



ASX Announcement

23 July 2021

Youfoodz delivers strong Q4 FY2021 revenue growth over pcp

Quarterly Business Update and Appendix 4C

BRISBANE Australia, 23 July 2021: Youfoodz Holdings Limited (ASX:YFZ) (**Youfoodz** or the **Company**), one of Australia's fastest growing consumer food brands, is releasing the following Quarterly Business Update and Appendix 4C for the period ended 24 June 2021 (Q4 FY2021).

Q4 FY2021 HIGHLIGHTS:

- **Continuation of strong performance across key operating metrics**
 - **B2C orders up 16.5% vs pcp to 384,683**
 - **Active B2C customers up 15.3% vs pcp to 145,890**
 - **New B2C customers of 51,418 broadly in line with pcp**
- **Gross revenue¹ up 19.5% vs pcp to \$53.8 million**
- **Net revenue up 11.6% vs pcp to \$37.8 million**
- **B2C performing strongly, with gross revenue up 25.7% vs pcp to \$37.6 million**
- **B2B improving, with gross revenue up 7.2% vs pcp to \$16.2 million**
- **FY2021 Gross Revenue, Net Revenue and EBITDA (all unaudited) expected to be delivered in line with guidance²:**
 - **Gross revenue of \$203.8 million vs guidance of \$201-205 million**
 - **Net revenue of \$146.4 million vs guidance of \$146-148 million**
 - **EBITDA expected to be at the lower end of guidance of \$1-2 million**
- **New facility build progressing in line with plan, including completion of early discovery works and detailed design stage, submission of relevant development applications and negotiation of draft legal documentation³**
- **Following quarter end, announcement that Youfoodz entered a Scheme Implementation Deed with HelloFresh, which is subject to a shareholder vote amongst other customary conditions**

Business Update

Commenting on the Q4 FY2021 result, Lance Giles (CEO and founder) said *"It is pleasing to see the business continuing to deliver top-line growth. B2C has again performed strongly, delivering a significant uplift in order volumes and revenue vs pcp and on a quarter-on-quarter basis."*

¹ Gross revenue is a non-IFRS financial measure and is unaudited. Gross revenue represents total revenue before terms and discounts.

² Relative to guidance update released to the ASX on 23 April 2021.

³ Pursuant to the terms of the Scheme Implementation Deed announced on 13 July 2021, prior to entering into any lease agreement in relation to the new facility, Youfoodz must (amongst other aspects) consult with HelloFresh in good faith in relation to the terms of the lease, and obtain HelloFresh's prior written consent before executing the lease.

Our B2B business, which experienced challenging trading conditions during FY2021, saw an improvement in order volumes and revenues vs pcp and on a quarter-on-quarter basis. This reflected strong customer engagement efforts and range expansion with key retail customers.”

Refer below for further discussion.

Key Operating Metrics

During Q4 FY2021, Youfoodz achieved strong growth across many of its key operating metrics.

	Unit	Q4 FY2021	Q4 FY2020	Variance (%)	
Group					
Total meals prepared	(000's)	5,292	4,527	↑	16.9%
Gross revenue	(A\$m)	53.8	45.0	↑	19.5%
Net revenue	(A\$m)	37.8	33.9	↑	11.6%
B2C (Home Delivery)					
Gross revenue	(A\$m)	37.6	29.9	↑	25.7%
Average order value	(\$ per order)	97.8	90.6	↑	7.9%
Number of orders ⁴	(#)	384,683	330,209	↑	16.5%
Number of active customers ⁵	(#)	145,890	126,484	↑	15.3%
Number of new customers	(#)	51,418	51,749	↓	0.6%
B2B (Wholesale)					
Gross revenue	(A\$m)	16.2	15.1	↑	7.2%
Units sold	(000's)	1,995	1,837	↑	8.6%
Average unit price	(\$ per unit)	8.1	8.2	↓	1.3%

B2C (Home Delivery)

During Q4 FY2021, gross revenue from B2C was up 25.7% vs pcp to \$37.6 million. This was driven by an increase in order volumes (up 16.5% vs pcp) and average order value (up 7.9% vs pcp).

While new customer acquisitions were down slightly vs pcp to 51,418, these remain at historically high levels. Furthermore, active customers rose during the quarter increasing repeat orders, with average customer order frequency improving to 2.7 for Q4 FY2021⁶ vs 2.6 for pcp.

In keeping with our core customer proposition of quality and menu variety, during the quarter Youfoodz cycled-in our Winter menu range and increased the frequency with which new menu items are added. Over 45 new menu items, including the winter menu range, have been introduced during the quarter. This is supporting positive customer feedback, with Youfoodz continuing to achieve leading customer ratings⁷.

⁴ Number of orders delivered.

⁵ Active customers are customers who have ordered through the Company's B2C channel in each reporting period.

⁶ Based on orders placed during the period divided by active customers.

⁷ Based on Trust Pilot ratings as at 16 July 2021, relative to selected ready made meal and meal kit competitors.

B2B (Wholesale)

During Q4 FY2021, gross revenue from B2B was up 7.2% vs pcp to \$16.2 million. This also reflected an increase of 3.9% vs Q3 FY2021.

During the quarter, Youfoodz achieved range expansion across a number of key retail customers, including the launch of its drinks range with a large national supermarket chain, the re-commencement of sales ahead of plan to a mid-sized retail customer and range expansion within a large petrol & convenience customer.

While FY2021 has been an extremely challenging period for B2B, following a period of close consultation and engagement with our retail customers, it is pleasing to see order volumes improve during the quarter.

New Facility Update

The development of the new Youfoodz facility continues to progress. The design of the facility has been finalised and agreed with the landlord of the selected site, who will have overall responsibility for the construction of the new facility. Early discovery works have been completed by our project managers, while relevant development applications have been submitted in respect to the site, in close consultation with the regional council.

Under the terms of the Scheme Implementation Deed, HelloFresh has certain consultation rights in relation to the new facility, including with regards to proposed lease terms. Subject to that consultation process, construction is expected to start in Q2 FY2022 with completion and commissioning in Q1 FY2023.

Cashflow and Financing

Cash receipts in Q4 were \$41.9 million (versus net revenue of \$37.8 million). Operating cash outflow for the period was \$2.4 million, reflecting working capital movements and continued investment in customer acquisition to drive growth.

During the quarter, Youfoodz continued to invest in plant and equipment and intellectual property (including software and platform development), equating to a \$1.8 million outflow from investing activities. As part of its capital management planning, Youfoodz also repaid a proportion of its working capital facility during the quarter, contributing to a \$1.0 million outflow from financing activities.

Youfoodz is well capitalised to fund its growth objectives, with a cash balance as at 24 June 2021 of \$27.4 million (net cash of \$25.5 million). Refer to the Annexure for further details.

Scheme Implementation Deed with HelloFresh

On 13 July 2021, Youfoodz announced that it had entered a Scheme Implementation Deed with HelloFresh SE (HelloFresh), under which it is proposed HelloFresh will acquire 100% of the share capital in Youfoodz.

The Youfoodz Board has unanimously recommended that Youfoodz shareholders vote in favour of the Scheme at the Scheme meeting in the absence of a superior proposal and subject to the Independent Expert concluding (and continuing to conclude) that the Scheme is in the best interests of Youfoodz shareholders.

Further details of the transaction, which remains subject to a shareholder vote amongst other customary conditions, will be included in a Scheme Booklet which is expected to be sent to shareholders in September 2021.

As previously advised, Youfoodz shareholders do not need to take any action at the current time.

Full Year Results

Youfoodz is expected to deliver its full year FY2021 results on 24 August 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:

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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 400,000 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 8 months ended 24 June 2021 is covered by the “Use of Funds Statement” as disclosed 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 cumulative expenditure for the period ended 24 June 2021 is outlined below:

Use of Offer Proceeds	Per Prospectus A\$m	Period ended 24 June 2021 A\$m
New purpose-built manufacturing facility	15.0	0.5
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	12.1
Costs of the Offer	5.6	6.0
Total uses	70.0	43.6

Payments to Directors and related parties during Q4 FY2021 totalled \$102,227.

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")

24 June 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	41,886	159,075
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(30,242)	(114,343)
(c) advertising and marketing	(7,551)	(25,793)
(d) leased assets	(1,208)	(3,000)
(e) staff costs	(3,709)	(14,259)
(f) administration and corporate costs	(1,342)	(7,578)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(125)	(795)
1.6 Income taxes paid	(60)	(14)
1.7 Government grants and tax incentives received	-	3,507
1.8 Other (provide details if material)	-	(57)
1.9 Net cash from / (used in) operating activities	(2,350)	(3,256)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(1,054)	(2,206)
(d) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(e) intellectual property	(745)	(2,582)
(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	(1,799)	(4,788)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)		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	43	(6,034)
3.5 Proceeds from borrowings	14,384	51,169
3.6 Repayment of borrowings	(15,293)	(56,232)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Indirect tax liabilities		(24,314)
3.10 Net cash from / (used in) financing activities	(952)	34,589

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	32,498	853
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,350)	(3,256)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,799)	(4,788)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(952)	34,589
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	27,397	27,397

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	27,397	32,498
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)	27,397	32,498

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	-
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	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Working capital facilities	9,000	1,922
7.4 Total financing facilities	9,000	1,922
7.5 Unused financing facilities available at quarter end		7,078
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)	(2,350)
8.2 Cash and cash equivalents at quarter end (item 4.6)	27,397
8.3 Unused finance facilities available at quarter end (item 7.5)	7,078
8.4 Total available funding (item 8.2 + item 8.3)	32,125
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	14
<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: July 23rd 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.