE.

The Independent Directors appointed Moore Australia Corporate Finance (WA) Pty Ltd (**Independent Expert**) to prepare an Independent Expert's Report on whether or not the Offer is fair and reasonable to Yowie Shareholders. A copy of the Independent Expert's Report accompanies this Target's Statement.

The Independent Expert has concluded that the Offer is **not fair** but reasonable to Yowie Shareholders.

The key reasons for the Independent Directors' recommendation are as follows:

- The Independent Expert has determined that the Offer is **not fair** but reasonable.
- Keybridge is attempting to increase its level of control over Yowie without paying a customary premium for control.
- The timing of the Offer is opportunistic and the Offer Price is low relative to the historical price for Shares.
- The Offer is opportunistic and comes at a time when major initiatives and achievements in Yowie's business have not yet had time to fully materialise in business growth and reported revenue.
- Keybridge has provided no compelling reason to accept the Offer.



Each of these points is explained in further detail in this Target's Statement. Please read this Target's Statement carefully before making your decision in relation to Keybridge's Offer.

The other Directors of Yowie (**Non-Independent Directors**) are not making a recommendation to Yowie Shareholders in relation to the Offer, given they are also directors of Keybridge.

This Target's Statement, which I encourage you to read in its entirety, sets out the Independent Directors' formal response to the Offer and contains their recommendation, the reasons for that recommendation and other important information you should consider in deciding whether to accept the Offer.

I intend to reject the Offer in respect of the Yowie Shares that I have a relevant interest in.

If you are in any doubt as to whether to accept the Offer, you should seek your own independent professional advice. If you have any queries in relation to the Offer, please contact the Yowie Company Secretary, Mr Neville Bassett ((08) 6268 2622), or contact us via email at neville@yowiegroup.com.

Yours faithfully,

A handwritten signature in blue ink, appearing to read "Sean Taylor", is positioned above the printed name.

Sean Taylor
Executive Chairman
Yowie Group Limited

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1. INDEPENDENT DIRECTORS' RECOMMENDATION

1.1 Summary of Offer

Keybridge is offering Yowie Shareholders \$0.034 in cash as consideration for each Yowie Share that they hold (**Offer**).

The Offer is subject only to the conditions prescribed by subsections 652C(1) and 652(2) of the Corporations Act (refer to Section 5.2 of this Target's Statement for further details).

1.2 Directors of Yowie

As at the date of this Target's Statement, the directors of Yowie who are considered to be independent to the Offer (that is, those directors not regarded as representatives of Keybridge) are:

- (a) Mr Sean Taylor – Executive Chairman; and
 - (b) Mr Scott Hobbs – Non-Executive Director,
- (Independent Directors).**

The directors of Yowie who are also directors of Keybridge and accordingly, considered to be non-independent, are:

- (a) Mr Nicholas Bolton – Non-Executive Director; and
 - (b) Mr John Patton – Non-Executive Director,
- (Non-Independent Directors).**

Pursuant to ASIC Instrument 24-0107 dated 19 February 2024, Yowie does not have to comply with section 638 of the Corporations Act to the extent that subsection 638(1A) of the Corporations Act has the effect that a target's statement must contain information that is known to the Non-Independent Directors.

1.3 Independent Directors' recommendation

Based on the information currently available to them, the Independent Directors unanimously recommend that you **REJECT** the Offer for the reasons set out in Section 2 of this Target's Statement.

The Non-Independent Directors are not making a recommendation to Yowie Shareholders in relation to the Offer, given they are also directors of Keybridge.

In considering whether to accept the Offer, the Independent Directors encourage you to:

- (a) read this Target's Statement and the Bidder's Statement in their entirety;
- (b) consider the alternatives noted in Section 4 of this Target's Statement;
- (c) refer to Section 5.7 of this Target's Statement for information regarding the effect of acceptance of the Offer;
- (d) have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances; and
- (e) if necessary, obtain independent professional advice in relation to the Offer.

1.4 Intentions of the Independent Directors in relation to the Offer

As at the date of this Target's Statement, Sean Taylor is the only Independent Director who holds a Relevant Interest in Yowie Shares.

Sean Taylor intends to reject the Offer in respect of all Yowie Shares that he holds or controls.

The Yowie Shares held by Sean Taylor's Associate comprise 1,874,225 Shares, representing approximately 0.86% of all Yowie Shares on issue as at the date of this Target's Statement (refer to Section 10.1 of this Target's Statement for details of the Directors' interests in Yowie Shares).

2. WHY YOU SHOULD REJECT THE OFFER

The Independent Directors unanimously recommend that you **REJECT** the Offer.

In deciding to recommend rejecting the Offer, the Independent Directors have had regard to each of the matters in this Target's Statement and the Bidder's Statement.

The Independent Directors have also commissioned Moore Australia Corporate Finance (WA) Pty Ltd (**Independent Expert**) to prepare the Independent Expert's Report, which is attached to this Target's Statement as Annexure A.

The Independent Expert has concluded that the Offer is **not fair** but reasonable.

The Independent Directors' reasons for recommending that Yowie Shareholders **REJECT** the Offer are:

#	Reason	Further Information
#1	The Independent Expert has determined that the Offer is not fair but reasonable.	Section 2.1
#2	Keybridge is attempting to increase its level of control over Yowie without paying a customary premium for control.	Section 2.2
#3	The timing of the Offer is opportunistic and the Offer Price is low relative to the historical price for Shares.	Section 2.3
#4	The Offer is opportunistic and comes at a time when major initiatives in Yowie's business have not yet had time to materialise in business growth and a growth in reported revenue.	Section 2.4
#5	Keybridge has provided no compelling reason to accept the Offer.	Section 2.5

A more detailed overview of the principal reasons for the Independent Directors' recommendation to reject the Offer follows.

2.1 The Independent Expert has determined that the Offer is not fair but reasonable

The Independent Expert has assessed the value of a Yowie Share, using the 'net asset value' (**NAV**) method on a going concern basis, as follows:

	Low Value (\$)	High Value (\$)
Assessed fair value of a Yowie Share on a controlling basis	0.0470	0.0571
Assessed fair value of the consideration per Yowie Share	0.0340	0.0340

Based on the range of values above and in the absence of any other relevant information, the Independent Expert has concluded that the Offer is **not fair** to Non-Associated Shareholders of Yowie as the assessed value of the consideration is less than the assessed fair value of a Yowie Share.

The Independent Expert has considered that the disadvantages of the Offer include:

- **Not fair:** The Offer is **not fair** (for the reason stated above).
- **No exposure to potential value upside from future performance:** Non-Associated Yowie Shareholders will not have exposure to the potential future upside of Yowie, including the potential impact of the acquisition of Ernest Hillier and the Bluey, AFL and NRL licence agreements.
- **Tax consequences:** There are likely to be tax consequences for Yowie Shareholders who accept the Offer, which will differ depending on the shareholder's individual circumstances.
- **Other bids:** Yowie will not be able to realise any other potential competing bid for Yowie in the event such an offer was to arise following completion of the Offer.
- The Offer is at cash backing and does not capture any additional business value.

Refer to sections 2, 10 and 11 of the Independent Expert's Report for further information regarding the fairness and reasonableness of the Offer and the advantages and disadvantages of the Offer.

It is the view of the Independent Directors that Yowie Shareholders will be disadvantaged by accepting the Offers for the same reasons as stated by the Independent Expert.

2.2 Keybridge is attempting to increase its level of control over Yowie without paying a sufficient premium for control

The Offer Price of 3.4 cents represents:

- a mere 8.97% premium to the one month VWAP of \$0.0312 of Yowie Shares traded on ASX to 28 December 2023, the day before the Offer was announced; and
- a mere 15.65% premium to the 5-trading day VWAP of \$0.0294 of Yowie Shares traded on ASX to 28 December 2023.

The Independent Expert has determined the value of a Yowie Share on a controlling interest basis using both the NAV methodology and the 'quoted market price basis' (QMP) methodology, as follows:

	Low Value (\$)	High Value (\$)
Assessed fair value of a Yowie Share on a controlling interest basis using NAV methodology	0.0470	0.0571
Assessed fair value of a Yowie Share on a controlling interest basis using the QMP methodology	0.0360	0.0406

Notwithstanding the Independent Expert's QMP valuation, due to the illiquid nature of Yowie Shares, the Independent Expert has determined that its assessed value of a Yowie Share on a controlling basis is based on the NAV methodology and is between \$0.0470 and \$0.0571.

In the view of the Independent Directors, the premium represented by the Offer Price is well below the customary premium for a transaction of this nature and does not constitute a sufficient premium for control of Yowie.

Refer to section 9 of the Independent Expert's Report for further information regarding the valuation of Yowie Shares.

2.3 **The timing of the Offer is opportunistic and the Offer Price is low relative to the historical price for Shares**

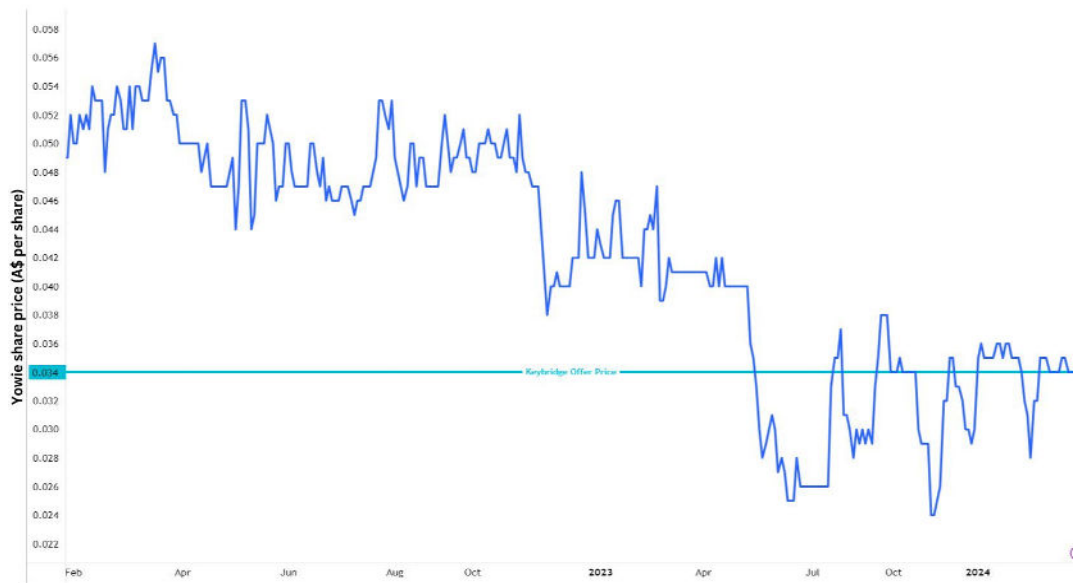
The Offer has been made at a time when Yowie Shares are trading at the low end of the range at which they have traded over the 2 years leading up to the date of the Offer.

The Offer is also at a:

- 8.22% discount to the volume weighted average trading price per Yowie Shares during the period from 29 December 2022 to 29 December 2023 when the Offer was initially announced; and
- 7.22% discount to the volume weighted average trading price per Yowie Shares during the period from 29 December 2022 to 9 February 2024 when the Offer (in the revised Bidder's Statement) was first lodged with ASX.

The Bidder's Statement represents that the Offer Price of 3.4 cents per Yowie Share is at a 17.24% premium to the price of Yowie Shares at the close of trading on 28 December 2023 (\$0.029). However, this price is near an historical low for Yowie Shares.

Closing share price of Yowie Shares on ASX from 1 February 2022 to 27 February 2024¹



1. 27 February 2024 is the last practical trading day before the date of this Target's Statement. Trading data sourced from IRESS. As permitted by the ASIC Corporations (Consents to Statements) Instrument 2016/72, ASX share price trading information can be sourced from IRESS without its consent.

2.4 The Offer is opportunistic and comes at a time when major initiatives and achievements in Yowie's business have not yet had time to fully materialise in business growth and reported revenue

In the last 12 months Yowie has undertaken and initiated a number of structural changes in the management and direction of Yowie, implemented major business initiatives and strategies for the growth of Yowie's business and revenue.

These initiatives and achievements include:

- **Bluey licensing agreement and manufacturing and delivery of Bluey confectionary:** Yowie has secured the rights from BBC Studios to develop, manufacture and sell Bluey seasonal confectionery for the Easter and Christmas seasonal periods in Australia and New Zealand through to 30 June 2026. Manufacturing of Bluey seasonal confectionery for Easter 2024 commenced in the quarter to 31 December 2023 and deliveries of Bluey confectionery to key retailers commenced in January 2024.
- **AFL and NRL licensing agreements:** Yowie has entered into seasonal confectionery licensing agreements with the AFL and NRL for sports themed Yowie products to be sold by key Australian retailers during the Easter season and peak sporting periods. Sales of AFL and NRL themed "Surprise Eggs" will commence in Easter 2024.
- **Ernest Hillier acquisition:** Acquisition of the assets and production facility of the Ernest Hillier chocolate business in August 2023, and the successful recommissioning of the Ernest Hillier facility to industry operating standards. The production of chocolates at the Ernest Hillier facility commenced in November 2023. The Ernest Hillier facility is a significant strategic asset for Yowie product innovation and business growth in Australia.

- **Renewed business leadership:** This commenced with the engagement of Nicolas Georges as ‘Global Strategic Advisor’ to build a new global strategy and realise the value of Ernest Hillier and the promotion of Leonidas Valle to Country Manager – North America.
- **Implemented management and structural changes in US operations leading to increased sales revenue and profit from US operations:** Implemented structural change to Yowie’s management of its business operations in the USA, to achieve a growth in revenue and cost-cutting. In the quarter ended 31 December 2023, revenues from US operations was US\$3.05 million, up 12% on the prior corresponding period, and EBITDA from US operations in the region was US\$416,000, up 422% on the prior corresponding period. This growth has been achieved through higher sales and reduction in administrative costs. Yowie is focussed on further growth in sales from US operations.

Keybridge’s Offer comes at a time when these initiatives have not yet fully materialised in a growth in reported revenues. The Independent Directors anticipate a growth in reported revenue during the current reporting period as a result of the commencement of sales of Bluey confectionary in Australia and New Zealand during the Easter 2024 season, the sale of AFL and NFL themed Surprise Eggs during the Easter 2024 season and further increases in sales in the US.

However, growth in sales revenue has started to materialise. Yowie achieved record monthly net sales of US\$1.16 million (A\$1.78 million) in Australia for January 2024, which is an increase of over 300% year-on-year. These sales were driven by seasonal Easter demand across the Yowie, Bluey, AFL and NRL brand and themed products, and realising value from the recent Ernest Hillier acquisition which supported manufacturing, assembling and packing of various Easter chocolates.

Creation of strategic plan and continuation of sports licensing agreements

Yowie’s Board and management are currently in the process of creating Yowie’s strategic plan to prioritise the key focus areas for the Company. It is the view of the Independent Directors that finalisation and implementation of the strategic plan will over time lead to growth in the Company’s business and sales revenue.

One aspect of the strategic plan is to continue with the development of merchandise licensing agreements with major sporting organisations for the licensing of sports themed products.

Yowie is presently negotiating a licensing agreement with a major US sporting organisation for the licensing of sports themed products in the US. As at the date of this Target’s Statement no licence agreement has been entered into, and there is no assurance that a licence agreement will be entered into. However, the proposed licensing agreement, if entered into, would represent a major development in the Company’s US business operations and would, in the view of the Independent Directors, result in increased sales revenue from US operations with the sale of sports themed products during peak sporting seasons and holiday seasons.

2.5 Keybridge has provided no compelling reason to accept the Offer

Keybridge has provided only 2 reasons to accept the Offer, neither of which are considered by the Independent Directors as compelling reasons to accept the Offer. This suggests that Keybridge’s Offer is opportunistic.

Keybridge has stated it believes that the Offer is highly attractive to Yowie Shareholders, but has provided little information as to the benefits of the Offer.

The Independent Directors recommend you disregard Keybridge's reasons and REJECT the Offer.

	Reason given by Keybridge in Bidder's Statement	Compelling reason?	Observations
#1	Premium offered for Yowie Shares	No	The premium for your Yowie Shares offered by Keybridge is low and does not constitute a sufficient premium for control of Yowie.
#2	Cash Offer provides certainty of value	No	The cash offer price of 3.4 cents provides certainty of value, but this value is not considered by the Independent Directors to be sufficiently attractive.

The decision as to whether or not to accept the Offer depends on the circumstances of each Yowie Shareholder, including risk profile, tax position, financial circumstances and investment time horizon. If you have any questions about accepting the Offer, please contact your broker, financial adviser or legal adviser.

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3. FREQUENTLY ASKED QUESTIONS

This section answers some commonly asked questions about the Offer. It is not intended to address all relevant issues for Yowie Shareholders. This section should be read together with all other parts of this Target's Statement.

Question	Answer	Further Information
What is the Offer for my Yowie Shares?	Keybridge has made a cash offer of \$0.034 for each Yowie Share held by you.	Section 5.1 of this Target's Statement.
Who is Keybridge?	Keybridge is an ASX listed Australian company (ASX Code: KBC) that provides shareholders with exposure to investments in operating businesses. As at the date of Keybridge announcing its Offer, Keybridge had a Relevant Interest in 35.67% of the total issued Shares in Yowie. Nicholas Bolton and John Patton, who both hold directorship positions with Yowie, are also directors of Keybridge.	Section 7 of this Target's Statement.
What is the Bidder's Statement?	The Bidder's Statement is the document setting out the terms of Keybridge's Offer. Keybridge despatched the Bidder's Statement on 16 February 2024. A copy of the Bidder's Statement is available on https://yovieworld.com/investors-and-corporate/ and on the ASX website (www.asx.com.au).	
What is this Target's Statement?	This Target's Statement has been prepared by Yowie and provides Yowie's response to Keybridge's Offer, including the recommendation of the Independent Directors.	
What choices do I have as a Yowie Shareholder?	As a Yowie Shareholder, you have the following choices in respect of your Yowie Shares: (a) do nothing; (b) sell your Yowie Shares to a third party (unless you have previously accepted the Offer and you have not validly withdrawn your acceptance); or (c) accept the Offer. There are implications in relation to each of the above choices. A summary of these implications is set out in Section 4 of this Target's Statement.	Section 4 of this Target's Statement.

Question	Answer	Further Information
What is the Board recommending?	<p>The Independent Directors unanimously recommend that you REJECT the Offer.</p> <p>The Non-Independent Directors, given they are also directors of Keybridge, are not making a recommendation to Yowie Shareholders in relation to the Offer.</p>	Section 1.3 of this Target's Statement.
Is there an Independent Expert's Report?	<p>Yes. The Independent Directors engaged Moore Australia Corporate Finance (WA) Pty Ltd to prepare an Independent Expert's Report on the Offer for the benefit of Yowie Shareholders.</p> <p>The Independent Expert has concluded that the Offer is not fair but reasonable.</p> <p>The Independent Expert's Report is included as Annexure A to this Target's Statement.</p>	Section 2 and Annexure A of this Target's Statement.
What do the Independent Directors of Yowie intend to do with any Yowie Shares that they hold?	Sean Taylor, the only Independent Director who holds Yowie Shares, has advised that he intends to reject the Offer in respect of all Yowie Shares that he, or his Associates, hold.	Section 1.4 of this Target's Statement.
Will Yowie remain listed on the ASX?	<p>That depends on the outcome of the Offer.</p> <p>If Keybridge acquires 50% or more (but less than 90%) of the total issued Shares in Yowie, it states that it may seek shareholder approval that Yowie be removed from the official list of the ASX.</p>	Section 4.1 of this Target's Statement.
Is the Offer subject to any conditions?	The Offer is subject to the conditions prescribed by subsections 652C(1) and 652C(2) of the Corporations Act (the Condition).	Section 5.2 of this Target's Statement and section 11.8 of the Bidder's Statement.
What are the consequences of accepting the Offer now?	If you accept the Offer, unless withdrawal rights are available (detailed below), you will give up your right to sell your Yowie Shares or otherwise deal with your Yowie Shares while the Offer remains open.	Section 5.7 of this Target's Statement.
If I accept the Offer, can I withdraw my acceptance?	You may only withdraw your acceptance if Keybridge varies the Offer in a way that postpones the time when Keybridge is required to satisfy its obligations by more than one month.	Section 5.6 of this Target's Statement.

Question	Answer	Further Information
When does the Offer close?	<p>The Offer is presently scheduled to close at 4:00pm (WST) on 16 March 2024, but the Offer Period can be extended in certain circumstances.</p> <p>See Section 5.5 of this Target's Statement for details of the circumstances in which the Offer Period can be extended.</p>	Sections 5.4 and 5.5 of this Target's Statement.
What happens if the Condition is not satisfied or waived?	<p>If the Condition is not satisfied or waived within 3 Business Days of the end of the Offer Period, the Offer will lapse, your Yowie Shares will not be transferred to Keybridge and you will not be provided with your Offer Price (even if you had accepted the Offer as your acceptance will be void). However, you would then be free to deal with your Yowie Shares.</p>	Section 5.11 of this Target's Statement.
When will I receive my Offer Price if I accept the Offer?	<p>If you accept the Offer, you will have to wait for the Offer to become Unconditional before you will receive your Offer Price from Keybridge.</p> <p>In the usual case, you will be issued with your consideration on or before the later of:</p> <ul style="list-style-type: none"> (a) one month after the date the Offer becomes Unconditional; and (b) one month after the date you accept the Offer if the Offer is, at the time of acceptance, Unconditional, <p>but, in any event (assuming the Offer becomes Unconditional), no later than 21 days after the end of the Offer Period.</p>	Section 5.9 of this Target's Statement.
What are the tax implications of accepting the Offer?	<p>A general outline of the tax implications of accepting the Offer is set out in Section 9 of this Target's Statement and in section 12 of the Bidder's Statement.</p> <p>As the outline is a general outline only, you are encouraged to seek your own specific professional advice as to the taxation implications applicable to your circumstances.</p>	Section 9 of this Target's Statement and section 12 of the Bidder's Statement.

Question	Answer	Further Information
Can I be forced to sell my Yowie Shares?	You cannot be forced to sell your Yowie Shares unless Keybridge acquires a Relevant Interest in at least 90% of all Yowie Shares by the end of the Offer Period, and proceeds to compulsory acquisition. If that happens, you will be forced to sell your Yowie Shares to Keybridge.	Section 5.12 of this Target's Statement and section 7.5 of the Bidder's Statement.
Will I pay brokerage if I accept the Offer?	No.	Section 4 of the Bidder's Statement.
What happens if the Offer does not result in Keybridge acquiring control of Yowie?	Assuming there is no other offer for Yowie Shares, Yowie will seek to continue to develop its assets and business opportunities and the Independent Directors will continue to work to generate value for Yowie Shareholders.	
Who do I contact if I have further queries in relation to the Offer?	You should contact your legal, financial, taxation or other professional adviser. If you have any further queries in relation to the Offer, please contact Yowie by email at neville@yowiegroup.com .	

4. YOUR CHOICES AS A YOWIE SHAREHOLDER

The Independent Directors recommend that you **REJECT** the Offer. However, the choices that are available to you as a Yowie Shareholder are set out below.

The Independent Directors encourage you to consider your personal risk profile, investment strategy, tax position and financial circumstances before making any decision in relation to your Yowie Shares.

4.1 Reject the Offer

If you do not wish to accept the Offer and wish to retain your Yowie Shares, no action is required.

Yowie Shareholders should note that if Keybridge acquires sufficient Yowie Shares to give it and its Associates a Relevant Interest in 90% or more of the Yowie Shares, it will be entitled to compulsorily acquire the Yowie Shares that it and its Associates do not already own (see section 7.5 of the Bidder's Statement for further details).

Keybridge has stated in its Bidder's Statement that if it becomes entitled to 90% of all Yowie Shares it intends to progress to compulsory acquisition. Further details on compulsory acquisition are provided in Section 5.12 of this Target's Statement.

Yowie Shareholders should also note the risks associated with being a minority shareholder of Yowie, if Keybridge acquires more than 50% but less than 90% of the Yowie Shares. A summary of these risks is set out in Section 8.1 of this Target's Statement.

4.2 Sell your Yowie Shares to a third party

You may decide to try to sell your Yowie Shares otherwise than by way of the Offer. If you do:

- (a) you will receive payment based on the price at which you privately negotiate with a third party and will not be able to accept the Offer or any Competing Proposal that may emerge; and
- (b) depending on the sale price achieved, you may receive more or less for your Yowie Shares than the value of the Offer Price.

On 28 February 2024 Yowie's Share price closed at \$0.034, which is the same as the Offer Price. The latest price for Yowie Shares may be obtained from the ASX website at www.asx.com.au using the ASX Code 'YOW'.

Shareholders who sell their Yowie Shares on market may incur a brokerage charge. Yowie Shareholders who wish to sell their Yowie Shares on market should contact their broker for information on how to effect that sale.

The taxation implications of privately selling your Yowie Shares depend on a number of factors and will vary according to your particular circumstances.

You should seek your own specific professional advice regarding the taxation consequences for you of privately selling your Yowie Shares relative to accepting the Offer.

4.3 Accept the Offer

Yowie Shareholders may elect to accept the Offer for **some or all** of their Yowie Shares. Yowie Shareholders who accept the Offer will receive \$0.034 for each Yowie Share.

Section 4 of the Bidder's Statement contains details of how to accept the Offer.

5. KEY FEATURES OF THE OFFER

5.1 The Offer

On 29 December 2023, Keybridge announced an unsolicited proposal to make a takeover offer for all of the Shares in Yowie, offering \$0.034 for each Share in Yowie. The detailed terms of the Offer are contained in the Bidder's Statement.

5.2 Condition of the Offer

Keybridge's Offer is subject to none of the events referred to in subsections 652C(1) and 652C(2) of the Corporations Act occurring (**Condition**). These events are:

- (a) Yowie converts all or any of the Yowie Shares into a larger or smaller number of shares;
- (b) Yowie or a Subsidiary of Yowie resolves to reduce its share capital in any way;
- (c) Yowie or a Subsidiary of Yowie:
 - (i) enters into a buy-back agreement; or
 - (ii) resolves to approve the terms of a buy-back agreement under subsections 257C(1) or 257D(1) of the Corporations Act;
- (d) Yowie or a Subsidiary of Yowie issues shares or grants an option over its shares or agrees to make such an issue or grant such an option;
- (e) Yowie or a Subsidiary of Yowie issues, or agrees to issue, convertible notes;
- (f) Yowie or a Subsidiary of Yowie disposes or agrees to dispose of the whole, or a substantial part, of its business or property;
- (g) Yowie or a Subsidiary of Yowie grants, or agrees to grant, a Security Interest in the whole, or a substantial part, of its business or property;
- (h) Yowie or a Subsidiary of Yowie resolves to be wound up;
- (i) a liquidator or provisional liquidator of Yowie or of a Subsidiary of Yowie is appointed;
- (j) a court makes an order for the winding up of Yowie or a Subsidiary of Yowie;
- (k) an administrator of Yowie or of a Subsidiary of Yowie is appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) Yowie or a Subsidiary of Yowie executes a deed of company arrangement;
- (m) a restructuring practitioner for Yowie or for a Subsidiary of Yowie is appointed under section 453B of the Corporations Act;
- (n) Yowie or a Subsidiary of Yowie makes a restructuring plan under Division 3 of Part 5.3B of the Corporations Act; or
- (o) a receiver, or receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Yowie or of a Subsidiary of Yowie.

Keybridge may waive the Condition by giving notice to Yowie and ASX in accordance with section 650F of the Corporations Act no later than 3 Business Days after the end of the Offer Period.

Further details on the Condition are set out in section 11 of the Bidder's Statement.

There is no minimum acceptance condition or other condition of the Offer.

5.3 Status of Condition

Section 11.11 of the Bidder's Statement indicates that Keybridge will give a "notice of status of conditions" to the ASX and Yowie on 8 March 2024 (**Notice of Status of Condition**).

The Offer is subject to the one Condition as noted in Section 5.2 of this Target's Statement.

Keybridge will be required to set out in its Notice of Status of Condition:

- (a) whether the Offer is free of all or part of the Condition;
- (b) whether, so far as Keybridge knows, any part of the Condition has been fulfilled; and
- (c) Keybridge's voting power in Yowie.

If the Offer Period is extended by a period before the time by which the Notice of Status of Condition is to be given, the date for giving the Notice of Status of Condition will be taken to be postponed for the same period. In the event of such an extension, Keybridge is required, as soon as practicable after the extension, to give a notice to the ASX and Yowie that states the new date for the giving of the Notice of Status of Condition.

5.4 Offer Period

Keybridge's Offer is open for acceptance until 4:00pm (WST) on 16 March 2024, unless the Offer Period is extended.

5.5 Extension of the Offer Period

Keybridge may extend the Offer Period at any time before giving the Notice of Status of Condition (referred to in Section 5.3 in this Target's Statement) while the Offer is subject to the Condition. However, if the Offer is or becomes "Unconditional" (that is, all of the Condition is satisfied or waived), Keybridge may extend the Offer Period at any time before the end of the Offer Period.

In addition, there will be an automatic extension of the Offer Period if, within the last 7 days of the Offer Period:

- (a) Keybridge improves the Offer Price; or
- (b) Keybridge's voting power in Yowie increases to more than 50%.

If either of these two events occurs, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.

5.6 Withdrawal of Offer

Keybridge may not withdraw the Offer if you have already accepted it. Before you accept the Offer, Keybridge may withdraw the Offer with the written consent of ASIC and subject to the Condition specified in such consent.

The circumstances in which Keybridge may withdraw the Offer and the consequences of doing so are set out in further detail in section 11.14 of the Bidder's Statement.

5.7 Effect of acceptance

The effect of acceptance of the Offer is set out in detail in section 11.12 of the Bidder's Statement. You should read these provisions in full to understand the effect that acceptance will have on your ability to exercise the rights attaching to your Yowie Shares and the things which you are deemed to have done by accepting of the Offer.

Further details on the risks associated with accepting the Offer are set out in Section 8.1 of this Target's Statement.

5.8 Your ability to withdraw your acceptance

You only have limited rights to withdraw your acceptance of the Offer.

You may only withdraw your acceptance of the Offer if Keybridge varies the Offer in a way that postpones, for more than one month, the time when Keybridge needs to meet its obligations under the Offer. This will occur if Keybridge extends the Offer Period by more than one month and the Offer is still subject to the Condition.

5.9 Payment of the Offer Price if you accept the Offer

In the usual case, you will be paid the consideration due to you for your Yowie Shares on or before the later of:

- (a) one month after the date the Offer becomes Unconditional; and
- (b) one month after the date you accept the Offer if the Offer is, at the time of acceptance, Unconditional, but, in any event (assuming the Offer becomes Unconditional), no later than 21 days after the end of the Offer Period.

Section 11.6 of the Bidder's Statement sets out full details of when the Offer Price will be paid.

5.10 Effect of an improvement in Offer Price on shareholders who have already accepted the Offer

If Keybridge improves the Offer Price offered under the Offer, all Yowie Shareholders who accept the Offer, whether or not they have accepted the Offer before that improvement, will be entitled to the benefit of that improved Offer Price.

5.11 Lapse of Offer

The Offer will lapse if the Condition is not satisfied or waived by Keybridge within 3 Business Days after the end of the Offer Period, in which case, all contracts resulting from acceptance of the Offer and all acceptances that have not resulted in binding contracts are void. In that situation, you will be free to deal with your Yowie Shares as you see fit.

5.12 Compulsory acquisition

Keybridge has indicated in section 7.5 of the Bidder's Statement that if it satisfies the required 90% threshold it intends to compulsorily acquire any outstanding Yowie Shares. Yowie Shareholders should read these sections in full to understand the compulsory acquisition rights Keybridge may acquire under the Corporations Act and, if it acquires them, how Keybridge intends to exercise them.

5.13 Keybridge's intentions to delist Yowie

Keybridge will be able to delist Yowie from the ASX if Keybridge acquires a relevant interest in 90% or more of Yowie Shares.

Keybridge has stated in section 7.4 of its Bidder's Statement that if Keybridge acquires more than 50% (but less than 90%) of Yowie Shares, "*subject to the Corporations Act and the Listing Rules and the level of Keybridge's Yowie shareholding, Keybridge may seek shareholder approval that Yowie be removed from the Official List of ASX as soon as it is able to do so*".

(a) Important legal protections concerning a delisting of Yowie

Yowie Shareholders should note the following important legal protections regarding any potential delisting of Yowie:

- (i) The Yowie Board, not Keybridge, would need to make any decision to apply to ASX to delist Yowie and to seek the approval of Yowie Shareholders to delist Yowie.
- (ii) In accordance with their directors' duties, the Yowie Board should only decide to seek a delisting if the Board concludes that this action is in the best interests of Yowie and Yowie Shareholders as a whole at the relevant time.
- (iii) ASX guidance indicates that ASX has power not to act on an entity's request for removal from the official list, and that in deciding on a request for removal, ASX will seek to ensure that the delisting of any entity is being sought for acceptable reasons. ASX guidance notes that a request to remove an entity from ASX that is primarily or solely aimed at denying minority securityholders a market for their securities, in order to coerce them into accepting an offer from a controlling securityholder to buy their securities at an undervalue, would be an unacceptable reason for requesting removal from the official list of ASX.
- (iv) ASX applies a number of guidelines to safeguard the interests of minority shareholders in the context of any proposed delisting.
- (v) ASX guidance indicates that the approval of minority Yowie Shareholders would most likely be needed for ASX to allow delisting following a takeover bid unless each of the following four conditions are met:
 - (A) Keybridge and its Associates have attained ownership or control of at least 75% of Yowie Shares;
 - (B) there are fewer than 150 Yowie Shareholders (excluding Keybridge and its Related Bodies Corporate) whose shareholding is worth at least \$500; as at 28 February 2024, there were more than 528 Yowie Shareholders with a shareholding of at least \$500;
 - (C) the Offer remains open for at least an additional 2 weeks after Keybridge and its Associates have attained ownership or control of at least 75% of Yowie Shares; and
 - (D) Yowie has applied for removal from the official list of ASX no later than one month after the close of the Offer.

- (vi) ASX states that it will usually require the following conditions to be satisfied before it will act on a request for delisting:
 - (A) Yowie sends a letter or email to Yowie Shareholders advising them of the nominated time and date at which Yowie will be removed from the official list of the ASX and that if they wish to sell their Yowie Shares on ASX, they will need to do so before Yowie is removed from the official list of ASX, and if they do not, that they will only be able to sell their Yowie Shares off-market; and
 - (B) the removal of Yowie from the official list of ASX not take place any earlier than 3 months after that statement has been sent to Yowie Shareholders, so that they have at least that period to sell their Yowie Shares on ASX should they wish to do so.
- (vii) If the above conditions are not satisfied, the ASX may approve an application for Yowie to be delisted from the ASX with Yowie Shareholder approval. Keybridge and its Associates would only be entitled to vote on the resolutions approving the delisting if the approval was sought later than 12 months after the Offer closes.

(b) **Disadvantages to Yowie Shareholders on delisting**

If, despite the above procedural protections, Yowie is ultimately delisted at some point in the future, any remaining Yowie Shareholders (i.e. those who did not accept the Offer) would be holders of unquoted Yowie Shares.

A delisting could result in a number of disadvantages for those Yowie Shareholders, such as:

- (i) the absence of an orderly, transparent and timely mechanism for share trading;
- (ii) restricted information compared to that currently provided, as Yowie would no longer be subject to the continuous disclosure requirements of the Listing Rules; if Yowie remains a public company after delisting and has at least 100 members, Yowie would still be required to disclose material information to ASIC and likely on its website; nevertheless, the level of shareholder reporting in these circumstances could be diminished; and
- (iii) the ceasing of various requirements and protections for minority shareholders under the Listing Rules; examples of provisions that would cease to apply include:
 - (A) restrictions on the issue of new securities;
 - (B) restrictions on, and the governance of, related party transactions; and
 - (C) requirements to seek shareholder approval for significant changes in the nature or scale of Yowie's activities.

6. INFORMATION ABOUT YOWIE

6.1 Overview of Yowie's activities

Yowie 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 and 'Save the Natural World' is at the heart of the Yowie proposition. Yowie employs its company-owned intellectual property rights to supply Yowie branded chocolate confectionery products, a digital platform and Yowie branded licensed consumer products. The Group's vision for the Yowie brand is to distribute on a widening basis the Yowie product in the United States of America and Australia and New Zealand, with further international expansion.

6.2 Yowie board of directors

As at the date of this Target's Statement, the directors of Yowie are Sean Taylor, Scott Hobbs, Nicholas Bolton and John Patton.

(a) **Sean Taylor – Executive Chairman**

Mr Taylor had an extensive career in Advertising/Media working at DDB Needham/Bond Media/Southern Cross Media and Austereo prior to launching his own agency specialising in fast-moving consumer goods and licensing. Major clients included The Walt Disney Company, Nestle, Kelloggs, Lion Nathan and Novartis. He sold this business to PLC Photon now Enero, remaining on in charge of all activation agencies within the group. He was with the group for more than 12 years.

Subsequently, he formed another agency which was then acquired by WPP/Ogilvy where he remained for 8 years with various roles including CEO of Ogilvy Action, Managing Director of Ogilvy Group Melbourne and CEO Geometry and VMLY&R Commerce. Mr Taylor completed his earnout there and has subsequently set up a few digital Advertising/Media businesses which he currently chairs.

Mr Taylor does not hold a directorship position with any other company.

(b) **Scott Hobbs – Non-Executive Director**

Scott Hobbs has over 20 years experience in fast-moving consumer goods, within retailers such as BIG W and Metcash IGA, primarily in the management and development of various product categories including confectionery. In addition to category and brand management, a large period of time has been within the manufacturing sector of the confectionery industry and the subsequent sales management of candy products to major Australian and international retailers.

Mr Hobbs does not hold a directorship position with any other company.

(c) **Nicholas Bolton – Non-Executive Director**

Mr Bolton has managed operational, investments and restructures assets in aviation, finance, property, energy, shipping, infrastructure and IT sectors. Mr Bolton is focused on delivering superior risk adjusted returns through active management and innovative solutions to challenging issues for investors and banking industries.

Mr Bolton is Managing Director and Chief Executive Officer of Keybridge.

(d) **John Patton – Non-Executive Director**

Qualifications: B.Ec, CA (CAA), F Fin

Mr Patton is a chartered accountant with over 35 years of professional services and industry experience. He was previously a Partner with Ernst & Young in the Transactions Advisory Services division. Mr Patton has senior executive and extensive corporate finance credentials, having been involved in over 150 corporate transactions.

Mr Patton is Non-Executive Chairman and Company Secretary of Keybridge.

6.3 Key personnel of Yowie

(a) **Neville Bassett AM – Company Secretary**

Qualifications: BCom, FCA

Mr Bassett is a chartered accountant with more than 30 years of experience. He has been involved with a diverse range of Australian public listed companies in directorial, company secretarial and financial roles.

(b) **Leonidas Valle – Country Manager – North America**

Mr Valle was Vice President of Supply change Operations at Yowie before being appointed to the role of Country Manager- North America. Prior to Yowie, Mr Valle was the Business Development Director – Gums and Candy at Mondelez International.

(c) **Jarrold Milani – Country Manager – Australia & New Zealand**

Mr Milani was previously the Chief Operating Officer at Forbidden Foods (FFF:ASX) and prior to that had various marketing roles at Coles Group (ASX:COL). Jarrold is tasked with scaling the Yowie sales in Australia, integrating the newly acquired Ernest Hillier operation into Yowie Group and realising the full potential of the acquisition.

(d) **Cynthia Thayer – Global Chief Marketing Officer**

Qualifications: BA

Ms Thayer has over 25 years of marketing expertise in key areas including brand architecture development, market research, consumer packaged goods advertising across traditional and digital channels, retail and shopper marketing, licensing, toy design and new product development. Ms Thayer also has broad marketing expertise in food, consumer products, manufacturing and advertising agencies with the Chamberlain Group, TPN, Flair Communications, Creata and the Marketing Store.

Ms Thayer came from the largest global manufacturer of garage door openers, The Chamberlain Group, managing its newest product development growth area into the smart home category. She was a key player in bringing their newest smart technology brand to life from the ground up, then building out and implementing its go-to-market plan across TV advertising, digital advertising, search engine optimisation, social media, public relations and retail merchandising.

6.4 Yowie capital structure

As at the date of this Target's Statement the following Yowie securities are on issue:

Class of security	Number
Fully paid ordinary shares	218,567,901
Service Rights	10,800,000

6.5 Yowie's substantial holders

Based on publicly available information as at 28 February 2024, the date before the date of this Target's Statement, Yowie has the following substantial Shareholders, being persons who, together with their Associates, are known to Yowie as having a voting power of 5% or more of the Shares on issue (i.e. have a substantial holding under the Corporations Act).

Shareholder	Number of Shares	Percentage holding
Keybridge Capital Limited, together with its Associates Aurora Funds Management Limited in its capacity as responsible entity of HHY Fund, Wilson Asset Management Group, BNP Paribas Nominees Pty Ltd and Citicorp Nominees Pty Ltd	80,178,853	36.68%
Reash Pty Ltd as trustee for the Watson Family Trust	22,460,496	10.28%
Orion Equities Limited	21,199,260	9.70%
Queste Communications Ltd	21,199,260	9.70%
Bentley Capital Limited	21,199,260	9.70%
Recruitment Investments Pty Ltd	11,243,150	5.14%

6.6 Yowie financial information

Comprehensive financial information about Yowie can be found on Yowie's website at <https://yowieworld.com/investors-and-corporate/> and in the announcements for Yowie on the ASX website at www.asx.com.au.

This includes copies of Yowie's historical consolidated financial statements for the half-year year ended 31 December 2023 and the financial years ended 30 June 2022 and 30 June 2023, which can be found in:

- Yowie's Half-Yearly Report for the half-year period ended 31 December 2023 (released to ASX on 27 February 2024);
- the 2023 Yowie Annual Report (released to ASX on 31 August 2023); and
- the 2022 Yowie Annual Report (released to ASX on 31 August 2022).

6.7 Publicly available information about Yowie

Yowie is a disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Public announcements made by Yowie are available on Yowie's website <https://yowieworld.com/investors-and-corporate/> as well as the ASX market announcements platform using Yowie's ASX code 'YOW'.

7. INFORMATION ABOUT KEYBRIDGE

7.1 Disclaimer

This overview of Keybridge and all financial information concerning Keybridge contained in this Target's Statement has been prepared by Yowie using publicly available information and information provided by Keybridge.

The information in this Target's Statement concerning Keybridge has not been independently verified. Yowie does not, subject to any applicable laws, make any representation or warranty, express or implied, as to the accuracy or completeness of this information. The information on Keybridge is not considered to be comprehensive.

7.2 Overview of Keybridge

Keybridge (ASX code: KBC) is an ASX listed Australian company that provides shareholders with exposure to investments in operating businesses. Keybridge pursues private equity style transactions and public market opportunities using private equity experience and disciplines.

7.3 Directors of Keybridge

A brief summary of the Keybridge board, as at the date of this Target's Statement, is set out below.

(a) **Nicholas Bolton – Managing Director and Chief Executive Officer**

Nicholas Bolton has managed operational investments and restructured assets in the aviation, finance, property, energy, shipping, infrastructure and IT sectors. Mr Bolton has invested in and led activist investments in a number of ASX-listed entities with a foundation in shareholder advocacy. Mr Bolton is focused on delivering superior risk adjusted returns through active management and innovative solutions to challenging issues for investors.

(b) **John Patton – Non-Executive Chairman and Company Secretary**

John Patton is a senior executive with extensive finance experience in the corporate and professional services sectors. He was previously a Partner with Ernst & Young in the Transactions Advisory Services division. With over 35 years of professional services and industry experience, Mr Patton has extensive corporate finance credentials, having been involved in over 150 corporate transactions.

(c) **Antony Catalano – Non-Executive Director**

Antony Catalano was formerly the Managing Director of Domain Holdings Australia Limited and is presently the Executive Chairman of Australian Community Media, a major regional media company.

7.4 Relationship with Yowie

Based on publicly available information as at the date of this Target's Statement, Keybridge director:

- (a) John Patton has a Relevant Interest in 26,526,643 Yowie Shares (representing 12.14% of the total issued Yowie Shares), held indirectly through Aurora Funds Management Limited in its capacity as responsible entity for the HHY Fund;

- (b) Nicholas Bolton, as disclosed in the Appendix 3Y dated 19 May 2022, ceased to hold a Relevant Interest in Yowie Shares held by Keybridge pursuant to section 608(1) of the Corporations Act; and
- (c) Anthony Catalano does not have a Relevant Interest in Yowie Shares.

7.5 Publicly available information about Keybridge

Keybridge is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Keybridge is subject to the ASX Listing Rules which require continuous disclosure of any information Keybridge has concerning itself that a reasonable person would expect to have a material effect on the price or value of its securities.

8. RISK FACTORS

In considering this Target's Statement and the Offer, Yowie Shareholders should be aware that there are risks associated with either accepting the Offer or rejecting the Offer (and continuing to hold Yowie Shares).

8.1 Risks associated with accepting the Offer

(a) **Possibility of future Yowie Share price appreciation**

If you accept the Offer, you will no longer be able to trade your Yowie Shares on-market (unless you are entitled to withdraw your acceptance of the Offer in the circumstances outlined in Section 5.8 of this Target's Statement). There is a possibility that the price of Yowie Shares may, in the future, exceed the price offered by Keybridge under the Offer.

(b) **Taxation consequences**

A broad summary of the potential Australian taxation consequences of accepting the Offer is described by Keybridge at section 12 of the Bidder's Statement and also in Section 9 of this Target's Statement.

The taxation consequences of disposing of your Yowie Shares pursuant to the Offer will depend on a number of factors and your particular circumstances. You should carefully consider the taxation consequences of disposing of your Yowie Shares and seek your own tax advice.

8.2 Risks associated with rejecting the Offer and continuing as a Yowie Shareholder

Yowie Shareholders should carefully consider and evaluate Yowie and its business and whether they should continue to hold Yowie Shares, having regard to their own investment objectives and financial circumstances and taking in the material risk factors, set out below.

(a) **Becoming a minority shareholder**

Depending on the number of Yowie Shareholders who accept the Offer, if you continue to hold Yowie Shares, you may become a minority shareholder in Yowie. If this occurs, there may be a number of implications for remaining Yowie Shareholders, including:

- (i) Keybridge may be in a position to control or significantly influence the composition of Yowie's Board and management; Keybridge has indicated at section 7.4 of the Bidder's Statement that it intends to reconstitute the Yowie Board by nominating a majority of Keybridge nominees;
- (ii) Keybridge has indicated at section 7.4 of the Bidder's Statement that it intends to conduct a review of Yowie's business, assets and operations; accordingly, Keybridge may be in a position to control the strategic direction of Yowie's business;
- (iii) if, in the future, Keybridge becomes entitled to exercise any compulsory acquisition rights under the Corporations Act, it may exercise those rights; Keybridge has indicated at section 7.4 of the Bidder's Statement that it intends to acquire further Yowie Shares in the future;

- (iv) Keybridge has indicated at section 7.4 of the Bidder's Statement that it may seek shareholder approval to approve the delisting of Yowie; if Keybridge acquires 75% or more of the total Yowie Shares on issue, it will be able to pass a special resolution of Yowie to remove Yowie from the official list of ASX; refer to Section 5.13 of this Target's Statement for further information about Keybridge's intentions to delist Yowie;
- (v) Keybridge's ability to pass special resolutions will also enable Keybridge to, among other things, amend Yowie's Constitution;
- (vi) the liquidity of Yowie Shares may be minimal, if at all; and
- (vii) Yowie may no longer meet the spread requirement prescribed by the ASX Listing Rules and may be removed from the official list of ASX. If this occurs, any remaining Yowie Shareholders will not be able to sell their Yowie Shares on-market.

(b) **Compulsory acquisition**

As set out in Section 5.12 of this Target's Statement, if Keybridge acquires 90% or more of the total Yowie Shares, it intends to proceed with a compulsory acquisition of the outstanding Yowie Shares. If this occurs, remaining Yowie Shareholders who have their Yowie Shares compulsorily acquired will not receive the Offer Price until after the compulsory acquisition notices are despatched by Keybridge.

(c) **Key Company and general investment risks**

Economic

General economic conditions, introduction of tax reform, new legislation, and movements in interest and inflation rates may have an adverse effect on the Group's operational activities.

Global food activism

Food activism may not be restricted to targeting a particular product. Some advocate groups may be able to influence future governments to increase regulation surrounding the chocolate toy combination markets.

Competitors

The confectionery industry in which Yowie operates is extremely competitive and includes companies with significantly greater financial, technical, human, research and development, and marketing resources than currently available to Yowie.

In the event of aggressive promotional and marketing activities by competitors, this may adversely impact on the Yowie's future sales performance.

Commodity prices

The Group purchases and uses large quantities of commodities, including cocoa and various product packaging materials. Costs of such commodities are volatile and fluctuate due to broader economic conditions that are difficult to predict. Higher commodity prices may adversely impact the Group's cost of production.

Concentration of sales

A major retailer in the US accounts for approximately 30% of the Company's net sales. There can be no assurance that this retailer will continue to purchase the Company's products in the same volume as in the past. This could materially affect product sales and have a potentially adverse effect of the Company's financial condition.

Intellectual property

The success of the Company, in part, depends on its continued ability to protect its intellectual property and use any trademarks to increase brand awareness. The Company will depend on its intellectual property to protect its brand and trade secrets, and any pending patents on its products and processes. In the event the Company is unable to protect its intellectual property adequately, the value of the Company's products and brands could be adversely affected. This may further impact the overall business, with respect to its financial position and overall profitability and operational output.

Securing and protecting rights to intellectual property (including trademarks, patents, copyrights, and brand name), is an integral part of securing and retaining potential product value arising out of the Company's key product. The Company's success depends in part, on its ability to retain patents, protect trade secrets and operate without infringing third parties' proprietary rights.

The granting of a patent does not guarantee that the rights of other parties are not infringed or that competitors will not develop competing intellectual property that circumvents the patents. In addition, there can be no assurance that any patents that the Company may own or control or licence now, or in the future, will afford the Company commercially significant protection of its intellectual property or have commercial application.

Competition in obtaining, retaining and maintaining protection of intellectual property and the complex nature of intellectual property rights can also lead to expensive and lengthy disputes for which there can be no guaranteed outcome.

Supply chain

The Group utilizes third party contractors for its supply chain arrangements, including but not limited to freight, storage and manufacturing process. Any disruption to the supply chain may adversely impact on the Company's business performance.

Dependence on key personnel

The Company's success depends on the core competencies of its Directors and key management. The Company relies on the experience and knowledge of key members of its staff. In the event that key personnel leave and the Company is unable to recruit suitable replacements, such loss could have a materially adverse effect on the Company. The responsibility of successfully implementing the Company's development and commercialisation strategy depends substantially on its senior management and its key personnel. There can be no assurance given that there will

be no detrimental impact on the Company if one or more of these employees cease their employment with the Company.

Capital requirements

The Group's capital requirements depend on numerous factors. Depending on the Group's ability to generate income from its operations, the Group may be required to source additional financing. Any additional equity financing will dilute shareholdings and debt financing, if available, may involve restrictions on financing and operating activities.

Product liability risk

The Company's chocolate confectionary business exposes it to potential product liability claims. The Company maintains product liability insurance in order to minimise its liability to such claims however there can be no assurance that adequate insurance coverage, now or in the future, will be available at an acceptable cost. If the Company is unable to obtain sufficient product liability insurance then claims of this nature may adversely affect the Company's profitability.

Insurance

The Company may maintain insurance within ranges of coverage that it believes to be consistent with industry practice and having regard to the nature of activities being conducted. However, it is not always possible to cost-effectively insure against all risks associated with such activities. The Company may decide not to take out insurance against certain risks as a result of high premiums or for other reasons. Should liabilities arise on uninsured risks, the Company's business, financial condition and results of operations and the market price of the Shares may be materially adversely affected.

Litigation

The Company may in the ordinary course of business become involved in litigation and disputes with and without merit, for example with service providers, customers or third parties infringing the Company's intellectual property rights. Any such litigation or dispute could involve significant economic costs and damage to relationships with contractors, customers or other stakeholders. Such outcomes may have an adverse impact on the Company's business, reputation and financial performance.

9. TAXATION CONSIDERATIONS

9.1 Introduction

The following is a general description of the Australian income tax and GST consequences for Yowie Shareholders relating to the Offer. It is general in nature and is not intended to constitute tax advice to Yowie Shareholders. Accordingly, each Yowie Shareholder should seek independent professional advice in relation to their own particular circumstances.

The information below deals only with the taxation implications for Yowie Shareholders who hold their Yowie Shares on capital account. It does not address the taxation implications for Yowie Shareholders who:

- hold their Yowie Shares for the purposes of speculation or a business of dealing in securities (e.g. as trading stock) or who otherwise hold their Yowie Shares on revenue account;
- have made any of the tax timing method elections pursuant to the taxation of financial arrangements rules in Division 230 of the *Income Tax Assessment Act 1997* (Cth) in relation to gains and losses on their Yowie Shares;
- are subject to the *Investment Manager Regime* under Division 842 of the *Income Tax Assessment Act 1997* (Cth) in relation to gains and losses on their Yowie Shares; or
- acquired their Yowie Shares pursuant to an employee share or option plan.

Yowie Shareholders who are tax residents of a country other than Australia (whether or not they are also residents, or are temporary residents, of Australia for tax purposes) should take into account the tax consequences under the laws of their country of residence, as well as under Australian law, of accepting the Offer.

The information contained in this section is based on the Australian law and administrative practice in effect at the date of this Target's Statement.

9.2 Australian resident shareholders

(a) Yowie Shareholders who accept the Offer

Acceptance of the Offer will involve the disposal by Yowie Shareholders of their Yowie Shares by way of transfer to Keybridge. This change in the ownership of the Yowie Shares will constitute a CGT event for Australian CGT purposes.

The date of disposal for CGT purposes will be the date the contract to dispose of the Yowie Shares is formed, which is the date of acceptance if you decide to accept the Offer.

(b) Compulsory acquisition

If a Yowie Shareholder does not dispose of their Yowie Shares under the Offer and their Yowie Shares are subsequently compulsorily acquired in accordance with Part 6A.1 of the Corporations Act, those Yowie Shareholders will also be treated as having disposed of their Yowie Shares for CGT purposes.

The date of disposal for CGT purposes will be the date when Keybridge becomes the owner of the Yowie Shares.

(c) **Calculation of capital gain or capital loss**

Yowie Shareholders will make a capital gain to the extent that their capital proceeds from the disposal of the Yowie Shares are more than the cost base of those Yowie Shares. Conversely, Yowie Shareholders will make a capital loss to the extent that their capital proceeds are less than their cost base of those Yowie Shares.

The cost base of the Yowie Shares generally includes the cost of acquisition and certain non-deductible incidental costs of their acquisition and disposal.

The capital proceeds of the CGT event will equal the consideration price of \$0.034 cash per Yowie Share received by the Yowie Shareholder in respect of the disposal of their Yowie Shares.

Individuals, complying superannuation entities or trustees that have held their Yowie Shares for at least 12 months should be entitled to discount the amount of the capital gain (after application of capital losses) from the disposal of Yowie Shares by 50% in the case of individuals and trusts or by 33⅓% for complying superannuation entities. For trusts, the ultimate availability of the discount may depend on a beneficiary's entitlement to the discount. Companies are not entitled to discount the amount of the capital gain.

Capital gains (prior to any CGT discount) and capital losses of a taxpayer in an income year are aggregated to determine whether there is a net capital gain. Any net capital gain is included in assessable income and is subject to income tax. Capital losses may not be deducted against other income for income tax purposes, but may be carried forward to offset against future capital gains (subject to satisfaction of loss recoupment tests for certain taxpayers).

9.3 Goods and services tax

Yowie Shareholders should not be liable for GST in respect of a disposal of their Yowie Shares.

Yowie Shareholders may be charged GST on costs (such as adviser fees) that relate to their participation in the Offer. Yowie Shareholders may be entitled to input tax credits or reduced input tax credits for such costs, but should seek independent advice in relation to their individual circumstances.

10. INFORMATION RELATING TO YOWIE DIRECTORS

10.1 Interests of directors in Yowie securities

As at the date of this Target's Statement, the Yowie Directors have a Relevant Interest in Yowie Shares and Service Rights as set out in the table below.

Director	Yowie Shares	Service Rights
Sean Taylor ^{1, 2}	1,874,225	10,800,000
Scott Hobbs	Nil	Nil
Nicholas Bolton ³	Nil	Nil
John Patton ⁴	26,526,643	Nil

Notes:

1. Sean Taylor holds his Yowie Shares indirectly as follows:
 - a. 1,375,212 Shares held by Systems Update Pty Ltd as trustee for the JMT Investment Trust; and
 - b. 499,013 Shares held by Systems Update Pty Ltd as trustee for the ISS Investment Trust.
2. Sean Taylor also holds 10,800,000 Service Rights, to vest in three tranches subject to applicable vesting conditions, each with an exercise price of nil and expiring on 8 December 2026. Refer to Section 11.2 for further information about these Service Rights.
3. Nicholas Bolton disclosed in the Appendix 3Y dated 19 May 2022 that he ceased to hold a Relevant Interest in Yowie Shares held by Keybridge pursuant to section 608(1) of the Corporations Act.
4. John Patton holds his Yowie Shares indirectly through Aurora Funds Management Limited in its capacity as responsible entity for the HHY Fund.

10.2 Dealings by Directors in Yowie Shares

No Director of Yowie has acquired or disposed of a Relevant Interest in any Yowie Shares in the 4-month period ending on the date immediately before the date of this Target's Statement.

The following Director of Yowie has acquired or disposed of a Relevant Interest in any Yowie Shares in the 6-month period ending on the date immediately before the date of this Target's Statement:

Director	Holder of Relevant Interest	Date of dealing	Description of dealing
Sean Taylor	Systems Update Pty Ltd as trustee for the ISS Investment Trust	11-12 September 2023	499,013 Shares acquired via on-market trade at an average price of \$0.0389 per Share.

10.3 Interests in Keybridge Shares

Based on the information provided in Keybridge's annual financial report for the period ended 30 June 2023, the following Yowie Directors have a Relevant Interest in Keybridge Shares:

Director	Keybridge Shares
Nicholas Bolton ¹	10,193,898
John Patton ²	348,641

Notes:

1. Nicholas Bolton holds his Keybridge Shares as follows:
 - a. 8,920,862 Shares held directly by Mr Bolton; and
 - b. 1,273,036 Shares held indirectly by Nicholas Bolton as trustee for the NFJB Superfund.
2. John Patton holds his Keybridge Shares indirectly as follows:
 - a. 210,464 Shares held by Wairoa Nominees Pty Ltd as trustee for the Patton Family Superannuation Fund; and
 - b. 138,177 Shares held by Rachel Patton (Mr Patton's spouse).

Other than as stated above, neither Yowie, nor any of the Yowie Directors, has a Relevant Interest in any Keybridge Shares or the shares of any Related Body Corporate of Keybridge.

10.4 Dealings in Keybridge Shares

Based on publicly available information, no Yowie Director acquired or disposed of a Relevant Interest in any securities in Keybridge in the 4-month period ending on the date immediately before the date of this Target's Statement.

10.5 Benefits and agreements

(a) Benefits in connection with retirement from office

No person has been or will be given any benefit (other than a benefit that can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else, from a board or managerial office of Yowie or a Related Body Corporate of Yowie.

(b) Agreements connected with or conditional on the Offer

There are no agreements made between any Independent Director and any other person in connection with, or conditional upon, the outcome of the Offer other than in their capacity as a holder of Yowie Shares.

(c) Interests of Directors in contracts with Keybridge

No Independent Director has any interest in any contract entered into by Keybridge.

The Non-Independent Directors, who are not making a recommendation in relation to the Offer in this Target's Statement, have interests in contracts entered into by them with Keybridge that relate to their directorship positions with Keybridge.

11. ADDITIONAL INFORMATION

11.1 Effect of the Offer on Yowie's material contracts

To the best of the Independent Directors' knowledge, none of the material contracts to which Yowie is a party contain change of control provisions that may be triggered as a result of, or as a result of acceptances of, the Offer.

11.2 Effect of the Offer on Yowie's incentive arrangements

Yowie has granted 10,800,000 Service Rights to Director Mr Sean Taylor as a form of share-based remuneration. The Service Rights were granted in December 2021.

The Service Rights held by Mr Taylor comprise:

Sean Taylor - Service Rights				
Tranche and Type	Grant Date	Vesting Date	Expiry Date	Number of Rights
Tranche 1 Service Rights	8/12/2021	8/12/2022	8/12/2026	3,600,000
Tranche 2 Service Rights	8/12/2021	8/12/2023	8/12/2026	3,600,000
Tranche 3 Service Rights	8/12/2021	8/12/2024	8/12/2026	3,600,000

Service Rights vest when a specific period of continued employment or service is satisfied.

Vested Service Rights may be exercised by the holder at any time before the expiry date of the Service Rights, and upon exercise the Shares will be issued to the holder.

The Tranche 1 and Tranche 2 Service Rights (7,200,000 Service Rights) held by Sean Taylor have already vested and may be exercised at any time before the expiry date.

Unvested Service Rights automatically vest and are automatically exercised, on a change of control (other than Service Rights with a vesting date greater than 12 months from the change of control event, in which case the holder will be granted the right to convert such unvested Service Rights, within 14 days of the change of control event).

If a change of control occurs as a result of the Offer, it will occur within 12 months of the vesting date of the Tranche 3 Service Rights and as such the Tranche 3 Service Rights (3,600,000) Service rights will vest in the event of the Offer being successful.

11.3 Material litigation

Yowie North America Inc. (**YNA**), a wholly owned subsidiary of Yowie, previously brought claims against Whetstone Chocolate Factory and Atlantic Candy Company (**ACC**) for the release and return of a wrapping machine owned by Yowie and located at ACC's facility as well as monetary damages. A settlement agreement was entered into between YNA and ACC and the wrapping machine was released and returned.

However, ACC, Whetstone Industries (**WI**) and Henry M. Whetstone Jr. filed counterclaims in the same case against YNA alleging that YNA breached various agreements (including a patent

agreement (**Patent Agreement**) and a manufacturing agreement (**Manufacturing Agreement**)), violated the Florida Uniform Trade Secrets Act, breached fiduciary duties owed to WI and ACC and fraudulently induced ACC, WI and Mr Whetstone to enter into amendments to the agreements.

A trial proceeded in November and December 2022 and the Court, on 7 February 2023, entered its verdict as follows:

- the Court found in favour of YNA on all claims pursuant to the Patent Agreement and YNA was not liable to pay any damages;
- all of WI's claims in relation to the Manufacturing Agreement were rejected; and
- YNA owed WI payment on two invoices under the Manufacturing Agreement totalling \$114,580 with pre-judgment interest at 9% per annum.

Subsequently, WI and Mr Whetstone filed a notice of appeal on 21 April 2023 and YNA filed a cross-appeal on 8 May 2023.

In relation to YNA's motion for attorney's fees and costs, the Court:

- granted its motion against Mr Whetstone in relation to the Patent Agreement; and
- denied its motion against WI in relation to the Manufacturing Agreement.

The Court granted WI's motion for attorney's fees and costs against YNA in relation to the Manufacturing Agreement. On 5 September 2023, YNA filed its Notice of Appeal in relation to the Court's decision to deny YNA's motion and grant WI's motion related to the Manufacturing Agreement.

YNA expects that a ruling in relation to both appeals will occur sometime in Q3 or Q4 of 2024.

The Independent Directors do not consider it likely that any material payments would be made as a result of these cases; however, are not able to reliably estimate the ultimate settlement amounts at this time.

11.4 Condition

To the best of the Independent Directors' knowledge, there are no circumstances which may result in the Condition not being satisfied.

11.5 Consents

The following parties have given, and have not withdrawn before the date of this Target's Statement, their consent to:

- (a) be named in this Target's Statement in the form and context in which they are so named;
- (b) the inclusion of their respective reports or statements noted next to their names and the references to those reports or statements in the form and context in which they are included in this Target's Statement; and
- (c) the inclusion of other statements in this Target's Statement that are based on or referable to statements made in those reports or statements, or that are based or referable to other statements made by those persons in the form and context in which they are included.

Person	Named as	Reports or Statements
Moore Australia Corporate Finance (WA) Pty Ltd	Independent Expert	Independent Expert's Report (attached as Annexure A to this Target's Statement)
RSM Australia	Auditor	None – but conducted the audit of the 30 June 2022 and 30 June 2023 annual financial statements and audit review of the financial statements for the half-year ended 31 December 2023 referred to in Section 6.6.
Blackwall Legal	Legal Advisers	None
Link Market Services Limited	Share Registry	None

Each of the above persons:

- (a) does not make, or purport to make, any statement in this Target's Statement other than those statements referred to above and as consented to by that person; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement other than as described in this Section with the person's consent.

As permitted by ASIC Class Order 13/521, this Target's Statement contains statements which are made, or based on statements made, in documents lodged with ASIC or ASX. Pursuant to that Class Order, provided the Target's Statement fairly represents such statements, the consent of the persons who made the statements is not required for the inclusion of such statements in this Target's Statement. Any Yowie Shareholder who would like to receive a copy of any of those documents may obtain a copy (free of charge) during the Offer Period by contacting Yowie by email at neville@yowiegroup.com.

As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target's Statement may include or be accompanied by certain statements:

- (a) fairly representing a statement by an official person; or
- (b) from a public official document or a published book, journal or comparable publication.

In addition, as permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target's Statement contains share price trading data sourced from ASX without its consent.

11.6 No other material information

This Target's Statement is required to include all the information that Yowie Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer, but:

- (a) only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in this Target's Statement; and
- (b) only if the information is known to any director of Yowie.

The Independent Directors are of the opinion that the information that Yowie Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is:

- (a) the information contained in the Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);
- (c) the information contained in the documents lodged by Yowie with ASIC before the date of this Target's Statement; and
- (d) the information contained in this Target's Statement.

The Independent Directors have assumed, for the purposes of preparing the Target's Statement, that the information in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, the Independent Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all statements contained in it.

In deciding what information should be included in this Target's Statement, the Independent Directors have had regard to:

- (a) the nature of the Yowie Shares;
- (b) the matters that Yowie Shareholders may reasonably be expected to know;
- (c) the fact that certain matters may reasonably be expected to be known to Yowie Shareholders' professional advisers; and
- (d) the time available to Yowie to prepare this Target's Statement.

12. DEFINITIONS AND INTERPRETATION

12.1 Glossary

In this Target's Statement (including its Annexures), unless the context otherwise requires:

Acceptance Form means the form of acceptance for the Offer accompanying the Bidder's Statement or alternatively any acceptance form sent to a Yowie Shareholder by Keybridge's share registry in relation to the Offer.

ACN means Australian company number.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given to that term in sections 10 to 17 of the Corporations Act.

ASX means ASX Limited, and where the context requires, the financial market that it operates known as the Australian Securities Exchange.

Condition means the condition of the Offer, set out in section 11.8 of the Bidder's Statement.

Bidder's Statement means the Bidder's statement dated 9 February 2024 and despatched by Keybridge on 16 February 2016 in relation to the Offer.

Board means the board of directors of Yowie.

Business Day means a day that is not a Saturday, Sunday or any other day which is a public holiday or a bank holiday in Perth, Western Australia.

CGT means capital gains tax.

Condition means the condition set out in Section 5.2 of this Target's Statement.

Constitution means the constitution of Yowie.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of Yowie.

Government Agency means any government or any governmental, semi-governmental, statutory or judicial entity, agency or authority, whether in Australia or elsewhere, including (without limitation) any self-regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions, and any stock exchange.

Group means Yowie and its Subsidiaries.

GST means goods and services tax.

Independent Directors means Mr Sean Taylor and Mr Scott Hobbs.

Independent Expert means Moore Australia Corporate Finance (WA) Pty Ltd.

Independent Expert's Report means the report prepared by the Independent Expert included as Annexure A to this Target's Statement.

Keybridge means Keybridge Capital Limited ACN 088 267 190.

Keybridge Share means a fully paid ordinary share in the capital of Keybridge.

Listing Rules means the official listing rules of ASX, as amended from time to time.

Non-Associated Shareholders means Shareholders who are not a party to, or associated with a party to, the Offer (i.e. Shareholders who are not Keybridge or associated with Keybridge).

Non-Independent Directors means Mr Nicholas Bolton and Mr John Patton, Directors of Yowie who are also directors of Keybridge.

Notice of Status of Condition means Keybridge's notice disclosing the status of the Condition, which is required to be given by section 630(3) of the Corporations Act.

Offer means the off-market takeover bid by Keybridge to acquire Yowie Shares on the terms and conditions set out in the Bidder's Statement.

Offer Date means 29 December 2023, being the date of the Offer.

Offer Period means the period during which the Offer is open for acceptance.

Offer Price means the consideration payable under the Offer, being \$0.034 for each Yowie Share held.

Record Date means the date set by Keybridge under section 633(2) of the Corporations Act, being 9:00am (WST) on 28 December 2023.

Related Body Corporate has the meaning given in section 50 of the Corporations Act.

Relevant Interest has the meaning given in section 9 of the Corporations Act.

Section means a section of this Target's Statement, unless otherwise specified.

Security Interest has the meaning given to that term in the *Personal Property Securities Act 2009* (Cth).

Service Right means a right to a Share granted under the Company's Employee Incentive Plan as a form of share based remuneration.

Share means an ordinary share in the capital of Yowie.

Subsidiary has the meaning given in section 46 of the Corporations Act.

Target's Statement means this document being the statement of Yowie under Part 6.5 of Division 3 of the Corporations Act.

Unconditional means Keybridge issuing a notice in accordance with section 630(3) of the Corporations Act, declaring that the Offer is free or freed (as the case may be) from the Condition, subject to compliance with section 650F(1)(a) of the Corporations Act.

US and **USA** means the United States of America.

VWAP means the volume weighted average price.

WST means Western Standard Time, being the time in Perth, Western Australia.

Yowie means Yowie Group Limited ACN 084 370 669.

Yowie Share means an ordinary share in the capital of Yowie.

Yowie Shareholder means a registered holder of Yowie Shares.

12.2 Interpretation

In this Target's Statement, unless the context otherwise requires:

- (a) other words and phrases have the same meaning (if any) given to them in the Corporations Act;
- (b) words of any gender include all genders;
- (c) words indicating the singular include the plural and vice versa;
- (d) an expression indicating a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- (e) a reference to a section, clause, attachment and schedule is a reference to a section of, clause of and an attachment and schedule to this Target's Statement as relevant;
- (f) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them;
- (g) headings and bold type are for convenience only and do not affect the interpretation of this Target's Statement;
- (h) a reference to time is a reference to the time in Western Australia;
- (i) a reference to dollars, \$, A\$, AUD, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia; and
- (j) a reference to US\$ is a reference to the currency of the United States of America.

13. APPROVAL OF TARGET'S STATEMENT

This Target's Statement has been approved by a resolution passed by the Independent Directors (as that term is defined in this Target's Statement) of Yowie Group Limited.

Signed for and on behalf of the Independent Directors by:



Signature of Sean Taylor, Executive Chairman

29 February 2024

Date

Corporate Directory

Directors

Mr Sean Taylor	Executive Chairman
Mr Nicholas Bolton	Non-Executive Director
Mr John Patton	Non-Executive Director
Mr Scott Hobbs	Non-Executive Director

Key Management

Mr Leonidas Valle	Country Manager – North America
Mr Jarrod Milani	Country Manager – Australia & New Zealand
Ms Cynthia Thayer	Global Chief Marketing Officer

Company Secretary

Mr Neville Bassett

Registered and Principal Office

Level 4
216 St Georges Terrace Perth WA 6000
Telephone: (08) 6268 2640

ABN

98 084 370 669

Company Website Address

www.yowieworld.com

Auditors

RSM Australia
Level 32, Exchange Tower 2 The Esplanade
Perth WA 6000

Legal Adviser

Blackwall Legal LLP
Level 26, 140 St Georges Terrace
Perth WA 6000

Share Registry

Link Market Services Limited
Level 12, QV1 Building
250 St Georges Terrace Perth WA 6000
Telephone: 1300 554 474 or +61 2 8280 7111

ASX Code

YOW

For personal use only



Independent Expert's Report

Yowie Group Limited

28 February 2024

The Offer is not fair but reasonable to the Non-Associated Shareholders of Yowie Group Limited

Prepared by Moore Australia Corporate Finance (WA) Pty Ltd

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MOORE AUSTRALIA CORPORATE FINANCE (WA) PTY LTD**Australian Financial Services License No. 240773****FINANCIAL SERVICES GUIDE**

This Financial Services Guide provides financial information about the supply of financial services to the shareholders of Yowie Group Limited ("Yowie", or "the Company"). We have been engaged by Yowie to prepare an Independent Expert's Report in connection with the off-market takeover offer received from Keybridge Capital Limited ("Keybridge"). Our report has been prepared at the request of the Directors of Yowie for inclusion in the Target Statement to be dated on or around 29 February 2024.

Moore Australia Corporate Finance (WA) Pty Ltd

Moore Australia Corporate Finance (WA) Pty Ltd ("MACF") has been engaged by the directors of Yowie to prepare an independent expert's report expressing our opinion as to whether or not the Offer is "fair and reasonable" to the Non-Associated Shareholders of Yowie. MACF holds an Australian Financial Services Licence – Licence No 240773.

Financial Services Guide

As a result of our report being provided to you, we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). The FSG includes information on the use of general financial product advice and is issued to comply with our obligations as holder of an Australian Financial Services Licence.

Financial Services we are licensed to provide.

We hold an Australian Financial Services Licence which authorises us to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues, and to carry on a financial services business to provide general financial product advice for securities to retail and wholesale clients.

We provide financial product advice by virtue of an engagement to issue a report in connection with the issue of securities of a company or other entities.

Our report includes a description of the circumstances of our engagement and identifies the party who has engaged us. You have not engaged us directly but will be provided with a copy of our report as a retail client because of your connection with the matters on which our report has been issued. We do not accept instructions from retail clients and do not receive remuneration from retail clients for financial services.

Our report is provided on our own behalf as an Australian Financial Services Licensee authorised to provide the financial product advice contained in this report.

General Financial Product Advice

Our report provides general financial product advice only, and does not provide personal financial product advice, because it has been prepared without considering your particular personal circumstances or objectives either financial or otherwise, your financial position or your needs. Some individuals may place a different emphasis on various aspects of potential investments.

An individual's decision in relation to the Offer may be influenced by their particular circumstances and, therefore, individuals should seek independent advice.

Benefits that we may receive.

We will charge fees for providing our report. The basis on which our fees will be determined has been agreed with, and will be paid by, the person who engaged us to provide the report. Our fees have been agreed on either a fixed fee or time cost basis. We estimate that our fees for the preparation of this report will be approximately \$30,000 plus GST.

Remuneration or other benefits received by our employees.

All our employees receive a salary. Employees may be eligible for bonuses based on overall productivity and contribution to the operation of MSPCS or related entities, but any bonuses are not directly in connection with any assignment and in particular are not directly related to the engagement for which our report was provided.

Referrals

We do not pay commissions or provide any other benefits to any parties or person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

MACF is the licensed corporate advisory arm of Moore Australia Perth, Chartered Accountants. The directors of MACF may also be partners in Moore Australia Perth Chartered, Accountants.

Moore Australia Perth, Chartered Accountants is comprised of a few related entities that provide audit, accounting, tax, and financial advisory services to a wide range of clients.

MACF's contact details are set out on our letterhead.

Neither MACF nor its related entities have previously provided any professional services to Yowie Group Limited.

Complaints resolution

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, Moore Australia Corporate Finance (WA) Pty Ltd, PO Box 5785, St George's Terrace, Perth WA 6831.

On receipt of a written complaint, we will record the complaint, acknowledge receipt of the complaint and seek to resolve the complaint as soon as practical.

If we cannot reach a satisfactory resolution, you can raise your concerns with the Australian Financial Complaints Authority Limited ("AFCA"). AFCA is an independent body established to provide advice and assistance in helping resolve complaints relating to the financial services industry. MACF is a member of AFCA. AFCA may be contacted directly via the details set out below.

Australian Financial Complaints Authority Limited
GPO Box 3
Melbourne VIC 3001
Toll free: 1800 931 678
Facsimile: 03 9613 6399
Email: info@afca.org.au

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28 February 2024

The Directors
Yowie Group Limited
Level 4, 216 St Georges Terrace
PERTH WA 6000

Dear Directors

Independent Expert's Report

1. Introduction

- 1.1. On 29 December 2023 Keybridge Capital Limited (ASX:KBC) ("Keybridge or "the Bidder") announced an off-market takeover offer for all of the ordinary shares in Yowie Group Limited (ASX:YOW) ("Yowie"), for cash consideration of AU\$0.034 cents per Yowie Share (the "Offer").
- 1.2. Keybridge did not dispatch the related Bidder's Statement within the 28-day time period, as prescribed by item 6 of subsection 633(1) due to an administrative oversight. On 6 February 2024, Keybridge released an ASX announcement advising that it had sought, and received, consent from the Australian Securities and Investments Commission ("ASIC") pursuant to s.652B of the Corporations Act 2001 (Cth), to enable the withdrawal of all unaccepted offers under the Superseded Bidder's Statement, and to reissue the takeover bid on the same terms and conditions of the original Offer.
- 1.3. As such, on 9 February 2024, Keybridge lodged a New Bidders Statement in relation to the Offer. The details of the Offer under the New Bidders Statement remain unchanged from the Superseded Bidders Statement. On 16 February 2024, Keybridge announced that it had dispatched the New Bidders Statement to Yowie shareholders.
- 1.4. Further details of the Offer are set out in Section 3.

2. Summary and opinion

Purpose of the Report

- 2.1. Section 640 of the Corporation's Act requires the Target Statement to include an Independent Expert Report to shareholders if:
 - The bidder's voting power in the target is 30% or more; or
 - The bidder and the target have directors in common.
- 2.2. As at 19 February 2024, Keybridge had a relevant interest in Yowie of 36.684% (80,178,853 shares) and had two directors in common with Yowie, being Mr Nicholas Bolton and Mr John Patton.
- 2.3. As such, the directors of Yowie have engaged Moore Australia Corporate Finance (WA) Pty Ltd ("MACF") being independent and qualified for the purpose, to prepare an Independent Expert's Report to express an opinion as to whether the Offer is fair and reasonable to the shareholders of Yowie not associated with the Offer (the "Non-Associated Shareholders"), pursuant to section 640 of the Corporations Act.
- 2.4. Our assessment of the Offer relies on financial information and instructions provided by the Company and the Directors. We have critically analysed the information provided to us, but we have not completed any audit or due diligence of the information which has been provided for the entities which have been valued. This report does not contain any accounting or taxation advice.

Approach

- 2.5. Our report has been prepared having regard to Australian Securities & Investments Commission (“ASIC”) Regulatory Guide 111 *Content of Expert’s Reports* (“RG 111”) and Regulatory Guide 112 *Independence of Expert’s* (“RG 112”). In arriving at our opinion, we have assessed the terms of the Offer, as outlined in the body of our report, by considering the following.
- How the value of a Yowie share compares to the value of the consideration being provided;
 - Advantages and disadvantages of approving the Offer;
 - The likelihood of a superior alternative Offer being available to Yowie;
 - Other factors which we consider to be relevant to the shareholders of Yowie in their assessment of the Offer; and
 - The position of the shareholders of Yowie should the Offer not be successful.
- 2.6. Further information on the approach we have employed in assessing whether the Offer is “fair and reasonable” is set out at Section 4 of this Report.

Opinion

- 2.7. We have considered the terms of the Offer as outlined in the body of our report and have concluded that the Offer is not fair but reasonable to the Non-Associated Shareholders of Yowie, as set out in Sections 10 and 11 of this Report.
- 2.8. When considering reasonableness, key to our opinion is the recent performance of the Yowie business and its share price. In our opinion, the Offer is reasonable in so much as it allows Non-Associated Shareholders to dispose of their illiquid shares at a price in excess of recent trading prices and eliminates any risk associated with potentially holding shares in an unlisted company.
- 2.9. However, we note that the Offer appears to be at cash backing and does not appear to capture any additional business value. Further, Yowie has a history of maintaining its cash balance and has a number of initiatives underway that may result in an improvement in profitability and share price. Whilst we consider the Offer not fair but reasonable, we recognise that some Non-Associated Shareholders may consider the benefit of continuing to hold shares in Yowie for a potential improvement in performance outweigh the benefit of accepting a cash payment now.

Fairness

- 2.10. Our assessed values are summarised in the table below.

	Section	Low Value AU\$	High Value AU\$
Assessed Fair Value of a Yowie share on a controlling basis	9	0.0470	0.0571
Assessed Fair Value of the Consideration per Yowie share	3	0.0340	0.0340

Source: MACF analysis

- 2.11. In the absence of any other relevant information, in our opinion, this indicates that the Offer is not fair to the Non-Associated Shareholders of Yowie as the assessed fair value of the consideration is less than the assessed fair value of a Yowie share.

Reasonableness

2.12. RG 111 establishes that an offer is reasonable if it is fair. It may also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the Offer in the absence of a higher bid before the Offer closes. We have considered the analysis in Section 11 of this report, in terms of both:

- Advantages and disadvantages of the Offer; and
- Other considerations if the Offer is successful and the position of shareholders of Yowie if they are not successful.

2.13. In our opinion, the position of the Non-Associated Shareholders if the Offer is approved is more advantageous than if they are not approved. We are of this opinion because Yowie has illiquid shares and has experienced recent poor financial performance. As such, the Offer provides an opportunity for the Yowie shareholders to realise their investment at a premium to the share price prior to the announcement of the Offer.

2.14. The advantages and disadvantages considered are summarised below. A detailed explanation can be found in Section 11.

Advantages of approving the Offer

- Yowie shareholders will be able to realise cash consideration in exchange for illiquid Yowie shares.
- Yowie is subject to a lawsuit in the appeals stage. Should the appeal not go in Yowie's favour, then there is a risk that Yowie's value could decline in the short term. Yowie management has commented that it is unlikely the appeal will be successful, please refer to Section 9.13 for more details.
- The Offer is at a premium to the pre-Offer announcement share price.
- Shareholders will not be exposed to the potential delisting of Yowie's shares from the ASX if Keybridge gains enough influence.

Disadvantages of approving the Offer

- The Offer is not fair to the Non-Associated Shareholders of Yowie.
- Non-Associated Shareholders will not have exposure to the potential future upside of Yowie.
- Potential tax consequences for shareholders of accepting the Offer.
- No other potential competing bids for Yowie will be able to be considered.

2.15. Other key matters we have considered include:

- We are not aware of any alternative offers.
- The Offer is roughly cash backed as at 31 December 2023 with little value for the business of Yowie. Any movements in the cash balance subsequent to 31 December 2023 as a result of seasonal fluctuations could mean that the Offer is less or more than the cash backed value.
- Yowie has not undertaken a formal sale process for other potential buyers.
- If Keybridge acquires enough interest in Yowie to be able to delist Yowie from the ASX, any Shareholder that has not accepted the Offer will hold shares in an unlisted entity.

3. Summary of the Offer

- 3.1. On 9 February 2024, Keybridge announced an off-market takeover offer for up to 100% of the ordinary shares in Yowie for a cash consideration of AU\$0.034 per Yowie Share (the “Consideration”).
- 3.2. The Consideration represents:
- A 9.68% premium to the one-month volume weighted average price (“VWAP”) of Yowie shares up to 28 December 2023.
 - A 17.24% premium to the price of Yowie shares at close the day prior to the Offer (27 December 2023).

Rationale for the Offer

- 3.3. Keybridge is already a major shareholder in Yowie and the Offer allows Keybridge to increase its shareholding in Yowie and thereby achieve a greater influence over Yowie’s future strategy and direction. If Keybridge increases its Yowie Shareholding so that Yowie becomes a subsidiary of Keybridge, Keybridge will also be able to determine the composition of the Yowie board of directors.

Impact of Offer on Yowie’s Capital Structure

- 3.4. The table below summarises the total number of ordinary shares that Yowie will have on issue on full acceptance of the Offer.

	Ref	No of Ordinary Shares
Shares on issue at the date of the Offer announcement	6.26	218,567,901
Conversion of Service Rights on change of control event	3.5	10,800,000
Total number of shares on issue on full acceptance of the Offer		229,367,901

- 3.5. At the date of this report, Yowie has 10,800,000 Service Rights on issue. These Service Rights automatically vest and are automatically exercised, on a change of control event. If the Offer is successful, the change of control will occur and the number of ordinary shares in Yowie will be diluted by the number of Service Rights on issue. For further information on the terms and conditions associated with the Service Rights refer to Section 6.29 of this report.

- 3.6. The table below summarises the impact of full acceptance of the Offer for Yowie shareholders:

At the date of this Report			On full acceptance of the Offer		
Shareholder	No of Ordinary Shares Held	%	Shareholder	No of Ordinary Shares Held	%
Non-Associated Shareholders	138,389,048	63%	Non-Associated Shareholders	-	-
Keybridge	80,178,853	37%	Keybridge	229,367,901	100%
Total Ordinary Shares on Issue	218,567,901	100%	Total Ordinary Shares on Issue	229,367,901	100%

- 3.7. As there is no minimum acceptance condition under the Offer, the percentage holding by Keybridge and the Non-Associated Shareholders will vary depending on how many Yowie shareholders accept the Offer.

4. Scope of the report

Regulatory guidance

- 4.1. The Listing Rules do not define the meaning of 'fair and reasonable'. In determining whether the Offer is fair and reasonable; we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider assisting security holders to make informed decisions about transactions.

Adopted basis of evaluation

- 4.2. RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the value of the asset being acquired. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.
- 4.3. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for Non-Associated Shareholders to accept the Offer in the absence of any higher bid.
- 4.4. Having regard to the above, MACF has completed this comparison as follows:
- A comparison between the value of a Yowie share and the value of the Consideration (fairness – see Section 10 – Assessment of Fairness);
 - An investigation into other significant factors to which Non-Associated Shareholders might give consideration, prior to approving the Offer, after reference to the values derived above (reasonableness – see Section 11 - Assessment of Reasonableness).

5. Industry Analysis

- 5.1. Yowie operates in a niche subsection of the chocolate and confectionary manufacturing industry, specialising in manufacturing chocolates and confectionary that feature a "novelty surprise inside experience". Yowie use third party manufacturers to provide their products to distributors which are shipped to retailers and then sold across the country to consumers.
- 5.2. In analysing the chocolate and confectionary manufacturing industry, it is important to acknowledge the elasticity of the market. The pricing strategy for these products positions them predominantly as normal to luxury goods. Consequently, consumer perception is that Yowie products are a discretionary expense.
- 5.3. Health consciousness negatively affects the industry. As health consciousness rises, the demand for chocolate and confectionary products declines.
- 5.4. Additionally, the industry is moderately exposed to international trade therefore changes in foreign currency rates can influence manufacturer's performance.

Confectionary Manufacturing in Australia

Performance

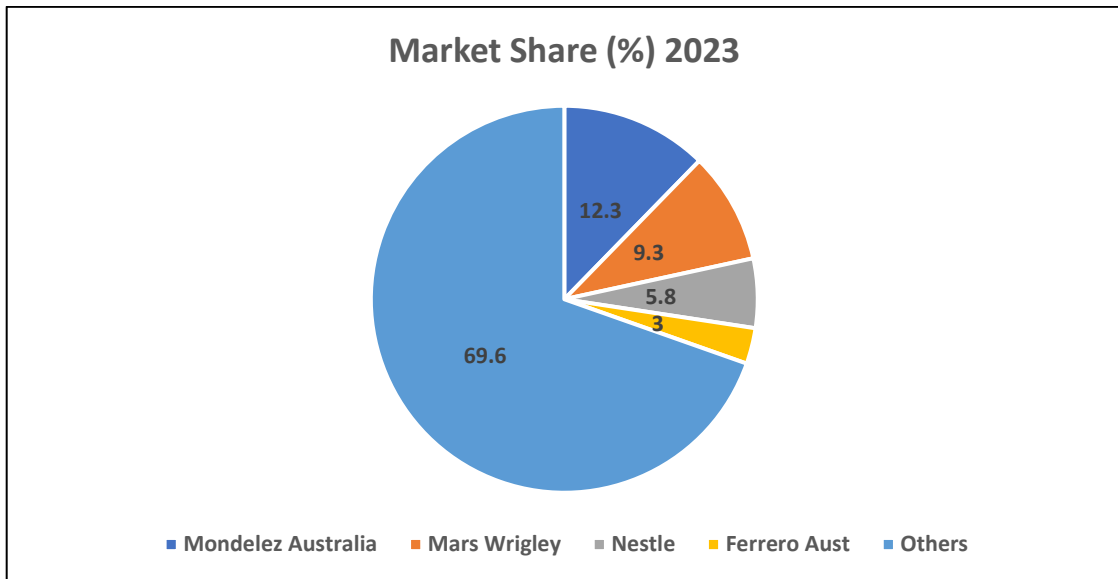
- 5.5. In Australia, there is a growing concern among consumers regarding the fat and sugar content of food, which has constrained demand for chocolates and confectionary items. Manufacturers are beginning to shift their product lines towards more premium, healthier options.
- 5.6. Recent inflationary pressure and increasing interest rates led to a 1.9% decline in industry revenue for Australia in 2023¹.

¹ IBISWorld Chocolate and Confectionery Manufacturing in Australia Dec 2023

- 5.7. Real household disposable income and demand from supermarkets are the two largest drivers in the industry in Australia. Overall domestic and international demand for chocolate and confectionary manufacturing and the price of cocoa also play a significant role in the profitability of companies within the industry.
- 5.8. As the Australian dollar is expected to appreciate in 2023-2024 the domestic chocolate and confectionary manufacturing industry is expected to decline.

Competitors

- 5.9. Given that Yowie represents a niche subset of the chocolate manufacturing and confectionary industry, it has its own separate major players in the industry. As far as the overall industry goes, Mondelez Australia dominates with a 12.3% share, followed by Mars Wrigley at 9.3% share¹. However, companies such as Bahen & Co. Chocolate and Haigh's Chocolate better reflects the operations of Yowie which take up a considerably smaller portion of the overall market share.

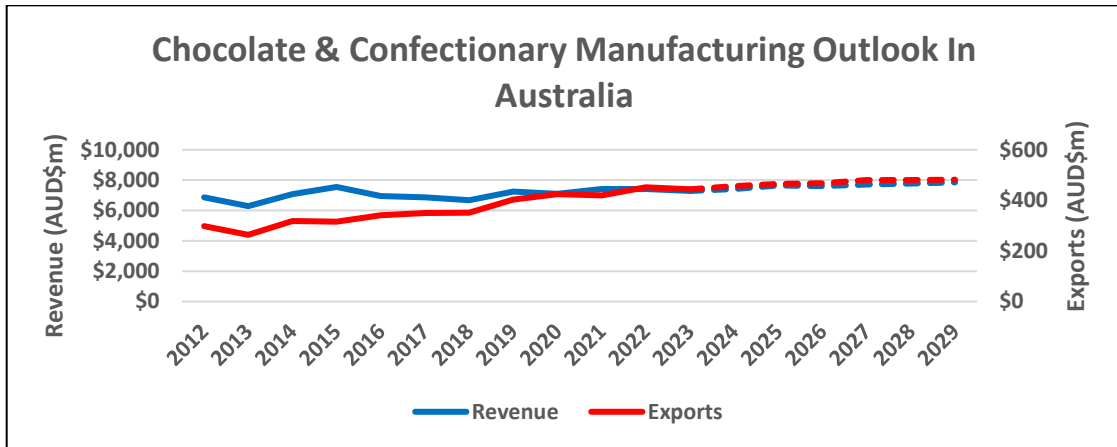


Source: Ibis World – Chocolate and Confectionary Manufacturing Industry in Australia Dec 2023

Outlook

- 5.10. The industry is expected to gradually rise and maintain value rather than expand aggressively. This is primarily the result of Australians shifting away from processed foods to premium health food products. Premium chocolates and confectionary from international manufacturers pose a threat to domestic producers as disposable income rises. These imports are set to occupy a larger share of the market in the upcoming years².
- 5.11. Sustainability issues are also a concern as more companies are aiming to source their products from more sustainable avenues.

- 5.12. Although there are concerns surrounding the industry's future, domestic growth in disposable income and an increase in the size of the Australian population are set to support manufacturing and maintain current growth rates. Ultimately, industry revenue in Australia is expected to rise at an annualised 1.3% through to the end of 2028, reaching a revenue of AU\$7.8bn².



Source: Ibis World – Chocolate and Confectionary Manufacturing Industry in Australia

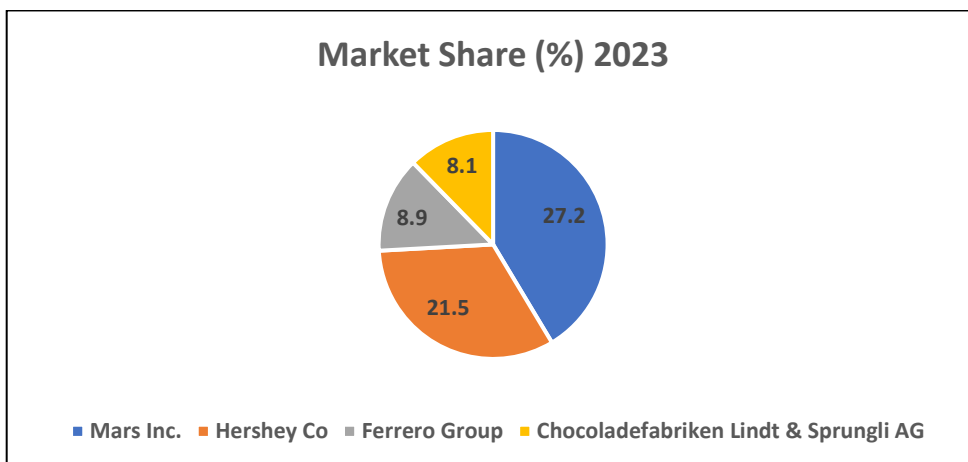
Confectionary Manufacturing in the USA

Performance

- 5.13. Like Australia, US consumers are increasingly prioritising their health and the environment. Chocolate producers and manufacturers have begun increasing their product range that cater to individuals looking for healthier options.
- 5.14. Input and raw material prices have been volatile recently, cocoa prices have been increasing to unprecedented levels in 2023 and these costs have predominantly been passed on to the consumers at the cost of reduced consumer demand.

Competitors

- 5.15. As far as the overall industry goes, Chocoladefabriken Lindt & Sprungli AG dominate the American market with a 27.2% share, followed by Hershey Co at 21.6% share³. Unlike Australia, which has a larger set of smaller companies, the US market is dominated with larger companies that overshadow smaller producers. Larger companies purchase smaller ones that offer more unique products therefore reducing the need for product innovation and increasing market share.



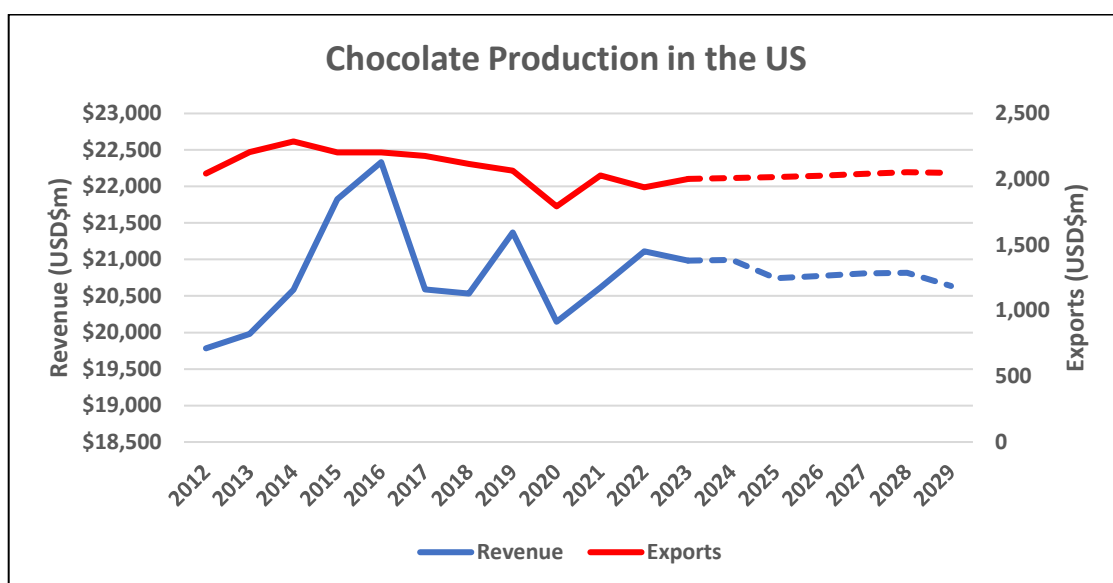
Source: Ibis World – Chocolate Production in the US Dec 2023

² IBISWorld Chocolate and Confectionary Manufacturing in Australia Dec 2023

³ IBISWorld Chocolate Production in the US Dec 2023

Outlook

- 5.16. Volatility in cocoa prices is expected to remain which will prove difficult for producers to maintain a constant margin.
- 5.17. Healthier alternatives are increasingly more in demand and gradually replacing more traditional confectionary. Producers are beginning to shift towards these products quicker than before with many entities beginning to change ingredients, formulas and expand product lines.
- 5.18. Like health consciousness, labour practices and sustainability are also increasingly influencing consumer preferences, and many companies are sourcing more ethical and environmentally friendly ingredients and practices to garner as much consumer attraction possible.
- 5.19. Overall, the anticipated benefits of increased consumer income and increased demand for healthier alternatives will be challenged by the volatile price of cocoa and increasing unemployment. Ultimately revenue is forecast to dip at an annual rate of 0.2% through to the end of 2028 to a total of US\$20.8bn³.



Source: Ibis World – Chocolate Production in the US Dec 2023

6. Profile of Yowie

Background

- 6.1. Yowie is a confectionary brand originating in Australia in 1995. It specialises in the development of consumer products that are designed to promote learning and engagement through its trademarked Yowie characters.
- 6.2. Yowie officially listed on the ASX in December 2012 with the ticker code ASX:YOW and is based in Perth, Western Australia.
- 6.3. Yowie procure raw materials and deliver them to a third-party manufacturing facility in the USA, which processes the materials into finished goods. Some of equipment used in this process belongs to Yowie. The finished products are then delivered straight to retailers.
- 6.4. Historically some of the products manufactured in the USA were sold to a distributor in Australia. A consultant in Australia now manages this process by procuring raw materials, manufacturing with third parties and shipping products direct to retailers in Australia.

Ernest Hillier

- 6.5. On 30 August 2023 Yowie announced that it entered into a binding Asset Purchase Agreement with the administrators of Chocolate and Confectionary Company Pty Ltd to acquire the Ernest Hillier Chocolate business (“EH”) for AU\$375,000. The acquisition completed on 11 September 2023.
- 6.6. EH is Australia’s first and oldest privately owned chocolatier, established in 1914. On 21 June 2023 Chocolate and Confectionary Company Pty Ltd was placed into voluntary administration after suffering from declining margins as a result of increasing costs coupled with price rises resisted by contract customers.
- 6.7. EH is located in Coburg North, Victoria, and has two adjoining property leases with the capability to produce a large range of products from its leasehold operations (of circa 4,000m²) including premium Australian chocolates and snack bars. Yowie intends to invest in improving the leasehold facility.
- 6.8. The acquisition included the manufacturing plant and equipment and intellectual property of EH, including recipes, trademarks and domain names. Yowie has entered into new leases for the EH premises and has obtained either new leases or assignments in respect of leased plant and equipment used by EH.
- 6.9. Yowie has not assumed any of liabilities of EH.
- 6.10. At the time of acquisition, Chocolate and Confectionary Company Pty Ltd had non-exclusive contracts to manufacture confectionary products for several major retailers however these contracts are largely considered to be uneconomic.

Licence Agreements

- 6.11. Yowie has entered several seasonal licensed merchandising arrangements for the following:
 - Bluey: non-exclusive licence in Australia and New Zealand to design and manufacture a selection of products for Christmas and Easter for the three years to 30 June 2026. No sales have yet been generated from the Bluey agreement, with the first product under this agreement due for sale in Easter 2024.
 - Australian Football League (“AFL”): non-exclusive licence in Australia to manufacture a large chocolate football easter egg, expiring on 31 October 2024.
 - Australian Rugby League Commission (“NRL”): non-exclusive licence in Australia and New Zealand to use and incorporate NRL intellectual property on licenced products expiring on 31 October 2024.
- 6.12. Yowie did not pay an acquisition fee to commence the license agreements above, however Yowie is committed to paying minimum guaranteed license fees over the terms of the agreements. The Bluey agreement includes the largest minimum license fee guarantee, being AU\$850,000 plus GST over the three-year term.

Whetstone lawsuit

- 6.13. Yowie North America Inc. (“YNA”), a wholly owned subsidiary of Yowie, previously brought claims against Whetstone Chocolate Factory (“WCF”) and Atlantic Candy Company (“ACC”) for the release and return of a wrapping machine owned by Yowie and located at ACC’s facility, and monetary damages. YNA negotiated a settlement agreement with ACC for the release and return of the wrapper and it has since been returned.
- 6.14. In this same case ACC, Whetstone Industries (“WI”), and Henry M. Whetstone, Jr. (“Whetstone”) filed counterclaims against YNA alleging that YNA breached various agreements, violated the Florida Uniform Trade Secrets Act (“FUTSA”), breached fiduciary duties owed to WI and ACC, and fraudulently induced ACC, WI, and Whetstone to enter into amendments to the agreements.

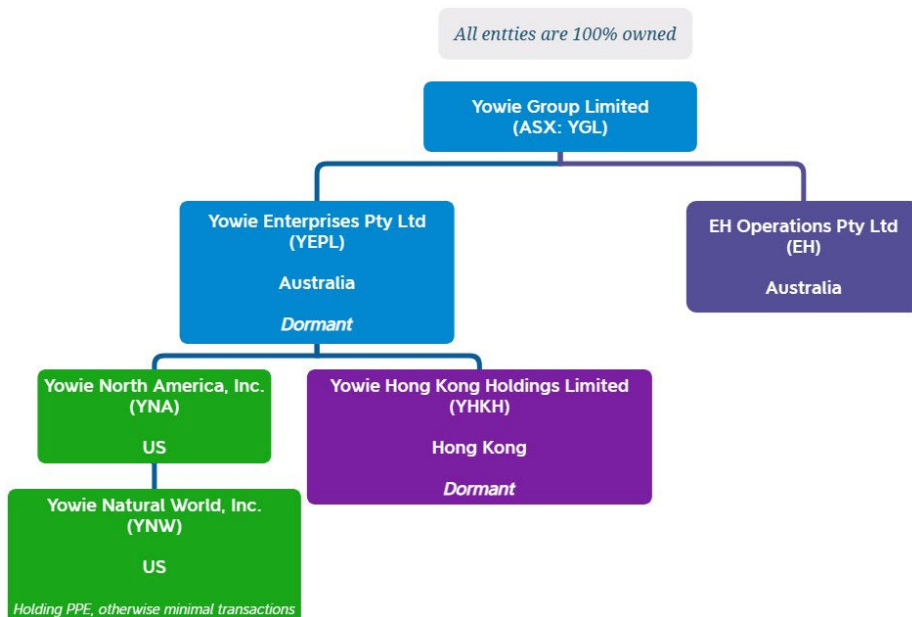
- 6.15. A trial proceeded in November and December 2022. On 7 February 2023, the Court entered its verdict which found in YNA's favour on all claims brought by Whetstone pursuant to the Patent Agreement and awarded Whetstone no damages. On WI's Manufacturing Agreement claims, the Court rejected all of WI's claims. The Court did find that YNA owed WI payment on two invoices that were left unpaid for the time period in which YNA was still manufacturing with WI. These invoices total \$114,580 with prejudgment interest at 9% per annum. WI and Whetstone subsequently filed a notice of appeal on 21 April 2023, and YNA filed a cross-appeal on 08 May 2023.
- 6.16. Each of the parties also filed their own motions for attorney's fees and costs. On 4 August 2023 the Court granted YNA's motion for attorney's fees and costs against Whetstone related to the Patent Agreement but denied YNA's motion for attorney's fees and costs against WI and granted WI's motion for attorney's fees and costs against YNA related to the Manufacturing Agreement. On 5 September 2023, Yowie filed its Notice of Appeal of the Court's order on attorney's fees and costs denying YNA's motion for attorney's fees and costs against WI related to the Manufacturing Agreement.
- 6.17. YNA expects that a ruling will occur sometime in Q3 or Q4 2024 on both appeals. Yowie management are not able to reliably estimate the ultimate settlement amounts at this time nor do they believe any material payments would be made as a result of these cases.

Business Overview and Strategy

- 6.18. Yowie achieved strong revenue growth following listing, however deteriorating macroeconomic conditions, and rising inflation, together with consecutive interest rate rises in 2022 and 2023, resulted in the fall of revenue, profitability and market capitalisation.
- 6.19. In July 2023 Yowie announced the resignation of its CEO, Mr Mark Schuessler and CFO, Mr Wayne Brekkie. A new leadership team was subsequently appointed, led by a Global Strategic Advisor with experience with major retailers and manufacturers in the food industry in Australia. The Board believes the new leadership team will help realise the full potential of the EH acquisition and the Bluey licence arrangement, as well as manage innovative product development and marketing and scale Yowie sales and manufacturing in Australia and New Zealand.

Corporate Structure

- 6.20. As at the date of this report, Yowie had the following group structure:



Board of Directors

6.21. The current Board of Directors are:

Name	Title	Experience
Mr Sean Taylor	Executive Chairman	Mr Taylor had an extensive career in Advertising/Media working at DDB Needham/Bond Media/Southern Cross Media and Austereo prior to launching his own agency specialising in FMCG and Licensing. Major clients included The Walt Disney Company, Nestle, Kelloggs, Lion Nathan and Novartis. He sold this business to PLC Photon now Enero, remaining in charge of all Activation agencies within the group. He was with the group for more than 12 years. Subsequently, he formed another agency which was then acquired by WPP/Ogilvy where he remained for 8 years with various roles including CEO of Ogilvy Action, Managing Director of Ogilvy Group Melbourne and CEO Geometry and VMLY&R Commerce. Mr Taylor completed his earnout there and has subsequently set up digital Advertising/Media businesses which he currently Chairs.
Mr Nicholas Bolton	Non-Executive Director	Mr Bolton is also the Chief Executive Officer and Managing Director of Keybridge. He has managed and restructured assets in the aviation, finance, property, shipping, infrastructure, and IT sectors. He also served as a Director of the Australian Style Group Pty Ltd. He established the ASG group of companies in 2004.
John Patton	Non-Executive Director	Mr Patton has a Bachelor of Economics from Monash University and is a Chartered Accountant with experience in corporate finance. He was previously a partner at Ernst & Young in the Transactions Advisory Services division and has executive experience in the energy sector, having previously held positions including CFO and acting CEO of the Epic Energy Group. He is also a non-executive director and chairman of Keybridge.
Scott Hobbs	Non-Executive Director	Mr Hobbs has over 20 years' experience in fast moving consumer goods, within retailers such as BIG W and Metcash IGA, primarily in the management and development of various product categories including confectionery. In addition to category and brand management, he has worked within the manufacturing sector of the confectionery industry and the subsequent sales management of candy products to major Australian and International retailers.

Historical Financial Information

Historical Statement of Financial Performance

- 6.22. The information below provides a summary of the financial performance of Yowie extracted from the audited financial statements of the Company for the years ended 30 June 2021, 30 June 2022, and 30 June 2023. The financial information for the six months to 31 December 2023 has been extracted from the unaudited management accounts for the period then ended.

Yowie Financial Performance	Ref	FY2021	FY2022	FY2023	HY2024
Consolidated		Audited	Audited	Audited	Unaudited
Sales		US\$	US\$	US\$	US\$
Sale of goods	i	12,578,381	15,605,658	13,285,268	6,413,072
Cost of sales		6,417,335	8,180,182	6,867,906	3,206,289
Gross profit		6,161,046	7,425,476	6,417,362	3,206,783
Other income	ii	92,887	2,718	153,869	80,749
Expenses					
Selling & distribution		3,299,320	3,880,059	4,037,599	2,331,114
Marketing		844,873	861,702	965,402	360,743
Administration	iii	2,090,853	2,507,639	2,576,182	1,168,850
Foreign exchange		9,162	4,769	76,539	5,259
Finance cost		-	-	-	7,702
Write down/(reversal) of inventory	iv	(731,409)	105,665	66,383	88,745
Reversal of plant & equipment impaired	v	(156,138)	(650,000)	(1,052,115)	(130,474)
Reversal of intangible assets impaired	vi	(10,817)	(124,898)	-	-
Net Profit/(Loss) Before Tax		908,089	843,258	(98,759)	(544,407)
Income tax expense		13,133	3,752	4,188	2,250
Net Profit/(Loss) After Tax		894,956	839,506	(102,947)	(546,657)
Other comprehensive income		267,353	(125,727)	11,021	43,480
Total Comprehensive Income/(Loss)		1,162,309	713,779	(91,926)	(503,177)
EBITDA					
Depreciation & amortisation		240,177	258,154	96,088	158,448
Income tax expense		13,133	3,752	4,188	2,250
Interest expense		-	-	-	7,702
Interest income		8,120	2,687	153,869	80,714
EBITDA		1,407,499	972,998	(145,519)	(415,491)

Commentary on Financial Performance

- 6.23. We note the following in relation to the financial performance of Yowie:
- i. Revenue is generated from the sale of goods including branded confectionery products in the USA, Australia and New Zealand. Sales declined during FY23 and subsequent due to the impact of cost-of-living pressures on consumers.
 - ii. Other income largely relates to interest income.
 - iii. Administration costs include employee benefits, legal and professional fees, depreciation and amortisation, business development and travel costs etc. The FY23

balance includes an accrued expense of US\$190,000 for the settlement of the Whetstone lawsuit.

- iv. Inventory is reviewed for impairment at each reporting period and provisions made for outdated products and raw materials.
- v. The manufacturing plant and equipment is reviewed for impairment at each reporting period and the carrying values are left with an estimated period of depreciation remaining based on expected production. If these assets continue to be used beyond the estimated period of production their carrying values are reassessed.
- vi. The value of intangible assets are reviewed for impairment at each reporting period and the carrying values are left with an estimated period of amortisation remaining based on expected production. If these assets continue to be used beyond the estimated period of production their carrying values are reassessed.

Historical Statement of Financial Position

- 6.24. The information below provides a summary of the financial position of Yowie extracted from the audited financial statements of the Company for the years ended 30 June 2021, 30 June 2022, and 30 June 2023. The financial information as at 31 December 2023 has been extracted from the unaudited management accounts for the period then ended.

Yowie Financial Position	Ref	30 June 2021	30 June 2022	30 June 2023	31 Dec 2023
Consolidated Assets		Audited US\$	Audited US\$	Audited US\$	Unaudited US\$
<u>Current Assets</u>					
Cash	i	8,408,157	8,177,210	7,401,682	4,526,365
Receivables	ii	1,674,733	1,515,675	1,237,618	1,624,860
Prepayments		900,546	701,601	798,659	648,136
Inventory	iii	995,019	2,624,665	3,531,557	5,223,433
Total Current Assets		11,978,455	13,019,151	12,969,516	12,022,794
<u>Non-Current Assets</u>					
Plant & equipment	iv	2,021	221,104	192,953	519,225
Intangible assets	v	-	141,841	123,378	271,683
Right of use assets	viii	-	-	-	303,815
Other assets	viii	-	-	-	94,980
Total Non-Current Assets		2,021	362,945	316,331	1,189,703
Total Assets		11,980,476	13,382,096	13,285,847	13,212,497
<u>Current Liabilities</u>					
Trade & other payables	vi	3,455,040	3,924,848	3,859,307	3,909,472
Provisions	vii	30,911	37,582	57,117	38,911
Lease liabilities	viii	-	-	-	218,270
Unearned revenue		-	93,272	-	-
Total Current Liabilities		3,485,951	4,055,702	3,916,424	4,166,653
<u>Non-Current Liabilities</u>					
Lease liabilities	viii	-	-	-	139,986
Total Non-Current Liabilities		-	-	-	139,986
Total Liabilities		3,485,951	4,055,702	3,916,424	4,306,639
Net Assets		8,494,525	9,326,394	9,369,423	8,905,858
<u>Equity</u>					
Issued capital		46,687,677	46,687,677	46,687,677	46,687,677
Reserves		(228,399)	(236,036)	(90,060)	(6,968)
Accumulated losses		(37,964,753)	(37,125,247)	(37,228,194)	(37,774,851)
Total Equity		8,494,525	9,326,394	9,369,423	8,905,858

Commentary on Financial Position

6.25. We note the following in relation to Yowie's financial position:

- i. The cash and cash equivalents balance has declined during the six months to 31 December 2023 due to a combination of a reduction in net cash generated from operating activities, the acquisition of the EH business and assets and the investment in inventory relating to seasonal products.
- ii. Customers are offered a 2% prompt payment discount which has historically led to low trade receivables balances.
- iii. Inventory comprises finished products, characters, raw materials, and some perishable ingredients. The value of inventory increased substantially during the six months to 31 December 2023 due to the build-up of seasonal goods.
- iv. Plant and equipment largely consist of manufacturing equipment with a carrying value based on the remaining period of production.
- v. Intangible assets comprise of trademarks, software, and capitalised product development costs. All intangible assets are impaired to nil as at 31 December 2023 apart from product development costs.
- vi. Trade and other payables include an accrual for promotional, prompt payment discounts.
- vii. Provisions relate to employee leave provisions.
- viii. Right of use assets and lease liabilities relate to new lease agreements entered into on the acquisition of EH. Other non-current assets relate to the security deposit paid on the property lease.

Ownership Structure

6.26. At the date of this Report, Yowie had 218,567,901 ordinary shares on issue. Details of the top 10 shareholders as at 20 February 2024 are as follows:

#	Name	# of Ordinary Shares Held	%
1	BNP Paribas Nominees Pty Ltd	28,033,193	12.83
2	Reash Pty Ltd <The Watson Family Trust>	22,460,496	10.28
3	Keybridge Capital Limited	43,066,123	19.7
4	Recruitment Investments Pty Ltd	11,243,150	5.14
5	Scarborough Equities Pty Ltd	11,243,150	5.14
6	Citicorp Nominees Pty Ltd	10,334,628	4.73
7	Bentley Capital Limited	9,956,110	4.56
8	Mr Keith Phillip Hudson & Mrs Ann Hudson	7,423,661	3.40
9	Abdullah Hani Abdallah	5,666,667	2.59
10	Mr Ian Morton & Mrs Debrah Morton	5,259,001	2.41
	Total	154,686,179	70.77

Source: Yowie Share Register

Service Rights

6.27. At the date of this report Yowie has 10,800,000 Service Rights, issued to Director Mr Sean Taylor as a form of share-based remuneration. Service Rights vest when a specific period of continued employment is met.

6.28. The Service Rights were granted in December 2021 and are subject to a clause in which unvested Service Rights automatically vest and are automatically exercised, on a change of

control (other than Service Rights with a vesting date greater than 12 months from the change of control event, in which case the holder will be granted the right to convert such unvested Service Rights at a conversion price of AU\$0.043 per Service Right), within fourteen days of the change of control event.

6.29. If the Offer is successful, the change of control will occur within 12 months of the Service Rights vesting condition and as such 100% of the 10,800,000 Service rights will vest in the event of the Offer being successful. The number of ordinary shares in Yowie will be diluted by the number of Service Rights on issue.

6.30. The table below details the Service Rights on issue at the date of this report.

Yowie - Service Rights			
Holders	# of Service Rights	Expiry	Exercise Price
Sean Taylor	10,800,000	8/12/2026	nil

Source: Yowie Annual Report FY23

Sean Taylor - Service Rights				
Type	Grant Date	Vesting Date	Expiry Date	# of Rights
Service Rights	8/12/2021	8/12/2022	8/12/2026	3,600,000
Service Rights	8/12/2021	8/12/2023	8/12/2026	3,600,000
Service Rights	8/12/2021	8/12/2024	8/12/2026	3,600,000

Source: Yowie Annual Report FY23

7. Profile of Keybridge

Background

7.1. Keybridge was incorporated 1999 and began trading on the ASX under the 'KBC' ticker on the 23 December 1999. Keybridge is an investment and financial services group with a diversified portfolio of listed and unlisted investments/loan assets and has strategic holdings in HHY Fund (HHY), Yowie Group Ltd (ASX: YOW), Metgasco Limited (ASX: MEL), Molopo Energy Limited (Molopo), RNY Property Trust (RNY).

Corporate Structure

7.2. As at the date of this report, Keybridge had the following subsidiaries:

Keybridge Capital Limited Corporate Structure	Country	Ownership
Bridge Financial Pty Ltd	Australia	100%
Bridge Property Investments Pty Ld	Australia	100%
KBC Telco Infrastructure Pty Ltd	Australia	100%
MB Finance Pty Ltd	Australia	100%
Bridge Infrastructure Capital Pty Ltd	Australia	100%
Bridge Infrastructure Capital (Midlum) Pty Ltd	Australia	100%
Pacific Bridge Cyprus Limited	Cyprus	100%
BIC Europe Ltd	Malta	100%
Australian Media Holdings Unit Trust	Australia	100%
Electron-1 Pty Ltd	Australia	100%

Source: CapIQ

Business Overview and Strategy

- 7.3. Keybridge has invested in transactions supported by real assets, financial assets or cashflow, in property, aviation, shipping and infrastructure. Currently, Keybridge is focusing on managing its existing investment portfolio to protect value and bring forward realisations as mentioned in the Bidder's Statement.

Board of Directors

- 7.4. The current Board of Directors are:

Name	Title	Experience
Mr Nicholas Bolton	Non-Executive Director	Nicholas Bolton has managed operational investments and restructured assets in the aviation, finance, property, energy, shipping, infrastructure, and IT sectors. Mr Bolton has invested in and led investments in several ASX-listed entities and has a foundation in shareholder advocacy. Mr Bolton is focused on delivering superior risk adjusted returns through active management and innovative solutions to challenging issues for investors.
Anthony Catalano	Non-Executive Director	Antony Catalano was formerly the Managing Director of Domain Holdings Australia Limited and is presently the Executive Chairman of Australian Community Media, a major regional media company.
John Patten	Non-Executive Director	John Patten is a senior executive with extensive financial experience in the corporate and professional services sectors. He was previously a Partner with Ernst and Young in the transaction advisory services division. With over 35 years of professional services and industry experience, Mr patten has extensive corporate finance credentials, having been involved in over 150 corporate transactions.

8. Valuation approach

Definition of Value

- 8.1. RG 111 states that a transaction is fair if the value of the consideration is greater than the value of the net assets being disposed of. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Valuation Approach Adopted

- 8.2. There are a number of methodologies which can be used to value a company. The principal methodologies which can be used are as follows:
- Capitalisation of future maintainable earnings ('FME')
 - Discounted cash flow ('DCF')
 - Quoted market price basis ('QMP')
 - Net asset value ('NAV')
 - Market approach method (Comparable market transactions)
- 8.3. A summary of each of these methodologies is outlined in Appendix B.

Value of a Yowie Share

8.4. In assessing the value of a Yowie share, we have chosen the following methodologies:

- We considered the FME methodology, however, Yowie has recently made normalised trading losses as a result of falling revenue and increasing costs and as such, the FME methodology is not considered to be a reasonable basis to assess the value of Yowie. The recent EH acquisition and material changes to the future strategic direction of the Company (including the commencement of manufacturing in Australia, new Bluey licencing arrangement and new leadership team) has led to uncertainties that impact the ability to predict a number of significant assumptions on a reasonable basis and as such the future maintainable profitability of the Company is uncertain.
- We do not consider that the DCF basis of valuation is appropriate as Yowie is not able to forecast future cash flows of the Company reliably and accurately, particularly in light of the recent changes to the strategic direction of the Company.
- We have adopted the NAV approach as our primary valuation approach given Yowie's history of trading losses. The Company's main assets include trading assets and working capital.
- We have considered the QMP methodology as our second valuation approach. The QMP methodology is relevant as Yowie is listed on the ASX and therefore there is a regulated and observable market where its shares can be traded. For this method to be appropriate, Yowie's shares should be liquid and the market fully informed. We have considered these factors further in Section 9 of this report.

Value of Consideration

8.5. As the Offer includes 100% cash consideration payable two business days after the sale is affected, there is no further assessment to be made about the value of the consideration other than the cash value.

The Consideration offered is AU\$0.034 per Yowie share.

9. Valuation of a Yowie Share

9.1. As stated at Section 8 we have primarily assessed the value of a Yowie share using the NAV on a going concern basis. The NAV method (assuming an orderly realisation of tangible assets) estimates fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs that arise, assuming assets are realised in an orderly manner.

Primary valuation method: NAV

- 9.2. The financial information of Yowie as at 31 December 2023 has been extracted from the unaudited management accounts of Yowie for the period then ended and is presented in US\$. We have converted the balances in the Statement of Financial Position as at 31 December 2023 to AU\$ using the exchange rate as at 31 December 2023 per O&A FX Rate of US\$1:AU\$0.6806.

Yowie Financial Position	Ref	31 Dec 2023	31 Dec 2023	Low	High
Consolidated		Unaudited	Unaudited		
Assets		US\$	AU\$	AU\$	AU\$
<u>Current Assets</u>					
Cash		4,526,365	6,651,040	6,651,040	6,651,040
Receivables		1,624,860	2,387,569	2,387,569	2,387,569
Prepayments		648,136	952,371	952,371	952,371
Inventory	9.6	5,223,433	7,675,311	5,372,718	7,675,311
Total Current Assets		12,022,794	17,666,291	15,363,697	17,666,291
<u>Non-Current Assets</u>					
Plant & equipment	9.7	519,225	762,949	762,949	762,949
Intangible assets	9.8	271,683	399,211	399,211	399,211
Right of use assets		303,815	446,426	446,426	446,426
Security deposit		94,980	139,564	139,564	139,564
Total Non-Current Assets		1,189,703	1,748,149	1,748,149	1,748,149
Total Assets		13,212,497	19,414,440	17,111,846	19,414,440
<u>Current Liabilities</u>					
Trade & other payables		3,909,472	5,744,577	5,744,577	5,744,577
Provisions		38,911	57,176	57,176	57,176
Lease liabilities		218,270	320,726	320,726	320,726
Total Current Liabilities		3,585,191	5,418,152	5,418,152	5,418,152
<u>Non-Current Liabilities</u>					
Lease liabilities		139,986	205,695	205,695	205,695
Total Non-Current Liabilities		139,986	205,695	205,695	205,695
Total Liabilities		4,306,639	6,328,174	6,328,174	6,328,174
<u>Net Assets</u>		8,905,858	13,086,266	10,783,672	13,086,266
Number of Yowie shares	9.4			229,367,901	229,367,901
Value of a Yowie share on a controlling basis	9.14			0.0470	0.0571

Source: MACF analysis

- 9.3. Based on our assessment above, the NAV of a Yowie share on a controlling basis is between AU\$0.0470 and AU\$0.0571.
- 9.4. We have diluted the number of shares on issue in Yowie by the number of Service Rights that will vest and automatically exercise on a change of control event.
- 9.5. Other than as noted below, we have determined based on discussions with Yowie management that the fair value of the assets and liabilities of Yowie as at 31 December 2023 are equivalent to the carrying values noted in the consolidated statement of financial position above.



- 9.6. The value of inventory as at 31 December 2023 is 48% higher than the balance as at 30 June 2023 and 96% higher than the balance as at 31 December 2022. Much of this increase can be attributable to an increase in seasonal inventory in the run up to the Easter period with products expected to ship in early 2024, in particular relating to the new Bluey Easter product line. We have confirmed with management that the value of inventory included in the statement of financial position above is valued at the lower of cost and net realisable value. We note that during FY23 and subsequent there has been a decline in revenue and as such there is a risk that some of this inventory may be impaired. We have therefore included an estimated 30% impairment to the value of inventory in our low valuation. We have assumed the carrying value of inventory is representative of fair value in our high valuation.
- 9.7. Plant and equipment comprises mainly of manufacturing equipment which is reviewed for impairment at each reporting period with its carrying value determined based on assessment of remaining production. The balance as at 31 December 2023 includes assets acquired from EH with a carrying value of AU\$400k and capital works relating to the improvement to the leased premises of US\$50,000. Given that the EH transaction was a recent arm's length transaction we believe that the carrying value of these assets in the statement of financial position above is representative of fair value.
- 9.8. Intangible assets held include trademarks, capitalised product development costs and software, including those assets acquired from EH. The value of product development costs is reviewed for impairment at each reporting period with its carrying value determined based on assessment of the remaining production period. The balance as at 31 December 2023 includes a nil value for the assets acquired from EH. The EH business was acquired from administrators after years of losses and a number of uneconomic contracts with large retailers. Given the poor financial performance of the business and brands in the period prior to acquisition, we consider it reasonable that the value of the intellectual property acquired in the EH transaction is nil.
- 9.9. Yowie has three non-exclusive licence merchandise agreements for Bluey and agreements with the AFL and NRL. Further details of these can be found in Section 6 of this report.
- 9.10. The AFL and NRL agreements are short term, expiring on 31 October 2024 and generated just \$274k of revenue during FY23. Given the minor contribution to revenue and profits during FY23, we do not consider that these agreements have any significant value as at 31 December 2023.
- 9.11. The Bluey agreement was signed in July 2023, with the first products expected to sell in the run up to Easter 2024. There is no historical information to support the accuracy of forecast revenue and profitability associated with these products and as such we are not able to ascertain whether there is any value to this agreement as at 31 December 2023.
- 9.12. We have not considered any additional intellectual property ("IP") value that may relate to the Yowie brand or license agreements. This is because the performance of the Yowie operations is not currently positive, and the license agreements are non-exclusive. It is possible that there is some additional value to the IP of Yowie over and above the net asset value determined at paragraph 9.2 but quantifying this IP is likely to relate to "special value" that would only be valid to particular bidders and, in any case, will not change our opinion on Fairness.



Whetstone lawsuit

- 9.13. We have not included an adjustment for the potential outcome of the Whetstone lawsuit appeal in the NAV above. On review of correspondence with Yowie's legal representation there is a scenario where Yowie could be awarded legal costs from Whetstone. The worst-case scenario would be that the case is re-tried on appeal and a different verdict found with Yowie being made to pay damages. Whilst Yowie's management and legal representation believe that any liability to Yowie is unlikely, the outcome remains uncertain. We have therefore not included any positive or negative impact of either scenario. The NAV as at 31 December 2023 above includes a provision for the court agreed settlement to date and no further provisions have been made. We have considered this lawsuit further in reasonableness in Section 11.

Control Premium

- 9.14. The NAV implies a premium for control has already been factored into the value. Therefore, our valuation of a Yowie share above has been prepared on a control basis.

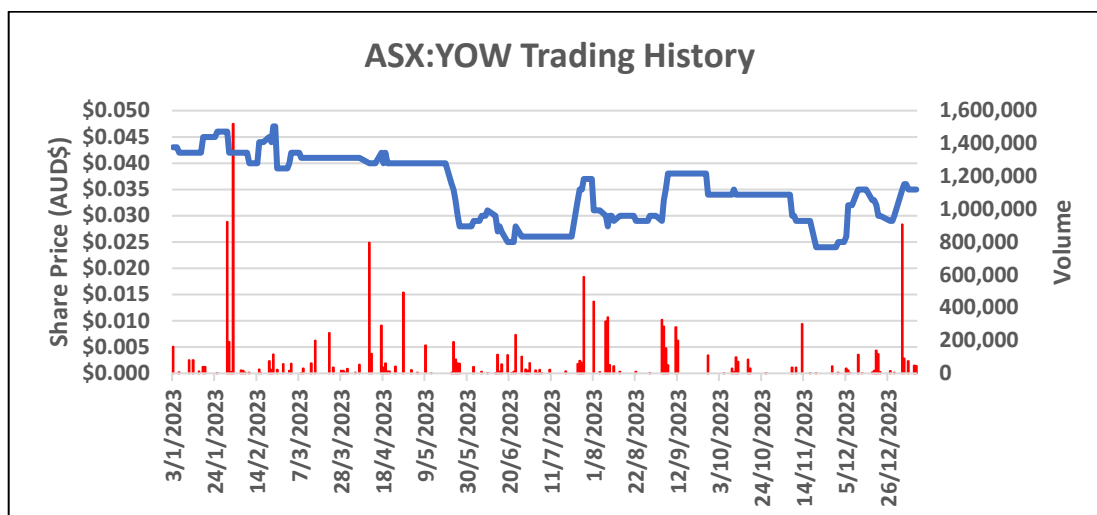
Secondary valuation method: QMP

- 9.15. In order to provide a cross check and comparison to our valuation of a Yowie share using the NAV methodology, we have also assessed the value of a Yowie share using the QMP valuation methodology prior to the announcement of the Offer.
- 9.16. The QMP of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.
- 9.17. RG 111.11 suggests that when considering the value of a company's shares the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:
- control over decision making and strategic direction;
 - access to underlying cash flows;
 - control over dividend policies; and
 - access to potential tax losses.
- 9.18. Although Keybridge may not acquire 100% of the shares in Yowie, RG11 states that the expert should calculate the value of the target's shares as if 100% control were being obtained. Therefore, our QMP analysis below includes an assessment of the QMP on a minority basis after looking at recent released share price over a range of periods, and an estimated premium for control to arrive at a value on a controlling basis.

Share Price Performance

- 9.19. The figure below sets out a summary of Yowie's closing share price and volume of Yowie shares traded between 1 January 2023 through to the date of the announcement of the Offer, being 29 December 2023. The share prices in this Section are presented in AU\$.
- 9.20. The Company's shares were suspended between 27 July 2023 and 1 August 2023 pending the release of an announcement outlining the Company's licensed merchandise portfolio. The announcement led to an increase in trading volume from 65,000 on 26 July 2023 to 586,437 on 27 July 2023. The share price also appreciated 5.71% from AU\$0.035 to AU\$0.037 following the announcement.
- 9.21. After the announcement made by Keybridge on 29 December 2023, outlining their acquisition interests, Yowie's share volume significantly increased from 3,672 to 905,982. The share price rose 16.67% from AU\$0.030 prior to the announcement to AU\$0.035 directly following the announcement on 2 January 2024. Since the announcement the share price of Yowie has remained at between AU\$0.035 and AU\$0.036.

- 9.22. Any and all share price information post the Keybridge announcement will not be taken into consideration. Any share price post announcement will reflect a premium resulting from increased demand and trading volume surrounding the Offer. The share price of Yowie prior to this announcement best reflects the market value of the company's shares without any influence of overspeculation from investors.



Source: S&P Capital IQ

- 9.23. Over the period presented, Yowie shares traded between at a high of AU\$0.047 in February 2023 and a low of AU\$0.024 in November 2023.
- 9.24. In the December 2023 period the average volume traded was 98,448 shares daily. Relative to the total number of shares on issue, this represents just 0.045% of shares traded daily. This is indicative of an illiquid share. The highest traded price during this period was AU\$0.035 and AU\$0.025 at its lowest.

Traded Volumes of Yowie Shares up to 29 December 2023

- 9.25. We have considered the last traded price of a Yowie share over a range of periods ending 29 December 2023, the last trading day before the Offer announcement by Keybridge. An analysis of the trading volume and VWAP of Yowie's shares for 1, 5, 10, 30, 60 and 90 trading day periods prior to the announcement date is set out in the table below:

Trading Volumes of Yowie Shares						
Up to 29/12/2023 (AUD\$)	1 Day	5 Day	10 Day	30 Day	60 Day	90 Day
VWAP \$	0.030	0.030	0.031	0.031	0.031	0.033
Total Volume	3,672	144,552	305,143	518,068	1,205,939	2,610,218
Total Outstanding Shares (M)	218.57	218.57	218.57	218.57	218.57	218.57
% of Total Shares	0.00%	0.07%	0.14%	0.24%	0.55%	1.19%
Low Price \$	0.030	0.029	0.029	0.024	0.024	0.024
High Price \$	0.030	0.030	0.035	0.035	0.035	0.038

Source: CapIQ

- 9.26. The table above shows that 0.55% of Yowie's shares were traded in the 60 trading days prior to the announcement of the Offer.
- 9.27. We note that to rely on the QMP valuation methodology there is a requirement for the security to trade in a 'deep' market. RG111.69 indicates that a 'deep' market should reflect a liquid and active market.

9.28. Characteristics of a deep market are:

- Regular trading in a company's securities;
- An average of 1% of a company's securities traded on a weekly basis;
- Non-significant spread of the stock;
- A significant spread of ownership of the securities (i.e., the top 10 shareholders do not control more than 50% of the company); and
- There are not regular unexplained movements in the share price.

9.29. For a security to be considered 'deep' it should fit with all the above characteristics. Although if it does fail to meet all the above characteristics it does not automatically characterise the share price trading as irrelevant for valuation purposes, rather it means that it should not purely be relied upon and should be considered within this context.

9.30. We note that in the case of Yowie, we consider there not to be a deep market for the Company's shares and as such the stock is assessed to be illiquid. We consider a range of values between AU\$0.030 to AU\$0.031 (the range of values between 1 and 60 day VWAP) is a reasonable reflection of the QMP valuation of a Yowie share on a minority basis prior to the Offer.

Control Premium

9.31. We note that the Share price of a listed company represents the market value of a non-controlling interest in that company and, as such, any valuation derived from those share prices are consequently non-controlling valuations and they do not reflect a premium for control. To calculate the value of a controlling interest prior we must apply a control premium to the enterprise value multiple.

9.32. We have reviewed the control premiums paid in recent years by companies listed on the ASX. There is significant variability in control premiums paid which are affected by such factors as:

- Nature and magnitude of non-operating assets;
- Quality of management;
- Nature and magnitude of business opportunities/assets not currently being exploited;
- Degree and confidence in future synergies;
- Level of pre-announcement speculation of the transaction;
- Level of liquidity in the trade of the acquiree's securities; and
- The stage in the economic cycle.

9.33. A review of control premiums paid by acquirers of companies listed on the ASX in recent years from CapIQ indicates a range of premiums between 20% and 30% is reasonable. We believe that this reflects an appropriate rate of control premia to be applied in our valuation of Yowie. A share price valuation on a controlling basis is detailed in the table below:

QMP Assessment	Ref	Low	High
Minority Basis			
Share Price based on a 1-60 day VWAP	9.30	AU\$ 0.030	AU\$ 0.031
Controlling Basis			
Control Premium	9.33	AU\$ 20%	AU\$ 30%
Estimated Share Price on a controlling basis		0.0360	0.0406

Source: CapIQ

9.34. Based on our assessment above, the QMP of a Yowie share on a controlling basis, prior to the announcement of the Offer is between AU\$0.0360 and AU\$0.0406.

- 9.35. This analysis is secondary to our primary assessment of the value of a Yowie share using the NAV methodology. Our secondary assessment of the value of a Yowie share using the QMP approach is taken into consideration but is not relied upon due to illiquid nature of the Yowie stock.

Valuation conclusion for a Yowie share

Our assessed values for a Yowie share on a controlling basis is summarised in the table below:

	Ref	Low AU\$	High AU\$
Assessed fair value of a Yowie share on a controlling basis using the NAV methodology	9.3	0.0470	0.0571
Assessed fair value of a Yowie share on a controlling interest basis using the QMP methodology	9.34	0.0360	0.0406

- 9.36. Due to the illiquid nature of Yowie's shares, our assessed value of a Yowie share on a controlling basis, is based on the NAV methodology as shown above and is between AU\$0.0470 and AU\$0.0571.

10. Is the Offer fair to Yowie shareholders?

- 10.1. When assessing fairness, we have compared the estimated value of a Yowie share to the value of the Consideration. We have used two methods to determine our opinion.

- 10.2. Our assessed value of a Yowie share

	Section	Low AU\$	High AU\$
Assessed fair value of a Yowie share on a controlling basis	9	0.0470	0.0571
Assessed fair value of the consideration per Yowie share	3	0.0340	0.0340

Source: MACF analysis

- 10.3. Based on the range of values above, in the absence of any other relevant information, in our opinion, this indicates that the Offer is not fair to the Non-Associated Shareholders of Yowie because the value of a Yowie share is less than the value of the Consideration per Yowie share.

11. Is the Offer Reasonable?

- 11.1. RG111 establishes that a transaction is reasonable if it is fair. If a transaction is not fair, it may still be reasonable after considering the specific circumstances applicable to it. In our assessment of the reasonableness of the Offer we have considered:

- The prospects of Yowie if the Offer does not proceed; and
- Other commercial advantages and disadvantages to the Non-Associated Shareholders because of the Offer proceeding.

Advantages and Disadvantages

- 11.2. In assessing whether the Non-Associated Shareholders are likely to be better off if the Offer proceeds than if it does not, we have considered various advantages and disadvantages that are likely to accrue to the Non-Associated Shareholders.

Advantages of accepting the Offer

Advantage 1 – Cash

The Consideration is payable in cash within 2 business days of acceptance. This provides certainty of return to the Yowie shareholders.

Advantage 2 – Illiquid market

If Yowie shareholders accept the Offer, they will realise an illiquid investment. In the 60 trading days prior to the announcement just 0.5517% of the Company's total outstanding shares were traded. There is no certainty that Yowie shareholders will be able to sell their shares at a reasonable price or on a timely basis if the Offer does not proceed.

Advantage 3 – Whetstone lawsuit

Yowie is subject to an ongoing lawsuit. Whilst the court ruled in Yowie's favour in early 2023, the appeals process is ongoing. If the case were to be re-tried and a different verdict reached at retrial with full damages sought becoming payable by Yowie, then this would reduce the NAV of Yowie and therefore the value of a Yowie share would be worth less in the future than assessed in Section 9 of this report. Accepting the Offer would eliminate exposure to the risk associated with this uncertain outcome.

Advantage 4 – Share Price

The Offer is at a premium to the share price prior to the announcement of the Offer. We note that after the announcement date Yowie shares traded at a premium to the Offer price and traded at a high of AU\$0.036 during the period subsequent to the announcement of the Offer. On 26 February 2024, Yowie shares had a 30 day VWAP of AU\$0.035 and a 1 day VWAP of AU\$0.034. If the Offer is not accepted there is a risk that the share price may fall back to pre-announcement levels.

Advantage 5 – Operational uncertainty

Accepting the Offer will eliminate any exposure to the operational uncertainty of Yowie. The company has a number of initiatives underway but there is no guarantee these initiatives will result in an increase in profitability or an increase in share price.

Disadvantages of accepting the Offer

Disadvantage 1 – Not Fair

The Offer is not fair to the Non-Associated Shareholders of Yowie.

Disadvantage 2 – No exposure to potential value upside from future performance

The Non-Associated Shareholders will not be exposed to the potential future upside of Yowie, including the potential impact of the acquisition of EH and the new Bluey licence agreement. Yowie has a history of maintaining its cash balance and generating sufficient returns to "wash its face". Further, the Offer appears to reflect cash backing, and includes no upside for business value. Therefore, it's reasonable that some Non-Associated Shareholders could consider there to be more upside risk in Yowie than downside risk at the Offer price.

Disadvantage 3 – Tax consequences

There are likely to be tax consequences for shareholders if they accept the Offer. These consequences will differ depending on the shareholders individual circumstances.

Disadvantage 4 – Other Bids

The Company will not be able to realise any other potential competing bid for Yowie in the event such an offer was to arise following the completion of the Offer. We note that the Offer appears to be at cash backing and does not capture any additional business value.

Alternative Proposal

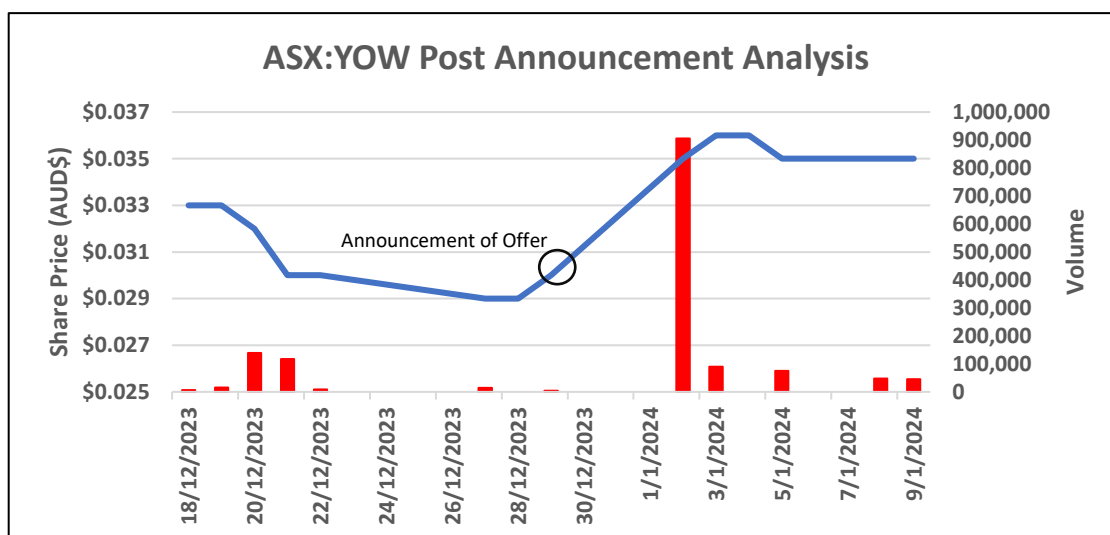
- 11.3. The Directors are not aware of any alternative proposal at the current time which might provide the Non-Associated Shareholders of Yowie a greater benefit than the Offer. However, we note that Yowie has not undertaken any process in identifying a higher or better offer.

Future Prospects if the Offer does not Proceed

- 11.4. If the Offer does not proceed, then Yowie will continue to operate with the newly established leadership team and strategic direction. Management will continue to implement changes to the Yowie business model such as direct wholesaling to retailers, the commencement of manufacturing in Australia through the EH facility and the introduction of new products under the Bluey licensing agreements.
- 11.5. The Offer Consideration roughly equates to the undiluted cash balance of Yowie as at 31 December 2023 on a per share basis. Therefore, there appears to be little consideration for the value of the Yowie business.
- 11.6. If the Offer is accepted, Keybridge may potentially delist Yowie's shares. It's also possible that Keybridge delist Yowie's shares in the event they have enough influence to effect a delisting.
- 11.7. In our opinion the potential upside associated with the future financial performance of Yowie could be modest and take several years to realise. There is a risk that the expected improvement in results may not eventuate or result in an increased or liquid share price for Yowie.

Movement in the Yowie Share Price following the Offer

- 11.8. We have analysed the movements in the Yowie share price since the announcement of the Offer by Keybridge on 29 December 2023. A graph of Yowie's share price in the week prior and the week following the Offer announcement is noted below: On the last full trading day prior to the announcement, Yowie share price closed at AU\$0.030. Immediately after the announcement Yowie's share price increased 16.67% to AU\$0.035 per share.



- 11.9. An analysis of the trading volume and VWAP of Yowie's shares for 1, 5, 10 and 30 trading day periods to 26 February 2024 is set out in the table below:

Trading Volumes of Yowie Shares				
Up to 26/02/2024 (AU\$)	1 Day	5 Day	10 Day	30 Day
VWAP AU\$	0.034	0.034	0.034	0.035
Total Volume	353,548	1,802,280	2,119,033	4,945,719
Total Outstanding Shares (M)	218.57	218.57	218.57	218.57
% of Total Shares	0.16%	0.82%	0.97%	2.26%
Low Price AU\$	0.034	0.034	0.034	0.028
High Price AU\$	0.034	0.035	0.035	0.036

Source: CapIQ

- 11.10. The table above shows that in the 30 trading days prior to 26 February 2024, 2.26% of Yowies shares traded with a low price of AU\$0.028 and a high of AU\$0.036, and a 30-day VWAP of AU\$0.035.

Conclusion on Reasonableness

- 11.11. In our opinion, the position of the Non-Associated Shareholders if the Offer is approved is more advantageous than the position if it is not approved. Therefore, we consider it reasonable to accept the Offer. We are of this opinion because Yowie has illiquid shares and its shares have regularly traded at prices below the Offer price. In addition, Yowie has experienced recent sub-par financial performance and there is no guarantee of an improvement in performance or a corresponding improvement in share price. As such, the Offer provides an opportunity for Yowie shareholders to realise their investment at a price similar or higher to recent trading. In addition, Keybridge already has an influence on the operations of Yowie and it may be adverse to remain as a shareholder if Keybridge increases its influence or control over the decision making of Yowie and can effect a delisting of the Company's shares.
- 11.12. We note, however, that the Offer price roughly reflects the undiluted cash backing of Yowie. This means that the Offer price does not reflect any other value that may be attributable to the Yowie business. The Yowie business has a history of maintaining its cash position and hasn't been required to source additional funds in a number of years. The company has a number of initiatives underway that could potentially add value. Therefore, some shareholders may consider it beneficial to reject the Offer and continue to hold Yowie in order to maintain exposure to the potential upside.

12. Independence

- 12.1. Moore Australia Corporate Finance (WA) Pty Ltd ("MACF") is entitled to receive a fee of approximately \$30,000, excluding GST and reimbursement of out-of-pocket expenses. Except for this fee, MACF has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.
- 12.2. Prior to accepting this engagement MACF has considered its independence with respect to Yowie and the associated shareholders of Yowie, and their respective associates with reference to RG 112, Independence of Expert's Reports. It is the opinion of MACF that it is independent of Yowie and the associated shareholders of Yowie, and their respective associates.
- 12.3. MACF and Moore Australia (WA) have not had at the date of this report any relationship which may impair their independence.
- 12.4. We have held discussions with management of Yowie regarding the information contained in this report. We did not change the methodology used in our assessment because of discussions and our independence has not been impaired in any way.

13. Qualifications

- 13.1. MACF is a professional practice company, wholly owned by the Perth practice of Moore Australia, Chartered Accountants. The firm is part of the National and International network of Moore Australia independent firms and provides a wide range of professional accounting and business advisory services.
- 13.2. MACF holds an Australian Financial Services License to provide financial product advice on securities to retail clients (by way of experts reports pursuant to the listing rules of the ASX and the Corporations Act) and its principals and owners are suitably professionally qualified, with substantial experience in professional practice.
- 13.3. The director responsible for the preparation and signing of this report is Mr Peter Gray who is a director of MACF. Mr Gray has approximately 20 years' experience as a Chartered Accountant



and has significant experience in the preparation of independent expert's reports, valuations and related advice.

- 13.4. At the date of this report neither Mr Gray nor any member or Director of MACF has any interest in the outcome of the Offer.

14. Disclaimers and consents

- 14.1. MACF has been requested to prepare this report, to be included in the Target Statement which will be sent to Yowie shareholders.
- 14.2. MACF consents to this report being included in the Target statement to be sent to shareholders of Yowie. This report or any reference thereto is not to be included in or attached to any other document, statement or letter without prior consent from MACF.
- 14.3. MACF has not conducted any form of audit, or any verification of information provided to us and which we have relied upon in regard to Yowie, however we have no reason to believe that any of the information provided, is false or materially incorrect. The statements and opinions provided in this report are given in good faith and in the belief that they are not false, misleading, or incomplete.
- 14.4. Neither MACF nor Mr Gray take any responsibility for nor have they authorised or caused the issue of any part of this report for any third party other than the shareholders of Yowie in the context of the scope and purpose defined in Section 3 of this report.
- 14.5. With respect to taxation implications, it is recommended that individual shareholders obtain their own taxation advice, in respect of the Offer, tailored to their own specific circumstances. The advice provided in this report does not constitute legal or taxation advice to shareholders of Yowie or any other party.
- 14.6. The statements and opinions expressed in this report are given in good faith and with reliance upon information generated both independently and internally and regarding all of the circumstances pertaining to the Offer.
- 14.7. Regarding any projected financial information noted in this report, no member or director of MACF has had any involvement in the preparation of the projected financial information.
- 14.8. Furthermore, we do not provide any opinion whatsoever as to any projected financial or other results prepared for Yowie and do not provide any opinion as to whether or not any projected financial results referred to in the report will or will not be achieved.

Yours faithfully

Peter Gray
Director

Moore Australia Corporate Finance (WA) Pty Ltd

Appendix A – Sources of Information

In preparing this report we have had access to the following principal sources of information:

- Superseded Bidders Statement dated 29 December 2023;
- New Bidders Statement dated 9 February 2024;
- Draft Target's Statement;
- Audited financial statements for Yowie for the years ended 30 June 2021, 2022 and 2023;
- Unaudited management accounts as at 31 December 2023;
- Earnest Hillier asset sale agreement and board paper;
- Licensing agreements held by Yowie Group Limited
- Publicly available information in relation to Yowie, including ASX announcements;
- Information in the public domain;
- Share registry information for Yowie as at 29 December 2023;
- IBISWorld;
- S&P Capital IQ database; and
- Discussions with directors and management of Yowie.

Appendix B – Valuation Methodologies

We have considered which valuation methodology is the most appropriate in light of all the circumstances and information available. We have considered the following valuation methodologies and approaches:

- Discounted cash flow methodology ('DCF');
- Capitalisation of future maintainable earnings methodology ('FME');
- Net assets value method ('NAV');
- Quoted market price methodology ('QMP'); and
- Market approach method (Comparable market transactions)

Valuation Methodologies and Approaches

Discounted Cash Flow Method

Discounted cash flow methods estimate fair market value by discounting a company's future cash flows to their net present value. These methods are appropriate where a forecast of future cash flows can be made with a reasonable degree of confidence. Discounted cash flow methods are commonly used to value early stage companies or projects with a finite life.

Capitalisation of Maintainable Earnings Method

The capitalisation of maintainable earnings method estimates "fair market value" or "enterprise value", by estimating a company's future maintainable earnings and dividing this by a market capitalisation rate. The capitalisation rate represents the return an investor would expect to earn from investing in the company which is commensurate with the individual risks associated with the business.

It is appropriate to apply the capitalisation of maintainable earnings method where there is an established and relatively stable level of earnings which is likely to be sustained into the foreseeable future.

The measure of earnings will need to be assessed and can include, net profit after taxes (NPAT), earnings before interest and taxes (EBIT) and earnings before interest, taxes, depreciation and amortisation (EBITDA).

The capitalisation of maintainable earnings method can also be considered a market based methodology as the appropriate capitalisation rate or 'earnings multiple' is based on evidence of market transactions involving comparable companies.

An extension of the capitalisation of maintainable earnings method involves the calculation of share value of an entity. This process involves the calculation of the enterprise value, which is then adjusted for the net tangible assets of the entity.

Net Assets Value Method (Orderly Realisation of Assets)

The net assets value method (assuming an orderly realisation of assets) estimates fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner.

Liquidation of assets - The Liquidation method is similar to the orderly realisation of asset method except the liquidation method assumes the assets are sold in a shorter time frame.

Net assets – The net assets method is based on the value of the assets of a business less certain liabilities at book values, adjusted to a market value.

The asset based approach, as a general rule, ignores the possibility that a company's value could exceed the realisable value of its assets as they ignore the value of intangible assets such as customer lists, management, supply arrangements, and goodwill.

The asset based approach is most appropriate when companies are not profitable, a significant proportion of assets are liquid, or for asset holding companies.

Cost Based Approach - The cost based approach involves determining the fair market value of an asset by deducting the accumulated depreciation from the asset's replacement cost at current prices.

Like the asset based approach, the cost based approach has a number of disadvantages, primarily that the cost of an asset does not necessarily reflect the assets ability to generate income. Accordingly, this approach is only useful in limited circumstances, usually associated with intangible asset valuation.

Appendix B – Valuation Methodologies

Valuation Methodologies and Approaches
<p>Quoted Market Price Methodology</p> <p>The method relies on the pricing benchmarks set by sale and purchase transactions in a fully informed market the ASX which is subject to continuous disclosure rules aimed at providing that market with the necessary information to make informed decisions to buy or to sell.</p> <p>Consequently, this approach provides a “fair price”, independently determined by a real market. However, the question of a fair price for a particular transaction requires an assessment in the context of that transaction taken as a whole.</p> <p>In taking a quoted market price based assessment of the consideration to both parties to the Offer, the overall reasonableness and benefits to the non-participating shareholders must be carefully evaluated.</p>
<p>Market Approach Method</p> <p>The market based approach estimates a company’s fair market value by considering the market prices of transactions in its shares or the market value of comparable assets.</p> <p>This includes, consideration of any recent genuine offers received by the target for an entire entity’s business, or any business units or asset as a basis for the valuation of those business units or assets, or prices for recent sales of similar assets</p>

Appendix C – Glossary

In this report, unless the context requires otherwise:

Term	Meaning
AU\$	Australian Dollar
AFL	Australian Football League
APES 225	APES 225 Valuation Services sets out mandatory requirements and guidance for members who provide valuation services.
ACC	Atlantic Candy Company
Business	The business of Yowie Group Limited
Act	Corporations Act 2001
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange or ASX Limited ACN 008 624 691
Bidder	Purchaser – Keybridge Capital Limited
Bidders Statement	Purchaser's statement to be issued by Purchaser in respect of the Takeover Bid.
Board	The Board of Directors of Yowie Group Limited
Company	Yowie Group Limited
Consideration	The cash amount offered by Keybridge Capital Limited to Yowie Group Limited
Directors	The Directors of Yowie Group Limited
EH	EH Operations Pty Ltd
FME	Future Maintainable Earnings
FUTSA	Florida Uniform Trade Secrets Act
FY	Financial Year
HY	Half Year
IER	This Independent Experts Report
Income Tax Assessment Act	the Income Tax Assessment Act 1936 and the Income Tax Assessment Act 1997
Keybridge	Keybridge Capital Limited
Listing Rules	The official listing rules of ASX and includes the business rules of ASX
LTM	Last Twelve Months
Moore Australia or MACF	Moore Australia Corporate Finance (WA) Pty Ltd
New Bidders Statement	Bidders Statement lodged on 9 February 2024
Non-Associated Shareholders	Shareholders who are not a party to, or associated with a party to, the Offer
NRL	Australian Rugby League Commission
NTM	Next Twelve Months
Offer	Offer cash consideration for Yowie shares @ \$0.0340
Register	The register of members of Yowie Group Limited shareholders or option holders, as the case requires
RG111	ASIC Regulatory Guide 111 <i>Content of Experts Reports</i>

Appendix C – Glossary

Term	Meaning
S&P Capital IQ	Third party provider of company and other financial information
Superseded Bidders Statement	Bidders Statement lodged on 29 December 2023
Target	Entity being purchased – Yowie Group Limited
Target Statement	The statement issued or to be issued by Target under Part 6 of the Corporations Act in response to the Takeover Bid
US\$	United States Dollar
VWAP	Volume weighted average price
WCF	Whetstone Chocolate Factory
Whetstone	Henry M. Whetstone, Jr.
WI	Whetstone Industries
YEPL	Yowie Enterprises Pty Ltd
YHKH	Yowie Hong Kong Holdings Limited
YNA	Yowie North America Inc
YNW	Yowie Natural World Inc
Yowie	Yowie Group Limited

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