



ASX Announcement

25 January 2021

Youfoodz delivers strong Q2 FY2021 revenue growth over pcp and reaffirms prospectus forecasts

Quarterly Business Update and Appendix 4C

Highlights:

- **Strong growth and performance across key operating metrics in Q2 FY2021¹**
 - Over 4.8 million meals prepared (across both B2C and B2B), up 28.0% vs pcp²
 - B2C (Home Delivery) orders up 45.8% vs pcp to 339,893
 - Active B2C customers up 49.8% vs pcp to 125,112
 - Average number of B2B physical stores up 30.2% vs pcp to 3,406, with revenues from a large recently added wholesale customer to follow as menu range expands
- Q2 FY2021 gross revenue up 26.8% vs pcp to \$50.6 million. H1 FY2021 gross revenue increased by 16.5% vs pcp to \$100.0 million
- Q2 FY2021 net revenue up 25.4% vs pcp to \$36.7 million. H1 FY2021 net revenue increased by 15.6% vs pcp to \$73.6 million
- **Operational initiatives delivered during the quarter include:**
 - Launch of next day delivery in NSW (commenced November 2020)
 - Launch of the Youfoodz Subscription Service on Mobile App (December 2020)
 - Continued progress in the B2B channel during an otherwise challenging trading period for many wholesale customers, including expansion of menu range with an existing supermarket customer and roll-out of meal offering to a new convenience store customer, adding approximately 700 stores during the period
 - Further gains in the corporate market, including an initial order from, and ongoing discussions with, an airline customer around expanding menu range as domestic flights increase, and the launch of an airline frequent flyer partnership scheduled for Q3 FY2021
 - Implementation of summer marketing campaign, supporting strong customer acquisition and national brand presence
- New Youfoodz facility progressing as planned, with preferred site selected and preparations advanced ahead of build commencement
- Well capitalised following IPO, with cash at bank of \$39.0 million as at 25 December 2020 (net cash of \$35.0 million)
- Continued momentum into Q3 FY2021 and FY2021 prospectus forecasts reaffirmed

BRISBANE Australia, 25 January 2021: Youfoodz Holdings Limited (ASX:YFZ) (Youfoodz or the Company), one of Australia's fastest growing consumer food brands, is pleased to announce its Appendix 4C and quarterly business

¹ Represents the period to 25 December 2020. All figures are preliminary and unaudited.

² Prior comparative period (pcp) represents the quarter ending 25 December 2019.

update for the quarter ended 25 December 2020 (Q2 FY2021) (all figures preliminary and unaudited). This is the first 4C report following the Company's Initial Public Offering (IPO) in December 2020.

Youfoodz CEO, Lance Giles, commented, *"In this first quarterly update since our IPO, Youfoodz is very pleased to report continued strong growth for the business. These results, including record growth in certain key areas, is even more pleasing given the quarter included the Youfoodz IPO and ongoing uncertainty associated with the COVID-19 pandemic.*

"During the period, we implemented a range of operational and marketing initiatives that have not only supported growth during the quarter but also ideally position the business as we aim to continually improve the way we service our existing customers and attract new customers.

"The remainder of FY2021 will be a busy time for Youfoodz as we continue to deliver on our IPO objectives for the business, including continued development of the subscription offering to further improve retention, the launch of new products as part of strategy to broaden menu choice, the launch of the airline frequent flyer partnership and achieving significant milestones towards delivery of Youfoodz' new facility.

"At this exciting time for our business, we thank all customers, suppliers, employees and shareholders of Youfoodz, and we look forward to updating you as we continue to deliver against our objectives."

Business Update

Youfoodz key headline metrics showed continued substantial growth during the quarter, notwithstanding the continued economic and social impact of the COVID-19 pandemic, including B2C demand volatility and raw material and service cost fluctuations. Youfoodz has been able to successfully manage these market-wide occurrences and anticipates the COVID-19 pandemic may continue to have unpredictable impacts across the industry.

During Q2 FY2021, the Company produced over 4.8 million meals (up 28.0% vs pcp), generated gross revenues of \$50.6 million (up 26.8% vs pcp) and net revenues of \$36.7 million (up 25.4% vs pcp).

On a quarter-on-quarter basis, it was extremely pleasing that gross revenue for Q2 FY2021 (a quarter which is seasonally affected and historically has experienced significantly softer volumes due to the traditional holiday period) was up 2.3% on the equivalent figure in Q1 FY2021. Net revenues were broadly in-line with Q1 FY2021, reflecting additional marketing and customer acquisition initiatives that were implemented during the recent quarter as the Company saw significant opportunity to acquire new customers during a period where travel disruption impacted holiday movements.

This translated into H1 FY2021 gross revenues of \$100.0 million (up 16.5% vs pcp) and net revenues of \$73.6 million (up 15.6% vs pcp), which is consistent with prospectus forecasts.

B2C (Home Delivery) remained the key contributor to growth for the period, with new customers being acquired at record levels resulting in a significant uplift in gross revenue vs pcp.

Sales through the B2B (Wholesale) channel continue to be constrained, reflecting in large part the ongoing impact of the COVID-19 pandemic on customer behaviour and shopping trends. While a significant number of physical stores were added during the period, the uplift in B2B revenue is only expected to be observed as orders are delivered following initial menu ranging.

Refer below for further discussion.

Key Operating Metrics

During Q2 FY2021, Youfoodz achieved strong growth across many of its key operating metrics.

	Unit	Q2 FY2021	Q2 FY2020	Variance (%)
Group				
Total meals delivered	(000's)	4,839	3,779	↑ 28.0%
Gross revenue	(A\$m)	50.6	39.9	↑ 26.8%
Net revenue	(A\$m)	36.7	29.2	↑ 25.4%
B2C (Home Delivery)				
Gross revenue	(A\$m)	33.1	22.0	↑ 50.6%
Average order value	(\$ per order)	97.4	94.3	↑ 3.3%
Number of orders	(#)	339,893	233,093	↑ 45.8%
Number of active customers ³	(#)	125,122	83,522	↑ 49.8%
Number of new customers	(#)	42,690	19,755	↑ 116.1%
B2B (Wholesale)				
Gross revenue	(A\$m)	17.5	17.9	↓ 2.5%
Average number of stores	(#)	3,406	2,616	↑ 30.2%
Units sold	(000's)	2,248	2,318	↓ 3.0%
Average unit price	(\$ per unit)	7.8	7.7	↑ 1.3%

Segment Review

B2C (Home Delivery)

The B2C channel delivered strong growth during Q2 FY2021, with gross revenue up 50.6% vs pcp to \$33.1 million. This was driven by a range of marketing initiatives translating into rapid customer acquisition, with 42,690 new customers being added over the quarter (up 116.1% vs pcp).

Notwithstanding the significant growth in new customers, it has been pleasing to see customer order frequency over the quarter remaining relatively consistent at approximately 2.7 for the quarter, while average order value increased by 3.3% to \$97.4 per order. A key objective for Youfoodz is to improve order frequency through the implementation of such initiatives as encouraging adoption of the customer subscription offering (refer below).

³ Active customers are customers who have ordered through the Company's B2C channel in each reporting period.

Customer focussed initiatives successfully launched during the quarter include:

- The roll-out of next day delivery to NSW during November 2020, resulting in a material uplift in order volumes for the period following launch. Next day delivery is now offered in QLD, VIC and NSW; and
- As part of Youfoodz strategy to enhance customer retention and increase the component of revenues derived under a subscription model, during the quarter the Company launched its Subscription Service on Mobile App in December 2020. Early customer take-up since launch has been extremely pleasing, with a large percentage of App users becoming subscribers.

During the quarter, Youfoodz launched a multi channel national marketing strategy, seeking to increase its national brand presence via the Summer Campaign, and featuring Natalie Gruzlewski as brand ambassador. Youfoodz brought forward the campaign into November 2020 (originally scheduled to launch in January 2021), contributing to the large uplift in new customers and momentum through the holiday period. Early indications are that this momentum has continued into Q3 FY2021.

B2B (Wholesale)

During Q2 FY2021, gross revenues from B2B decreased marginally relative to pcp to \$17.5 million.

During the period, the number of physical stores increased to 3,406, representing a 30.2% increase over the same number last year. A large contributor to this increase was the successful roll-out ranging of meals to a new convenience store customer across Australia, representing the addition of approximately 700 sites. We expect to see revenues contributed by this new partner channel to increase as the in-store menu range broadens.

More broadly, Youfoodz continues to strengthen its wholesale relationships and we continue to explore ways to broaden the overall partner offering.

Notwithstanding this, during the quarter sales to certain B2B customers declined vs pcp as they continued to be impacted by reduced foot traffic arising, in part, from state-by-state government strategies to address COVID-19. In Victoria for example, customers in the petrol and convenience segments were particularly impacted by the lock-down, with sales only beginning to recover during the quarter as restrictions eased.

Youfoodz continues to explore growth opportunities in the corporate channel. During the period, Youfoodz delivered 550,000 snacks to an airline partner (December 2020) and is working with that partner to expand its product range as domestic flights resume.

During Q3 FY2021, Youfoodz will go live with an airline frequent flyer partner, enabling Youfoodz customers to earn reward points when shopping with Youfoodz.

New Facility Update

The development of the new Youfoodz facility is progressing as planned. Youfoodz has selected a preferred site and is in the process of selecting an external project manager, to oversee the build, from a shortlist of qualified firms that have tendered for the role.

The new facility, which will replace Youfoodz existing 3 sites located across Brisbane, is expected to deliver significant financial benefits and operational efficiencies through improved work flows, automation and single site location. Benefits to Youfoodz are expected to be delivered when the site is operational from FY23.

Cashflow and Financing

Cash receipts in Q2 were \$40.1 million (versus gross revenue of \$50.6 million, which is reported before terms of trade and discounts), with operating cash outflow of \$0.9 million.

During the period, Youfoodz drew-down on a shareholder loan and settled indirect tax balances (\$24.3 million). The shareholder loan was subsequently retired through application of part of the proceeds from the IPO (refer below).

Cash as at 25 December 2020 totalled \$39.0 million, which included proceeds from the Company's IPO and ASX listing in the December quarter (raising \$70.0 million), less associated one-off IPO related expenses and the planned repayment of a shareholder loan from the IPO proceeds (\$25.0 million). Refer to the Annexure for further details.

Outlook

Consistent with expectations, Youfoodz has delivered significant revenue growth in H1 FY2021 vs pcp. Early results in 2H FY2021 indicate this momentum is continuing and, following its ASX listing, the Company is well positioned to deliver on its IPO objectives.

Accordingly, and notwithstanding the ongoing COVID-19 pandemic, Youfoodz remains confident of achieving, and reaffirms, its FY2021 prospectus forecasts. Refer to the Youfoodz prospectus for further details.

Investor Conference Call

To allow for the Australia day public holiday, an investor conference call to discuss the Company's quarterly business review will be held at 10.30am (Sydney / Melbourne time) on Wednesday, 25 January 2021. Details for the call have been separately released.

Further detail on the Company's 1H FY2021 results are expected to be released to the ASX by 25 February 2021.

This announcement has been authorised by the Board of Youfoodz Holdings Limited.

ENDS

More information

For further information, investors are invited to visit our website www.investors.youfoodz.com.

Alternatively:

Youfoodz investor relations Edward Loneragan <i>Deputy CFO and Head of Investor Relations</i> T: +61 7 4243 4466 E: ir@youfoodz.com	Media enquiries Erica Borgelt <i>Newgate Communications</i> T: +61 413 732 951
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About Youfoodz

Youfoodz specialises in the production and distribution of high quality and affordable fresh, readymade meals and other convenience food products for residential (home delivery), retail and corporate customers. Since inception in 2012, Youfoodz has delivered over 60 million ready-made meals to its home delivery, retail and corporate customers.

Products are marketed and distributed through an omni-channel sales model to a database of more than 850,000 home delivery customers via a direct-to-consumer offering (B2C) and via a business-to-business offering to supermarkets, independent grocers, petrol and convenience stores, corporate and government customers (B2B).

Youfoodz operates three production facilities in Brisbane, Australia and has developed a scalable, proprietary manufacturing technology to optimise production and supply-chain management. The Company's three facilities produce more than 350,000 ready-made meals, 80,000 snacks and 25,000 drinks per week on average.

Additional information is available at: <https://www.investors.youfoodz.com>

Annexure

In accordance with ASX Listing Rule 4.7C Youfoodz provides the following information:

The 3 months ended 25 December 2020 is covered by the “Use of Funds Statement” as in the Youfoodz Prospectus, dated 30 October 2020.

As Youfoodz listed on the ASX on 8 December 2020 with an existing cash balance, the Company has reflected the cashflows since 30 October 2020 to satisfy ASX Listing Rule 4.7C, except for the costs of the initial public offering transactions which have been captured from the date of listing.

A summary of the expenditure for the period ended 25 December 2020 is outlined below:

Use of Offer Proceeds	Per Prospectus A\$m	Quarter ended 25 December 2020 A\$m
New purpose-built manufacturing facility	15.0	0.1
Repayment of Shareholder Loan	25.0	25.0
General corporate purposes, including marketing and working capital to fund the Company’s growth strategy	24.4	1.8
Costs of the Offer	5.6	6.2
Total uses	70.0	33.1

Payments to Directors and related parties during Q2 FY2021 totalled \$117,000.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Youfoodz Holdings Pty Ltd

ABN

38 635 434 801

Quarter ended ("current quarter")

25 December 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	40,059	79,246
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(28,012)	(56,733)
(c) advertising and marketing	(6,129)	(11,773)
(d) leased assets	-	-
(e) staff costs	(3,577)	(7,256)
(f) administration and corporate costs	(2,839)	(5,468)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(400)	(765)
1.6 Income taxes paid	(127)	101
1.7 Government grants and tax incentives received	-	3,507
1.8 Other (provide details if material)	115	(57)
1.9 Net cash from / (used in) operating activities	(910)	802

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(451)	(594)
(d) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(e) intellectual property	(595)	(1,307)
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(1,046)	(1,901)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	70,000	70,000
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(6,200)	(6,200)
3.5 Proceeds from borrowings	25,289	25,877
3.6 Repayment of borrowings	(25,585)	(26,159)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Indirect tax liabilities	(24,313)	(24,313)
3.10 Net cash from / (used in) financing activities	39,191	39,205

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,724	853
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(910)	802

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,046)	(1,901)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	39,191	39,205
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	38,959	38,959

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	38,959	38,959
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	38,959	38,959

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	47
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Working capital facilities	9,000	3,998
7.4 Total financing facilities	9,000	3,998
7.5 Unused financing facilities available at quarter end		5,002
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(910)
8.2 Cash and cash equivalents at quarter end (item 4.6)	38,959
8.3 Unused finance facilities available at quarter end (item 7.5)	5,002
8.4 Total available funding (item 8.2 + item 8.3)	43,961
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	48
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer:	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: January 25th 2021.

Authorised by: Board of Directors.
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.