



## ASX Announcement

2 September 2021

### Proposed acquisition by HelloFresh - ASIC registration of Scheme Booklet

**BRISBANE, Australia, 2 September 2021:** Youfoodz Holdings Limited (**ASX: YFZ**) (**Youfoodz** or the **Company**) refers to an announcement made earlier today in relation to the proposed acquisition of Youfoodz by HelloFresh SE through its indirect wholly owned subsidiary Cook E Services Australia Pty Ltd, (together, **HelloFresh**), by way of a scheme of arrangement (**Scheme**), and the orders made by the Federal Court of Australia that Youfoodz convene and hold a meeting of Youfoodz shareholders (**Shareholders**) to consider and vote on the Scheme (**Scheme Meeting**) and approving the despatching of an explanatory statement providing information about the Scheme and the notice of Scheme Meeting (**Scheme Booklet**) to Shareholders. The Scheme was announced to ASX on Tuesday, 13 July 2021.

#### Scheme Booklet

Youfoodz confirms that the Scheme Booklet has today been registered with the Australian Securities and Investments Commission (**ASIC**). A copy of the Scheme Booklet is **attached** and will also be made available for viewing and downloading online at Youfoodz' website (<https://www.investors.youfoodz.com/>). A copy of the following documents is also attached to the Scheme Booklet:

- the proxy form (sample) that will be sent to Shareholders; and
- the Scheme Meeting Online Voting User Guide.

Shareholders who have elected to receive communications electronically will receive an email that will contain instructions about how to view or download a copy of the Scheme Booklet, and to lodge their proxies for the Scheme Meeting online. Shareholders who have not made such an election will receive a hard copy of the Scheme Booklet by post together with a hard copy proxy form for the Scheme Meeting.

#### Virtual Scheme Meeting

The Scheme Meeting will be conducted as a virtual meeting by way of a videoconference only at **10.00 am (Sydney time) on Friday, 8 October 2021**.

Shareholders and their proxies, attorneys or corporate representatives (as applicable) will be able to participate in the Scheme Meeting through an online platform available at <https://web.lumiagm.com/367699865>. No physical place of meeting will be made available.

All Shareholders are encouraged to vote either by participating in the virtual Scheme Meeting or by lodging a proxy if they cannot (or choose not to) participate in the virtual Scheme Meeting.

Further details on how to participate in the Scheme Meeting and how to vote (including by way of proxy, attorney or corporate representative) are provided in the Scheme Booklet, the Notice of Scheme Meeting and the Scheme Meeting Online Voting User Guide. Copies of these documents will be made available for viewing at Youfoodz' website (<https://www.investors.youfoodz.com/>).

### **Scheme Meeting Online Voting User Guide**

The Scheme Meeting Online Voting User Guide is a step-by-step guide to login and navigate the Scheme Meeting site, which is being run via videoconference using the Lumi online platform. In addition to being included in the Scheme Booklet, it will also be made available for viewing at Youfoodz' website (<https://www.investors.youfoodz.com/>). The Meeting ID for the meeting is **Meeting ID 367-699-865**.

### **Independent Expert's conclusion**

The Scheme Booklet includes an Independent Expert's Report prepared by Grant Thornton Corporate Finance Pty Ltd (**Independent Expert**), which concludes that the Scheme is fair and reasonable and therefore in the best interests of Youfoodz Shareholders, in the absence of a superior proposal.

The Independent Expert's conclusions should be read in context with the full Independent Expert's Report and the Scheme Booklet.

### **Recommendation of the Board**

The Youfoodz board of directors (**Board**) has carefully considered the terms and conditions of the Scheme and unanimously considers the Scheme to be in the best interests of Shareholders and unanimously recommends to Shareholders that the Scheme resolution be approved at the Scheme Meeting in absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Shareholders.

Subject to those same qualifications, each member of the Board who holds, or who has control over voting rights attaching to, shares in Youfoodz intends to vote those shares in favour of the Scheme resolution.

### **Major Shareholder support**

RGT Capital Fund No. 6 (YF) Pty Ltd (ACN 625 431 307) as trustee for the RGT Capital Fund No. 6 (YF) Trust, a holder of 77,307,508 Youfoodz shares (representing approximately 57.5% of the Youfoodz shares on issue), has confirmed its intention to vote in favour of the Scheme in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Shareholders.

### **Further information**

Shareholders are encouraged to read the Scheme Booklet in full (carefully taking notice of the advantages, disadvantages and risks of the Scheme) before deciding whether and how to vote at the Scheme Meeting. Shareholders are also encouraged to note key events and indicative dates that are set out in the Scheme Booklet.

For further information in relation to the Scheme Booklet or the Scheme, please call the Youfoodz Shareholder Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) Monday to Friday between 9.00 am and 5.00 pm (Sydney time).

For more specific advice pertinent to your own circumstances, you should seek professional advice from your financial, legal, tax or other independent and qualified professional adviser.

This announcement has been authorised for release by the Youfoodz Board.

**ENDS**

### **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 readymade meals to its home delivery, retail and corporate customers.

Products are marketed and distributed through an omni-channel sales model comprising a home delivery offering (B2C) and 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 approximately 400,000 ready-made meals, 80,000 snacks and 45,000 drinks per week on average.

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



youfoodz

YOUFOODZ HOLDINGS LIMITED ABN 38 635 434 801

# SCHEME BOOKLET

For a scheme of arrangement between Youfoodz Holdings Limited and its shareholders in relation to the proposed acquisition by HelloFresh SE through its indirect wholly owned subsidiary Cook E Services Australia Pty Ltd.

## VOTE IN FAVOUR

Your Directors unanimously recommend that you **vote in favour** of the Scheme in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Youfoodz Shareholders.

**This is an important document and requires your immediate attention.**

You should read it in its entirety before deciding whether or not to vote in favour of the Scheme. If you are in any doubt about how to deal with this document, you should contact your broker or financial, tax or legal adviser immediately.

If you have any questions in relation to this Scheme Booklet, you should call the Youfoodz Shareholder Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) Monday to Friday between 9.00 am and 5.00 pm (Sydney time).

FINANCIAL ADVISER:

Greenhill

LEGAL ADVISER:

Baker  
McKenzie.

# IMPORTANT NOTICES

## GENERAL

This Scheme Booklet is important and requires your immediate attention. You should read this Scheme Booklet in full before making any decision as to how to vote at the Scheme Meeting.

## NATURE OF THIS DOCUMENT

This Scheme Booklet provides Youfoodz Shareholders with information about the proposed acquisition of Youfoodz by HelloFresh. If you have sold all of your Youfoodz Shares, please ignore this Scheme Booklet.

## DEFINED TERMS

A number of defined terms are used in this Scheme Booklet. These terms are explained in section 10.

## NO INVESTMENT ADVICE

The information contained in this Scheme Booklet does not constitute financial product advice and has been prepared without reference to the investment objectives, financial situation, tax position and particular needs of any individual Youfoodz Shareholder. It is important that you read this Scheme Booklet in its entirety before making any investment decision, and any decision as to whether or not to vote in favour of the Scheme. If you are in any doubt in relation to these matters, you should consult your financial, legal, tax or other professional adviser.

## NOT AN OFFER

This Scheme Booklet does not constitute or contain an offer to Youfoodz Shareholders, or a solicitation of an offer from Youfoodz Shareholders, in any jurisdiction.

## FOREIGN JURISDICTIONS

The release, publication or distribution of this Scheme Booklet in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons outside of Australia who come into possession of this Scheme Booklet 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 Scheme Booklet has been prepared in accordance with the laws and regulations of Australia and the information contained in this Scheme Booklet may not be the same as that which would have been disclosed if this Scheme Booklet had been prepared in accordance with the laws and regulations outside Australia.

## REGULATORY INFORMATION

This Scheme Booklet is the explanatory statement for the Scheme between Youfoodz and the holders of its fully paid ordinary shares as at the Scheme Record Date for the purposes of section 412(1) of the Corporations Act. A copy of the proposed Scheme is included in ANNEXURE B.

This Scheme Booklet is not a disclosure document required by Chapter 6D of the Corporations Act. Subsection 708(17) of the Corporations Act provides that Chapter 6D of the Corporations Act does not apply in relation to arrangements under Part 5.1 of the Corporations Act approved at a meeting held as a result of an order under subsection 411(1). Instead, Youfoodz Shareholders asked to vote on an arrangement at such a meeting must be provided with an explanatory statement as referred to above.

A copy of this Scheme Booklet was provided to ASIC for examination in accordance with section 411(2)(b) of the Corporations Act and was lodged with ASIC for registration under section 412(6) of the Corporations Act. It was then registered by ASIC under section 412(6) of the Corporations Act before being sent to Youfoodz Shareholders.

ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Scheme. If ASIC provides that statement, it will be produced to the Court at the time of the Second Court Hearing to approve the Scheme. Neither ASIC nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

A copy of this Scheme Booklet has been provided to ASX. Neither ASX nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

## NOTICE OF SCHEME MEETING

The Notice of Scheme Meeting is set out in ANNEXURE D.

In order to minimise the public health risks associated with the COVID-19 pandemic, and in accordance with restrictions imposed by Australian Federal and State governments in response to it, the Scheme Meeting will be held virtually by way of a videoconference only on 8 October 2021.

## YOUFOODZ SHAREHOLDERS AND THEIR PROXIES, ATTORNEYS OR CORPORATE REPRESENTATIVES (AS APPLICABLE) WILL NOT BE ABLE TO ATTEND A PHYSICAL SCHEME MEETING.

Youfoodz Shareholders and their proxies, attorneys or corporate representatives (as applicable) will be able to participate in the virtual videoconference of the Scheme Meeting through the Lumi online platform (<https://web.lumiagm.com/367699865>).

If you are unable to participate and vote during the virtual videoconference, or choose not to do so, you can vote by way of proxy, attorney or corporate representative (as applicable).

Further details with respect to the conduct of the Scheme Meeting, including how to join the virtual videoconference of the Scheme Meeting, ask questions during the Scheme Meeting, and vote at the Scheme Meeting, are set out in the Notice of Scheme Meeting set out in ANNEXURE D and summarised in section 3.

## NOTICE OF SECOND COURT HEARING

At the Second Court Hearing, the Court will consider whether to approve the Scheme following the vote at the Scheme Meeting.

Any Youfoodz Shareholder may appear at the Second Court Hearing, expected to be held at 10.15 am (Sydney time) on 13 October 2021 at the Federal Court of Australia, 305 William Street, Melbourne.

Any Youfoodz Shareholder who wishes to oppose approval of the Scheme at the Second Court Hearing may do so by filing with the Court and serving on Youfoodz a notice of appearance in the prescribed form together with any affidavit that the Youfoodz Shareholder proposes to rely on.

It is possible that, because of restrictions imposed in response to the COVID-19 pandemic, the Second Court Hearing will be conducted by remote access technology, including via videoconferencing or teleconferencing. A Youfoodz Shareholder seeking to view the Second Court Hearing should review the Court list (available at <https://www.fedcourt.gov.au/court-calendar/daily-court-lists/vic>) for details of the hearing and how such hearing can be viewed. The Court list is usually available by 4.30 pm (Sydney time) on the day before a scheduled hearing. Any change to the date or arrangements for the conduct of the Second Court Hearing will be announced on ASX at [www.asx.com.au](http://www.asx.com.au).

## IMPORTANT NOTICE ASSOCIATED WITH THE COURT ORDER UNDER SECTION 411(1) OF THE CORPORATIONS ACT

The fact that under section 411(1) of the Corporations Act the Court has ordered that a meeting be convened and has directed that an explanatory statement accompany the notice of meeting does not mean that the Court:

- has formed any view as to the merits of the proposed Scheme or as to how Youfoodz Shareholders should vote (on this matter Youfoodz Shareholders must reach their own decision); or
- has prepared, or is responsible for, the content of the explanatory statement.

## DISCLAIMER AS TO FORWARD-LOOKING STATEMENTS

This Scheme Booklet contains both historical and forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements.

All forward-looking statements in this Scheme Booklet reflect views only as at the date of this Scheme Booklet, and generally may be identified by the use of forward-looking words such as "believe", "aim", "expect", "anticipate", "intending", "foreseeing", "likely", "should", "planned", "may", "estimate", "potential", or other similar words. Similarly, statements that describe Youfoodz' or HelloFresh's objectives, plans, goals or expectations are or may be forward-looking statements.

The statements contained in this Scheme Booklet about the impact that the Scheme may have on the results of Youfoodz'

operations and the advantages and disadvantages anticipated to result from the Scheme, are also forward-looking statements.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to differ materially from the anticipated results, performance or achievements, expressed, projected or implied by these forward-looking statements.

The operations and financial performance of Youfoodz are subject to various risks, including those summarised in this Scheme Booklet, which may be beyond the control of Youfoodz and/or HelloFresh. Youfoodz Shareholders should note that the historical financial performance of Youfoodz is no assurance of future financial performance of Youfoodz (whether the Scheme is implemented or not). Those risks and uncertainties include factors and risks specific to the industry in which Youfoodz operates as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets.

As a result, the actual results of operations and earnings of Youfoodz following implementation of the Scheme, as well as the actual advantages of the Scheme, may differ significantly from those that are anticipated in respect of timing, amount or nature and may never be achieved.

The forward-looking statements included in this Scheme Booklet are made only as of the date of this Scheme Booklet.

Any forward-looking statements included in the Youfoodz Information have been made on reasonable grounds. Although Youfoodz considers that the views reflected in any forward-looking statements included in the Youfoodz Information have been made on a reasonable basis, no assurance can be given that such views will prove to have been correct.

Any forward-looking statements included in the HelloFresh Information have been made on reasonable grounds. Although HelloFresh considers that the views reflected in any forward-looking statements included in the HelloFresh Information have been made on a reasonable basis, no assurance can be given that such views will prove to have been correct.

None of Youfoodz, HelloFresh, Youfoodz' officers, HelloFresh's officers, any persons named in this Scheme Booklet with their consent or any person involved in the preparation of this Scheme Booklet makes any representation or warranty (express or implied) as to the 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.

You should review all of the information in this Scheme Booklet carefully. Section 1.3 sets out the reasons why you might vote in favour of the Scheme and section 1.4 sets out the reasons why you may consider voting against the Scheme.

All subsequent written and oral forward-looking statements attributable to Youfoodz or HelloFresh or any person acting on their behalf are qualified by this cautionary statement.

Subject to any continuing obligations under relevant laws or the listing rules of a relevant exchange, Youfoodz and HelloFresh do not give any undertaking to update or revise any such statements after the date of this Scheme Booklet, to reflect any change in expectations in relation thereto or any change in events, conditions or circumstances on which any such statement is based.

## **RESPONSIBILITY STATEMENT**

Youfoodz has been solely responsible for preparing the Youfoodz Information. The information concerning Youfoodz and the intentions, views and opinions of Youfoodz and the Youfoodz Directors contained in this Scheme Booklet has been prepared by Youfoodz and the Youfoodz Directors and is the responsibility of Youfoodz. HelloFresh and HelloFresh's directors and officers do not assume any responsibility for the accuracy or completeness of any such Youfoodz Information.

HelloFresh has been solely responsible for preparing the HelloFresh Information. The information concerning HelloFresh

and the intentions, views and opinions of HelloFresh contained in this Scheme Booklet has been prepared by HelloFresh and is the responsibility of HelloFresh. Youfoodz and the Youfoodz Directors and officers do not assume any responsibility for the accuracy or completeness of any such HelloFresh Information.

Grant Thornton has prepared the Independent Expert's Report in relation to the Scheme and takes responsibility for that report. The Independent Expert's Report is set out in ANNEXURE A.

Boardroom has had no involvement in the preparation of any part of this Scheme Booklet other than being named as the Share Registry. Boardroom has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Scheme Booklet.

No consenting party has withdrawn their consent to be named in this Scheme Booklet before the date of this Scheme Booklet.

## **FINANCIAL AMOUNTS AND EFFECTS OF ROUNDING**

All financial amounts in this Scheme Booklet are expressed in Australian currency unless otherwise stated. A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Scheme Booklet are subject to the effect of rounding. Accordingly, any discrepancies between totals in tables or financial statements, or in calculations, graphs or charts are due to rounding. All financial and operational information set out in this Scheme Booklet is current as at the date of this Scheme Booklet, unless otherwise stated.

## **CHARTS AND DIAGRAMS**

Any diagrams, charts, graphs or tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, graphs and tables is based on information available as at the Last Practicable Date, unless stated otherwise.

## **TIMETABLES AND DATES**

All times and dates referred to in this Scheme Booklet are times and dates in Sydney, Australia, unless otherwise indicated. All times and dates relating to the implementation of the Scheme referred to in this Scheme Booklet may change and, among other things, are subject to all necessary approvals from the Court.

## **EXTERNAL WEBSITES**

Unless expressly stated otherwise, the content of the websites of Youfoodz and HelloFresh do not form part of this Scheme Booklet. Youfoodz Shareholders should not rely on any such content.

## **PRIVACY**

Youfoodz and HelloFresh may collect personal information in the process of implementing the Scheme. Such information may include the name, contact details and shareholdings of Youfoodz Shareholders and the name of persons appointed by those persons to act as a proxy, attorney or corporate representative at the Scheme Meeting. The primary purpose of the collection of personal information is to assist Youfoodz and HelloFresh to conduct the Scheme Meeting and implement the Scheme. Personal information of the type described above may be disclosed to the Share Registry, print and mail service providers, authorised securities brokers, Related Bodies Corporate of Youfoodz and HelloFresh, and Youfoodz' and HelloFresh's advisers and service providers. Youfoodz Shareholders have certain rights to access personal information that has been collected. Youfoodz Shareholders should contact the Share Registry if they wish to access their personal information. Youfoodz Shareholders who appoint a named person to act as their proxy, attorney or corporate representative should ensure that they inform that person of these matters.

## **DATE OF THIS SCHEME BOOKLET**

This Scheme Booklet is dated 2 September 2021.

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## KEY DATES

EVENT	TIME AND DATE
<b>FIRST COURT DATE</b> First Court Date for approval to despatch this Scheme Booklet	2 September 2021
<b>LATEST TIME AND DATE FOR RECEIPT OF PROXY FORMS FOR SCHEME MEETING</b> Latest time and date for receipt of proxy forms or powers of attorney for the Scheme Meeting	10.00 am (Sydney time) on 6 October 2021
<b>VOTING ELIGIBILITY DATE</b> Time and date for determining eligibility to vote at the Scheme Meeting	7.00 pm (Sydney time) on 6 October 2021
<b>SCHEME MEETING</b> The Scheme Meeting will be held virtually via videoconference. There will be no physical meeting. Further details relating to the Scheme Meeting are set out in the Notice of Scheme Meeting set out at ANNEXURE D.	10.00 am (Sydney time) on 8 October 2021
<b>If the Scheme is approved by Youfoodz Shareholders</b>	
<b>SECOND COURT DATE</b> Second Court Date for approval of the Scheme by the Court	13 October 2021
<b>EFFECTIVE DATE</b> Court order lodged with ASIC and the 'Effective Date' for the Scheme is announced to ASX Last day of trading in Youfoodz Shares – Youfoodz Shares suspended from trading on ASX from close of trading	13 October 2021
<b>SCHEME RECORD DATE</b> Scheme Record Date for determining entitlements to the Scheme Consideration	7.00 pm (Sydney time) on 20 October 2021
<b>IMPLEMENTATION DATE</b> Payment of the Scheme Consideration to Scheme Shareholders	27 October 2021

All dates following the date of the Scheme Meeting are indicative only and, among other things, are subject to all necessary approvals from the Court. Any changes to the above timetable (which may include an earlier or later date for the Second Court Hearing) will be announced to the ASX and notified on the Youfoodz website ([www.investors.youfoodz.com](http://www.investors.youfoodz.com)).





## LETTER FROM THE CHAIR OF THE YOUFOODZ BOARD

2 September 2021

Dear fellow Youfoodz Shareholder

On behalf of the Board of Directors of Youfoodz Holdings Limited (**Youfoodz**), I am pleased to provide you with this Scheme Booklet, which contains important information for your consideration about the proposed acquisition of Youfoodz by HelloFresh SE (**HelloFresh**) through its indirect wholly owned subsidiary Cook E Services Australia Pty Ltd (**HelloFresh Nominee**).

### BACKGROUND TO THE SCHEME

On 13 July 2021, Youfoodz announced that it had entered into a Scheme Implementation Deed with HelloFresh to acquire 100% control of Youfoodz. The proposed acquisition is proposed to be implemented via a members' scheme of arrangement (**Scheme**).

For the Scheme to proceed, it must be approved by the requisite majorities of the Youfoodz Shareholders and by the Federal Court of Australia (**Court**).

### OVERVIEW OF THE TRANSACTION

If the Scheme is implemented, Youfoodz Shareholders will receive the Scheme Consideration of \$0.93 per Youfoodz Share.

The Scheme Consideration is an attractive premium over trading prices of Youfoodz Shares on the ASX prior to the announcement of the Scheme on 13 July 2021, and represents a premium of:

- 82% to the close of trading of Youfoodz Shares on 12 July 2021<sup>1</sup> of \$0.51 per share;
- 109% to the 1-month VWAP<sup>2</sup> of Youfoodz Shares of \$0.44 per share;
- 82% to the 3-month VWAP<sup>2</sup> of Youfoodz Shares of \$0.51 per share;
- 38% to the 6-month VWAP<sup>2</sup> of Youfoodz Shares of \$0.67 per share; and
- 15% to the VWAP<sup>2</sup> of Youfoodz Shares since Youfoodz' first day of trading on ASX on 8 December 2020 of \$0.81 per Youfoodz Share.

The closing price of Youfoodz Shares on ASX on 12 July 2021 (being the last trading day prior to the announcement of the Scheme) was \$0.51. From the day after the announcement of the Scheme to the Last Practicable Date, the closing price of Youfoodz Shares has ranged between \$0.91 and \$0.92. If the Scheme does not proceed and no Superior Proposal emerges, the Youfoodz Share price may fall to a price materially below the Scheme Consideration of \$0.93 per Youfoodz Share offered to Youfoodz Shareholders under the Scheme.

The Scheme Consideration of \$0.93 per Youfoodz Share implies a fully diluted market capitalisation for Youfoodz of \$125.3 million.

<sup>1</sup> The last trading day prior to the announcement of the Scheme.

<sup>2</sup> VWAP based on cumulative trading volume and value up to and including 12 July 2021.

## **YOUFOODZ DIRECTORS' RECOMMENDATION**

Your Directors unanimously recommend that you vote in favour of the Scheme in the absence of a Superior Proposal, and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Youfoodz Shareholders.

Subject to those same qualifications, each of the Youfoodz Directors intends to vote all Youfoodz Shares which they own or control in favour of the Scheme.

When considering the recommendation of the Youfoodz Directors, you should note that Managing Director and CEO, Lance Giles, will be receiving a benefit if the Scheme proceeds, in the sense that the Director Escrowed Parties will no longer be subject to the voluntary escrow arrangements entered into with Youfoodz prior to the IPO (representing approximately 14.0% of the Youfoodz Shares on issue). These arrangements are described in more detail in section 9.7.

Your Directors consider that the Scheme provides an opportunity for Youfoodz Shareholders to realise immediate and certain value for their Youfoodz Shares. The Youfoodz Board was unanimous in its decision to recommend the Scheme for the following reasons:

- the Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, in the best interests of Youfoodz Shareholders, in the absence of a Superior Proposal;
- the Scheme Consideration of \$0.93 represents a significant premium to the trading prices of Youfoodz Shares prior to the announcement of the Scheme;
- the Scheme has support from Youfoodz' major Shareholder;
- the all cash Scheme Consideration provides Youfoodz Shareholders with certainty of value; and
- if the Scheme does not proceed, the Youfoodz Share price will be subject to market volatility and may fall in absence of a Superior Proposal.

Since the announcement of the Scheme on 13 July 2021 and up to the date of this Scheme Booklet, no Superior Proposal has emerged.

In forming the view that the Scheme is in the best interests of Youfoodz Shareholders, your Directors considered the potential disadvantages of the Scheme proceeding. In particular:

- you may disagree with the Youfoodz Directors' unanimous recommendation and the Independent Expert's conclusion and consider the Scheme is not in your best interests;
- you may prefer to participate in the future financial performance of the Youfoodz Business;
- you may wish to maintain your investment profile;
- you may consider that there is potential for a Superior Proposal to be made in the foreseeable future; and
- the tax consequences of the Scheme for you may not suit your financial position.

## **MAJOR YOUFOODZ SHAREHOLDER SUPPORT**

Youfoodz' major Shareholder, RGT Capital, a holder of 77,307,508 Youfoodz Shares (representing approximately 57.5% of the Youfoodz Shares on issue), has informed Youfoodz that it intends to vote all of those Youfoodz Shares in favour of the Scheme in the absence of a Superior Proposal, and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Youfoodz Shareholders.

## **INDEPENDENT EXPERT**

Your Directors appointed Grant Thornton as the Independent Expert to assess the merits of the Scheme.

The Independent Expert has concluded that the Scheme is fair and reasonable, and therefore, in the best interests of Youfoodz Shareholders, in the absence of a Superior Proposal.

The Independent Expert has assessed the full underlying value of Youfoodz at between \$0.85 and \$1.06 per Youfoodz Share. The Scheme Consideration of \$0.93 per Youfoodz Share is within this valuation range.

The Independent Expert's Report is included as ANNEXURE A.

## HOW TO VOTE

The Scheme can only be implemented if it is approved by the Court, and by a majority in number of the Youfoodz Shareholders that vote on the Scheme (either online or by proxy, attorney or, in the case of corporate Youfoodz Shareholders, body corporate representative) and that represent at least 75% of the total votes cast at the Scheme Meeting. The Scheme Meeting will be held at 10.00 am (Sydney time) on 8 October 2021.

Your vote is important and I strongly encourage you to vote on this significant transaction.

## VIRTUAL SCHEME MEETING

In order to minimise the public health risks associated with the COVID-19 pandemic, and in accordance with restrictions imposed by Australian Federal and State governments in response to it, Youfoodz Shareholders will not be able to attend the Scheme Meeting in person. There will be no physical meeting.

Youfoodz Shareholders can attend the Scheme Meeting virtually via videoconference at <https://web.lumiagm.com/367699865>. The online platform will allow Youfoodz Shareholders to view the Scheme Meeting, ask written questions during the Scheme Meeting and vote during the Scheme Meeting. To attend and vote online, Youfoodz Shareholders will need their Voter Access Code (which is shown on the front of their proxy form), and the postcode of their registered address (or their country code if their registered address is outside Australia). Instructions on how to login to the Scheme Meeting are included on the proxy form posted to the Youfoodz Shareholder (or emailed if the Youfoodz Shareholder has selected an electronic communication preference).

Proxyholders will need to lodge a proxy form online at [www.votingonline.com.au/youfoodzscheme](http://www.votingonline.com.au/youfoodzscheme) or by completing, signing and lodging a proxy form for the Scheme Meeting in accordance with the instructions set out on the form before 10.00 am (Sydney time) on 6 October 2021.

Even if you plan to attend the Scheme Meeting virtually via videoconference, we encourage you to submit a directed proxy vote as early as possible by completing and returning the proxy form accompanying this Scheme Booklet or lodging your proxy form online at [www.votingonline.com.au/youfoodzscheme](http://www.votingonline.com.au/youfoodzscheme).

Youfoodz Shareholders can lodge questions to the Scheme Meeting by:

- submitting written questions via the virtual videoconference <https://web.lumiagm.com/367699865>;
- by clicking 'Ask The Board' on the right hand side of the page when lodging an online proxy vote at [www.votingonline.com.au/youfoodzscheme](http://www.votingonline.com.au/youfoodzscheme); or
- by email to the Boardroom ([enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au)) by no later than 10.00 am (Sydney time) on 6 October 2021.

## FURTHER INFORMATION

This Scheme Booklet sets out important information relating to the Scheme, including the reasons for your Directors' unanimous recommendation and the Independent Expert's Report. It also sets out some reasons why you may wish to vote against the Scheme.

I encourage you to read this Scheme Booklet carefully and in its entirety as it will assist you in making an informed decision on how to vote. You should also seek professional advice before making any investment decision in relation to your Youfoodz Shares.

If you have any questions regarding the Scheme or this Scheme Booklet you should contact the Youfoodz Shareholder Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) on Monday to Friday between 9.00 am and 5.00 pm (Sydney time).

On behalf of the Youfoodz Directors, I thank you for your ongoing support and look forward to your participation at the Scheme Meeting.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'N. Kearney', with a long horizontal flourish extending to the right.

**NEIL KEARNEY**  
Chair  
Youfoodz Holdings Limited

# 1 KEY CONSIDERATIONS RELEVANT TO YOUR VOTE

## 1.1 OVERVIEW

The Scheme has a number of advantages and disadvantages that may affect Youfoodz Shareholders in different ways depending on their individual circumstances. Youfoodz Shareholders should seek professional advice on their particular circumstances, as appropriate.

You should read this Scheme Booklet in its entirety, including the Independent Expert's Report, before deciding how to vote at the Scheme Meeting.

## 1.2 SUMMARY OF REASONS WHY YOU MIGHT VOTE IN FAVOUR OF OR AGAINST THE SCHEME

In summary, the key reasons for the recommendation of the Youfoodz Directors and why you may vote in favour of the Scheme are as follows:

- The Youfoodz Directors unanimously recommend that you vote in favour of the Scheme in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Youfoodz Shareholders
- The Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, in the best interests of Youfoodz Shareholders, in the absence of a Superior Proposal
- The Scheme Consideration of \$0.93 per Youfoodz Share represents a significant premium to recent trading in Youfoodz Shares
- The Scheme has support from Youfoodz' major Shareholder
- The all cash Scheme Consideration of \$0.93 per Youfoodz Share provides Youfoodz Shareholders with certainty of value and the opportunity to realise their investment for cash, avoiding uncertainties and risks associated with the Youfoodz Business
- Since the announcement of the Scheme, no Superior Proposal has emerged
- The Youfoodz Share price will continue to be subject to market volatility and may fall if the Scheme is not implemented and in the absence of a Superior Proposal
- If the Scheme proceeds, Youfoodz Shareholders will no longer be subject to the specific risks associated with the Youfoodz Business and general market risks
- No brokerage charges will be payable by you for the transfer of your Youfoodz Shares under the Scheme

These reasons are described in further detail in section 1.3.

There are also reasons why Youfoodz Shareholders may not support the Scheme and may consider voting against the Scheme, including those set out below:

- You may disagree with the Youfoodz Directors' unanimous recommendation and the Independent Expert's conclusion and consider that the Scheme is not in your best interests
- You may prefer to participate in the future financial performance of the Youfoodz Business
- You may wish to maintain your investment profile
- You may consider that there is potential for a Superior Proposal to be made in the foreseeable future
- The tax consequences of the Scheme for you may not suit your financial position

These reasons are described in further detail in section 1.4.

In considering the potential reasons why you may consider voting against the Scheme, you should be aware that even if you vote against the Scheme, the Scheme may still be implemented if it is approved by the requisite majorities of Youfoodz Shareholders and by the Court. If this occurs, your Youfoodz Shares will be transferred to HelloFresh Nominee and you will receive the Scheme Consideration even though you voted against the Scheme.

### 1.3 REASONS TO VOTE IN FAVOUR OF THE SCHEME

- **THE YOUFOODZ DIRECTORS UNANIMOUSLY RECOMMEND THAT YOU VOTE IN FAVOUR OF THE SCHEME IN THE ABSENCE OF A SUPERIOR PROPOSAL AND SUBJECT TO THE INDEPENDENT EXPERT CONTINUING TO CONCLUDE THAT THE SCHEME IS IN THE BEST INTERESTS OF YOUFOODZ SHAREHOLDERS**

The Youfoodz Directors unanimously recommend that you vote in favour of the Scheme at the Scheme Meeting in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Youfoodz Shareholders.

In reaching their recommendation, your Directors have assessed the Scheme (including the Scheme Consideration) having regard to the reasons to vote in favour of, or against, the Scheme, as set out in this Scheme Booklet.

In the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Youfoodz Shareholders, each of your Directors intends to vote all Youfoodz Shares which they own or control in favour of the Scheme. The interests of Youfoodz Directors are set out in section 9.1.

When considering the recommendation of the Youfoodz Directors, you should note that Managing Director and CEO, Lance Giles, will be receiving a benefit if the Scheme proceeds, in the sense that the Director Escrowed Parties will no longer be subject to the voluntary escrow arrangements entered into with Youfoodz prior to the IPO (representing approximately 14.0% of the Youfoodz Shares on issue). These arrangements are described in more detail in section 9.7.

- **THE INDEPENDENT EXPERT HAS CONCLUDED THAT THE SCHEME IS FAIR AND REASONABLE AND, THEREFORE, IN THE BEST INTERESTS OF YOUFOODZ SHAREHOLDERS, IN THE ABSENCE OF A SUPERIOR PROPOSAL**

Your Directors appointed Grant Thornton to prepare an Independent Expert's Report, including an opinion as to whether the Scheme is fair and reasonable and, therefore, in the best interests of Youfoodz Shareholders.

The Independent Expert has concluded that the Scheme is fair and reasonable and therefore, that the Scheme is in the best interests of Youfoodz Shareholders, in the absence of a Superior Proposal.

The basis for this conclusion is that the Scheme Consideration of \$0.93 per Youfoodz Share is within the valuation range (as assessed by the Independent Expert) between \$0.85 and \$1.06 per Youfoodz Share on a control basis.

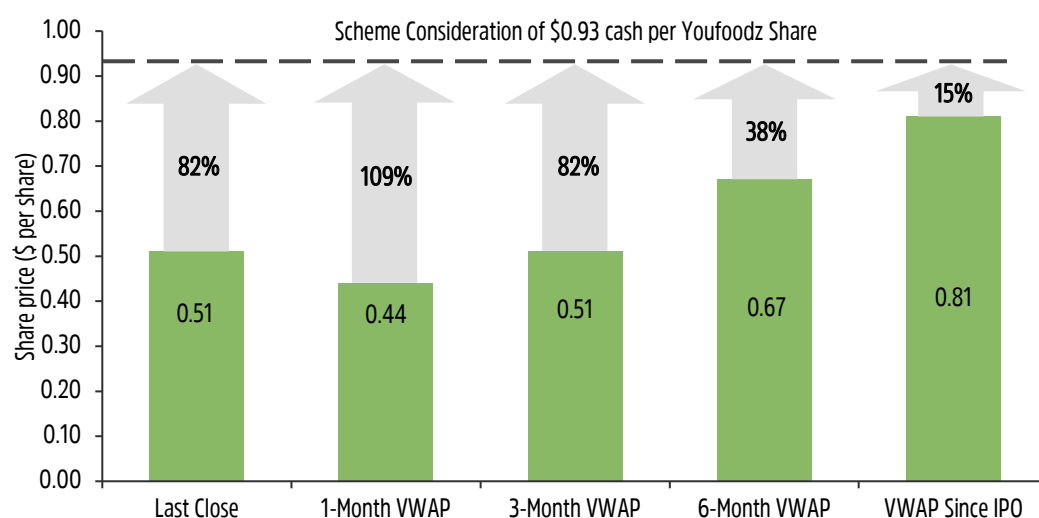
The Independent Expert's Report is included in ANNEXURE A. Your Directors encourage you to carefully read the Independent Expert's Report in its entirety before making a decision in relation to the Scheme.

- **THE SCHEME CONSIDERATION OF \$0.93 PER YOUFOODZ SHARE REPRESENTS A SIGNIFICANT PREMIUM TO RECENT TRADING IN YOUFOODZ SHARES**

The all cash Scheme Consideration of \$0.93 per Youfoodz Share represents a significant premium over trading prices of Youfoodz Shares on the ASX prior to the announcement of the Scheme on 13 July 2021, and represents a premium of:

- 82% to the close of trading of Youfoodz Shares on 12 July 2021<sup>3</sup> of \$0.51 per Youfoodz Share;
- 109% to the 1-month VWAP<sup>4</sup> of Youfoodz Shares of \$0.44 per Youfoodz Share;
- 82% to the 3-month VWAP<sup>4</sup> of Youfoodz Shares of \$0.51 per Youfoodz Share;
- 38% to the 6-month VWAP<sup>4</sup> of Youfoodz Shares of \$0.67 per Youfoodz Share; and
- 15% to the VWAP<sup>4</sup> of Youfoodz Shares since Youfoodz' first day of trading on ASX on 8 December 2020 of \$0.81 per Youfoodz Share.

The graph below shows the Scheme Consideration of \$0.93 per Youfoodz Share and relevant prices of Youfoodz Shares before the announcement of the Scheme.



Source: IRESS (up to and including 12 July 2021).

- **THE SCHEME HAS SUPPORT FROM YOUFOODZ' MAJOR SHAREHOLDER**

RGT Capital, a holder of 77,307,508 Youfoodz Shares (representing approximately 57.5% of Youfoodz Shares on issue) has informed Youfoodz that it intends to vote all those Youfoodz Shares in favour of the Scheme in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Youfoodz Shareholders.

- **THE ALL CASH SCHEME CONSIDERATION OF \$0.93 PER YOUFOODZ SHARE PROVIDES YOUFOODZ SHAREHOLDERS WITH CERTAINTY OF VALUE AND THE OPPORTUNITY TO REALISE THEIR INVESTMENT FOR CASH, AVOIDING UNCERTAINTIES AND RISKS ASSOCIATED WITH THE YOUFOODZ BUSINESS**

The offer from HelloFresh is a 100% cash offer. If the Scheme proceeds, Youfoodz Shareholders will receive the Scheme Consideration of \$0.93 per Youfoodz Share. This provides a high degree of certainty of value and timing.

In contrast, if the Scheme does not proceed, the amount which Youfoodz Shareholders will be able to realise from their investment in Youfoodz will be uncertain. The Scheme removes this uncertainty for Youfoodz Shareholders. For details of the risks relating to remaining a Youfoodz Shareholder, see section 7.

<sup>3</sup> The last trading day prior to the announcement of the Scheme.

<sup>4</sup> VWAP based on cumulative trading volume and value up to and including 12 July 2021.

- **SINCE THE ANNOUNCEMENT OF THE SCHEME, NO SUPERIOR PROPOSAL HAS EMERGED**

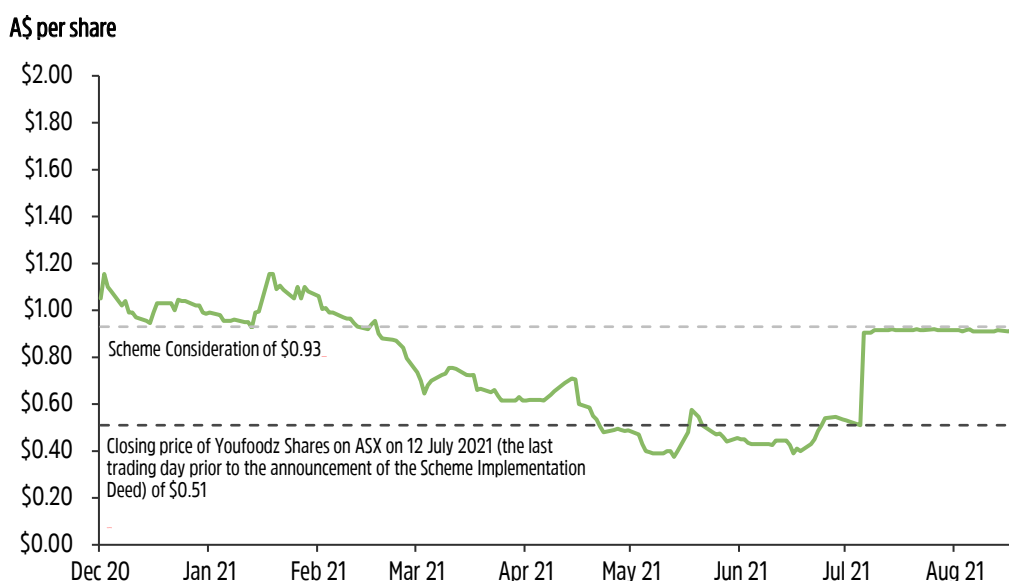
Since the announcement of the Scheme on 13 July 2021 and up to the date of this Scheme Booklet, no Superior Proposal has emerged and your Directors are not aware, as at the date of this Scheme Booklet, of any Superior Proposal that is likely to emerge.

If a Competing Proposal that is, or is reasonably likely to become, a Superior Proposal is received, it will be considered by the Youfoodz Directors in accordance with the provisions of the Scheme Implementation Deed, which permits the Youfoodz Directors to take action in respect of such Competing Proposal in accordance with their fiduciary and statutory obligations.

- **THE YOUFOODZ SHARE PRICE WILL CONTINUE TO BE SUBJECT TO MARKET VOLATILITY AND MAY FALL IF THE SCHEME IS NOT IMPLEMENTED AND IN THE ABSENCE OF A SUPERIOR PROPOSAL**

On the last trading day prior to the announcement of the Scheme, being 12 July 2021, the Youfoodz Share price was \$0.51. From the day after the announcement of the Scheme to the Last Practicable Date, the closing price of Youfoodz Shares has ranged between \$0.91 and \$0.92.

The Youfoodz Directors are unable to predict the price at which Youfoodz Shares will trade in the future but consider that, if the Scheme is not implemented and no Superior Proposal emerges, the price of Youfoodz Shares may fall to a price materially below the Scheme Consideration of \$0.93 per Youfoodz Share offered to Youfoodz Shareholders under the Scheme.



Source: IRESS (as at the Last Practicable Date).

- **IF THE SCHEME PROCEEDS, YOUFOODZ SHAREHOLDERS WILL NO LONGER BE SUBJECT TO THE SPECIFIC RISKS ASSOCIATED WITH THE YOUFOODZ BUSINESS AND GENERAL MARKET RISKS**

Youfoodz' growth objectives and strategic initiatives will take time to fully implement and carry execution risks, some of which are outside the control of Youfoodz. Youfoodz also operates in a dynamic market which will continue to be subject to risks and uncertainties. If the Scheme proceeds, Youfoodz Shareholders will no longer be exposed to these general investment risks, as well as other specific risks inherent to the Youfoodz Business (as summarised in sections 7(a) and 7(b)).

The all cash Scheme Consideration payable under the Scheme removes these risks and uncertainties for Youfoodz Shareholders and allows Youfoodz Shareholders to exit their investment in Youfoodz at a certain cash price. If the Scheme is approved and implemented, these risks and uncertainties will instead be assumed by HelloFresh, as the sole shareholder of Youfoodz, following implementation.



If the Scheme does not proceed, Youfoodz Shares will continue to remain quoted on the ASX, and Youfoodz Shareholders will continue to be exposed to these risks and uncertainties, and the potential future benefits in retaining exposure to the Youfoodz Business and Youfoodz' assets.

There are also certain risks specific to the Scheme that may arise if the Scheme does not proceed, the details of which are outlined in section 7(c).

- **NO BROKERAGE CHARGES WILL BE PAYABLE BY YOU FOR THE TRANSFER OF YOUR YOUFOODZ SHARES UNDER THE SCHEME**

You will not incur any brokerage charges on the transfer of your Youfoodz Shares to HelloFresh under the Scheme.

It is possible that brokerage charges may be incurred if you transfer your Youfoodz Shares other than under the Scheme (including selling your shares on the ASX).

## **1.4 WHY YOU MAY CONSIDER VOTING AGAINST THE SCHEME**

- **YOU MAY DISAGREE WITH THE YOUFOODZ DIRECTORS' UNANIMOUS RECOMMENDATION AND THE INDEPENDENT EXPERT'S CONCLUSION, AND CONSIDER THAT THE SCHEME IS NOT IN YOUR BEST INTERESTS**

Despite the recommendation of the Youfoodz Directors and the conclusion of the Independent Expert that the Scheme is in the best interests of Youfoodz Shareholders in the absence of a Superior Proposal, you may consider that the Scheme is not in the best interests of Youfoodz Shareholders or not in your best interests.

- **YOU MAY PREFER TO PARTICIPATE IN THE FUTURE FINANCIAL PERFORMANCE OF THE YOUFOODZ BUSINESS**

If the Scheme is implemented, you will cease to be a Youfoodz Shareholder and will lose the ability to directly participate in any potential upside that may result from maintaining your investment in Youfoodz.

This means that you will not participate in the future financial performance and potential growth of Youfoodz, and will not retain exposure to the value that could be created by Youfoodz in the future.

- **YOU MAY WISH TO MAINTAIN YOUR INVESTMENT PROFILE**

Since Youfoodz Shares commenced trading on the ASX on 8 December 2020, Youfoodz Shares have not traded at or above the IPO offer price of \$1.50 per Youfoodz Share and closed on the first day of trading on 8 December 2020 at \$1.05 per Youfoodz Share. As at market close on the last trading day prior to the announcement of the Scheme on 13 July 2021, the VWAP of Youfoodz Shares since the first day of trading on ASX on 8 December 2020 was \$0.81 per Youfoodz Share.

You may prefer to keep your Youfoodz Shares to maintain your investment in a publicly listed company with Youfoodz' specific characteristics including, but not limited to, the industry, operational profile, size and capital structure.

Implementation of the Scheme may result in a disadvantage to those who wish to maintain their investment profile. Youfoodz Shareholders who wish to maintain their investment profile may find it difficult to identify and invest in alternative investments that have a similar profile to that of Youfoodz, and they may incur transaction costs in undertaking any new investment.

In addition, despite the risk factors relevant to Youfoodz' future operations as a stand-alone entity (including those in set out in section 7), you may consider that Youfoodz may be able to generate greater returns for its assets as a stand-alone entity, or by exploring alternative corporate transactions in the future.

- **YOU MAY CONSIDER THAT THERE IS POTENTIAL FOR A SUPERIOR PROPOSAL TO BE MADE IN THE FORESEEABLE FUTURE**

You may consider that there is potential for a Superior Proposal to be made in the foreseeable future. This may include a takeover offer or alternative transaction proposal which could deliver a total consideration to Youfoodz Shareholders in excess of the Scheme Consideration.

As at the date of this Scheme Booklet, no Superior Proposal has emerged and the Youfoodz Directors are not aware of any Superior Proposal that is likely to emerge.

- **THE TAX CONSEQUENCES OF THE SCHEME FOR YOU MAY NOT SUIT YOUR FINANCIAL POSITION**

If the Scheme is implemented, there may be tax consequences that eventuate for you as a Youfoodz Shareholder, some of which may be adverse. Further detail regarding the tax implications of the Scheme is set out in section 8. Youfoodz Shareholders should seek their own professional advice regarding the tax implications relevant to them.

## 2 FREQUENTLY ASKED QUESTIONS

QUESTION	ANSWER	MORE INFORMATION
<b>Overview of the Scheme</b>		
<b>Why have I received this Scheme Booklet?</b>	<p>This Scheme Booklet has been sent or made available to you because you are a Youfoodz Shareholder and you are being asked to vote on the Scheme.</p> <p>This Scheme Booklet is intended to help you to consider and decide on how to vote on the Scheme at the Scheme Meeting.</p>	<p>Section 4 contains an overview of the Scheme and a copy of the Scheme is contained in ANNEXURE B.</p>
<b>What is the Scheme?</b>	<p>The Scheme is a scheme of arrangement between Youfoodz and Youfoodz Shareholders at the Scheme Record Date. The Scheme will give effect to the acquisition of Youfoodz by HelloFresh Nominee.</p> <p>A scheme of arrangement is a statutory procedure that is commonly used to enable a company to acquire another company.</p> <p>If the Scheme is approved and implemented, Youfoodz Shareholders at the Scheme Record Date will receive the Scheme Consideration of \$0.93 per Youfoodz Share.</p>	<p>Section 4 contains an overview of the Scheme and a copy of the Scheme is contained in ANNEXURE B.</p>
<b>Who is HelloFresh?</b>	<p>HelloFresh is the world's leading meal-kit company and operates in the US, the United Kingdom, Germany, the Netherlands, Belgium, Luxembourg, Australia, Austria, Switzerland, Canada, New Zealand, Sweden, France, Denmark and Norway. In Q2 2021, HelloFresh delivered 254 million meals and reached 7.7 million active customers. HelloFresh was founded in Berlin in November 2011 and went public on the Frankfurt Stock Exchange in November 2017. HelloFresh has offices in New York, Berlin, London, Amsterdam, Sydney, Toronto, Auckland, Paris and Copenhagen.</p>	<p>Section 6 contains further details about HelloFresh and its group companies.</p>
<b>What are HelloFresh's intentions for Youfoodz if the Scheme is implemented?</b>	<p>HelloFresh's intentions for Youfoodz if the Scheme is implemented are set out in section 6.8.</p>	<p>Section 6.8 contains further details about the intentions of HelloFresh.</p>
<b>Recommendations and intentions</b>		
<b>What do the Youfoodz Directors recommend in relation to the</b>	<p>Your Directors unanimously recommend that all Youfoodz Shareholders vote in favour of the Scheme in the absence of a Superior Proposal and subject to the Independent Expert</p>	<p>Section 1.3 contains the key reasons why the Youfoodz Board considers that</p>

QUESTION	ANSWER	MORE INFORMATION
<p><b>Scheme and how do they intend to vote on the Scheme?</b></p>	<p>continuing to conclude that the Scheme is in the best interests of Youfoodz Shareholders.</p> <p>Subject to those same qualifications, each Youfoodz Director who holds or controls Youfoodz Shares intends to vote those Shares in favour of the Scheme.</p> <p>When considering the recommendation of the Youfoodz Directors, you should note that Managing Director and CEO, Lance Giles, will be receiving a benefit if the Scheme proceeds, in the sense that the Director Escrowed Parties will no longer be subject to the voluntary escrow arrangements entered into with Youfoodz prior to the IPO (representing approximately 14.0% of the Youfoodz Shares on issue). These arrangements are described in more detail in section 9.7.</p>	<p>Youfoodz Shareholders should vote in favour of the Scheme.</p>
<p><b>What is the opinion of the Independent Expert?</b></p>	<p>The Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, is in the best interests of Youfoodz Shareholders, in the absence of a Superior Proposal.</p>	<p>A copy of the Independent Expert's Report is contained in ANNEXURE A.</p>
<p><b>How does RGT Capital intend to vote on the Scheme?</b></p>	<p>RGT Capital, a holder of 77,307,508 Youfoodz Shares (representing approximately 57.5% of the Youfoodz Shares on issue), has confirmed its intention to vote in favour of the Scheme in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Youfoodz Shareholders.</p>	<p>N/A</p>
<p><b>Overview of the Scheme Consideration</b></p>		
<p><b>When will I be paid?</b></p>	<p>Payment of the Scheme Consideration is expected to be made on or about the Implementation Date (being 27 October 2021).</p>	<p>Section 4.2 sets out further details on the Scheme Consideration.</p>
<p><b>How will I be paid?</b></p>	<p>All payments will be made by direct deposit into your nominated bank account, as advised to the Share Registry as at the Scheme Record Date.</p> <p>If you have not nominated a bank account, payment will be made by Australian dollar cheque sent by post to your registered address as shown on the Youfoodz Share Register. In order to update your bank details, please complete, sign and return the enclosed nominated bank account form in accordance with the instructions on that form. Alternatively, you can update your bank account details by accessing the following link <a href="http://www.investorserve.com.au">www.investorserve.com.au</a>. Youfoodz Shareholders will need to have registered for an account to do this (or alternatively, the Direct Credit Facility form can be downloaded from the website).</p>	<p>Section 4.2 sets out further details on the Scheme Consideration.</p>

QUESTION	ANSWER	MORE INFORMATION
<b>How is HelloFresh funding the Scheme Consideration?</b>	HelloFresh intends to fund the Scheme Consideration with existing cash reserves, which as of 30 June 2021 totalled €933.4 million (approximately \$1.48 billion using the exchange rate as of 30 June 2021).	Section 6.7 contains further details about the funding arrangements of HelloFresh.
<b>Will I have to pay brokerage?</b>	You will not have to pay brokerage on the transfer of your Youfoodz Shares to HelloFresh Nominee under the Scheme.	N/A
<b>What are the tax implications of the Scheme?</b>	<p>The tax implications will depend on your particular circumstances.</p> <p>Section 8 provides a general description of the Australian tax consequences for Scheme Shareholders.</p> <p>You should seek independent professional tax advice with respect to your particular circumstances.</p>	Section 8 provides a general description of the Australian tax consequences.
<b>Conditions to the Scheme</b>		
<b>Are there any conditions to be satisfied?</b>	<p>There are a number of conditions that will need to be satisfied or waived (where capable of waiver) before the Scheme can become Effective.</p> <p>In summary, as at the date of this Scheme Booklet, the outstanding conditions include:</p> <ul style="list-style-type: none"> <li>• no restraining order issued by any court on the application of any Government Agency or no decision or order issued by any Government Agency that would prevent the Scheme from becoming Effective;</li> <li>• Court approval;</li> <li>• approval by Youfoodz Shareholders by the requisite majorities at the Scheme Meeting;</li> <li>• no Prescribed Occurrence occurring prior to 8.00 am (Sydney time) on the Second Court Date;</li> <li>• no Material Adverse Change occurring prior to 8.00 am (Sydney time) on the Second Court Date; and</li> <li>• Youfoodz taking all reasonable steps to ensure no Options or Deferred Share Awards are in existence on the Scheme Record Date.</li> </ul> <p>Youfoodz intends to announce on ASX the satisfaction (or waiver) of the conditions to the Scheme.</p>	Section 9.3(a) contains further information on the conditions to the Scheme.
<b>When and where will the Scheme Meeting be held?</b>	The Scheme Meeting is scheduled to be held at 10.00 am (Sydney time) on 8 October 2021.	The Notice of Scheme Meeting contained in ANNEXURE D sets out

QUESTION	ANSWER	MORE INFORMATION
	<p>In order to minimise the public health risks associated with the COVID-19 pandemic, and in accordance with restrictions imposed by Australian Federal and State governments in response to it, the Scheme Meeting will be held virtually via videoconference. There will be no physical meeting.</p> <p>Please monitor the Youfoodz website and ASX announcements where updates will be provided if it becomes necessary or appropriate to make alternative arrangements for the holding or conduct of the Scheme Meeting.</p> <p>Please see the Notice of Scheme Meeting in ANNEXURE D and the Scheme Meeting Online Guide (which has been released to the ASX and will be made available on the Youfoodz website (<a href="http://www.investors.youfoodz.com">www.investors.youfoodz.com</a>)) for further details relating to the conduct of the Scheme Meeting.</p> <p>The Scheme Meeting may be postponed or adjourned. Any such adjournment will be announced on the ASX and set out on the Youfoodz website.</p>	<p>further details on the Scheme Meeting.</p>
<p><b>What vote is required to approve the Scheme?</b></p>	<p>For the Scheme to proceed, the Scheme Resolution must be passed by:</p> <ul style="list-style-type: none"> <li>• a majority in number of Youfoodz Shareholders who vote on the Scheme Resolution; and</li> <li>• at least 75% of the votes cast on the Scheme Resolution.</li> </ul> <p>The Court has the discretion to waive the first of these two requirements if it considers it appropriate to do so.</p>	<p>Section 4.3(a) and the Notice of Scheme Meeting contained in ANNEXURE D set out further details on the Scheme approval requirements.</p>
<p><b>Am I entitled to vote at the Scheme Meeting?</b></p>	<p>Each Youfoodz Shareholder who is registered on the Youfoodz Share Register at 7.00 pm (Sydney time) on 6 October 2021 is entitled to attend and vote at the Scheme Meeting.</p>	<p>The Notice of Scheme Meeting contained in ANNEXURE D sets out further details on your entitlement to vote.</p>
<p><b>How do I vote if I am not able to attend the Scheme Meeting?</b></p>	<p>If you would like to vote but cannot attend the Scheme Meeting virtually via videoconference, or will not have access to a device or the internet, you can vote by appointing a proxy or attorney to attend and vote on your behalf.</p>	<p>The Notice of Scheme Meeting contained in ANNEXURE D sets out further details on how to vote at the Scheme Meeting.</p>
<p><b>When will the result of the Scheme Meeting be known?</b></p>	<p>The result of the Scheme Meeting will be available shortly after the conclusion of the Scheme Meeting and will be announced to ASX once available. Even if the Scheme Resolution is passed at the Scheme Meeting, the Scheme is still subject to approval of the Court.</p>	<p>N/A</p>

QUESTION	ANSWER	MORE INFORMATION
<b>What happens if the Scheme does not proceed?</b>	<p>If the Scheme is not approved at the Scheme Meeting, or another condition to the Scheme is not satisfied or waived (where capable of waiver), then the Scheme will not be implemented.</p> <p>If the Scheme is not implemented, Scheme Shareholders will not receive the Scheme Consideration but will retain their Youfoodz Shares. In these circumstances, Youfoodz will, in the absence of another proposal, continue to operate as a stand-alone entity listed on ASX.</p>	Section 4.4 sets out further details on what happens if the Scheme does not proceed.
<b>What happens to my Youfoodz Shares if I do not vote, or if I vote against the Scheme, and the Scheme becomes Effective?</b>	If you do not vote, or vote against the Scheme, and the Scheme becomes Effective, any Youfoodz Shares held by you on the Scheme Record Date (currently expected to be 20 October 2021) will be transferred to HelloFresh Nominee and you will receive the Scheme Consideration, notwithstanding that you may not have voted or voted against the Scheme.	N/A
<b>If the Scheme is implemented, will Youfoodz cease trading on ASX?</b>	Youfoodz intends to apply to ASX for Youfoodz to be suspended from trading on ASX from close of trading on the Effective Date (which is currently expected to be 13 October 2021). Following the Implementation Date, Youfoodz will apply for termination of the official quotation of Youfoodz Shares on ASX and for Youfoodz to be removed from the official list of ASX.	Sections 4.3(b), 4.6 and 6.8(b) set out further details on ceasing trade on the ASX.
<b>Other questions</b>		
<b>Can I sell my Youfoodz Shares now?</b>	You can sell your Youfoodz Shares on market at any time before close of trading on ASX on the Effective Date at the then prevailing market price (which may vary from the Scheme Consideration).	N/A
<b>What happens if a Competing Proposal is received?</b>	<p>If a Competing Proposal is received, the Youfoodz Board will carefully consider it.</p> <p>Youfoodz must notify HelloFresh of that Competing Proposal in accordance with the Scheme Implementation Deed.</p> <p>Youfoodz Shareholders should note that Youfoodz has agreed to certain exclusivity and Break Fee provisions in favour of HelloFresh under the Scheme Implementation Deed.</p>	Section 9.3 details the potential for a Competing Proposal, and the relevant process and considerations.
<b>Where can I get further information?</b>	For further information, you can call the Youfoodz Shareholder Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) on Monday to Friday between 9.00 am and 5.00 pm (Sydney time).	N/A

## 3 HOW TO VOTE

### 3.1 YOUR VOTE IS IMPORTANT

This Scheme Booklet is an important document. You should carefully read this Scheme Booklet in its entirety (including the Independent Expert's Report included in ANNEXURE A) before deciding whether to vote in favour of the Scheme.

For the Scheme to proceed, it is necessary that sufficient Youfoodz Shareholders vote in favour of the Scheme.

If you are registered as a Youfoodz Shareholder at 7.00 pm (Sydney time) on 6 October 2021, you will be entitled to vote on the Scheme.

If you have any questions, please contact the Youfoodz Shareholder Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) on Monday to Friday between 9.00 am and 5.00 pm (Sydney time).

If you are in any doubt as to what you should do, please consult your broker, legal, financial, tax, accounting and/or other professional adviser without delay.

### 3.2 NOTICE OF SCHEME MEETING

In order to minimise the public health risks associated with the COVID-19 pandemic, and in accordance with restrictions imposed by Australian Federal and State governments in response to it, the Scheme Meeting will be held virtually via videoconference at 10.00 am (Sydney time) on 8 October 2021. There will be no physical meeting.

See the Notice of Scheme Meeting contained in ANNEXURE D for further details relating to the conduct of the Scheme Meeting.

### 3.3 PROCEDURE

You may vote on the Scheme:

- **(online)** in the Scheme Meeting and voting virtually via videoconference at <https://web.lumiagm.com/367699865>;
- **(by proxy)** by lodging a proxy form online at [www.votingonline.com.au/youfoodzscheme](http://www.votingonline.com.au/youfoodzscheme) or by completing, signing and lodging a proxy form for the Scheme Meeting in accordance with the instructions set out on the form. To be valid, your proxy form must be received by the Share Registry by 10.00 am (Sydney time) on 6 October 2021;
- **(by attorney)** by appointing an attorney to attend the Scheme Meeting on your behalf and providing a duly executed power of attorney to the Share Registry by 10.00 am (Sydney time) on 6 October 2021; or
- **(by corporate representative)** in the case of a body corporate which is a Youfoodz Shareholder, by appointing a corporate representative to vote at the Scheme Meeting on behalf of that Youfoodz Shareholder and providing a duly executed appointment of corporate representative (in accordance with sections 250D and 253B of the Corporations Act) prior to the Scheme Meeting.

Further detail on how to vote using each of these methods is contained in the Notice of Scheme Meeting attached as ANNEXURE D.

If you are in favour of the Scheme, you should vote in favour of the Scheme.

**The Scheme will not proceed unless the Scheme is approved by Youfoodz Shareholders.**



### **3.4 VOTING ENTITLEMENT**

Each Youfoodz Shareholder who is registered on the Youfoodz Share Register at 7.00 pm (Sydney time) on 6 October 2021 is entitled to attend and vote at the Scheme Meeting online, by proxy, by attorney or, in the case of a corporation which is a Youfoodz Shareholder, by its representative appointed in accordance with the Corporations Act.

Information on entitlements to vote, including if you are a joint holder of Youfoodz Shares, is contained in the Notice of Scheme Meeting which is attached as ANNEXURE D.

## 4 OVERVIEW OF THE SCHEME

### 4.1 BACKGROUND TO THE SCHEME

On 13 July 2021, Youfoodz announced that it had entered into a Scheme Implementation Deed with HelloFresh under which it is proposed that HelloFresh or HelloFresh Nominee will acquire 100% of the share capital in Youfoodz. A full copy of the Scheme Implementation Deed was attached to the Youfoodz announcement to the ASX relating to the Scheme on 13 July 2021.

### 4.2 CONSIDERATION

If the Scheme is approved and implemented, Youfoodz Shareholders will receive the Scheme Consideration of \$0.93 per Youfoodz Share.

Payments will be made by direct deposit into your nominated bank account, as advised to the Share Registry as at the Scheme Record Date. If you have not nominated a bank account, payment will be made by Australian dollar cheque. In order to update your bank details, please complete, sign and return the enclosed nominated bank account form in accordance with the instructions on that form. Alternatively, you can update your bank account details by accessing the following link [www.investorserve.com.au](http://www.investorserve.com.au). Youfoodz Shareholders will need to have registered for an account to do this (or alternatively, the Direct Credit Facility form can be downloaded from the website).

If a Youfoodz Shareholder does not have a registered address, or Youfoodz considers that the Youfoodz Shareholder is not known at its registered address and no bank account has been nominated, payments due to the Youfoodz Shareholder will be held by Youfoodz until claimed or applied under the relevant laws dealing with unclaimed money.

### 4.3 KEY STEPS IN THE SCHEME

#### (a) SCHEME APPROVAL REQUIREMENTS

The Scheme will only become Effective and be implemented if it is:

- approved by the requisite majorities of Youfoodz Shareholders at the Scheme Meeting to be held on 8 October 2021; and
- approved by the Court at the Second Court Hearing.

Agreement by Youfoodz Shareholders requires the Scheme Resolution to be approved by:

- a majority in number (more than 50%) of Youfoodz Shareholders present and entitled to vote at the Scheme Meeting (either online or by proxy); and
- at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by Youfoodz Shareholders present and entitled to vote at the Scheme Meeting (either online or by proxy).

The Court has the power to waive the first requirement.

In the event that:

- the Scheme is approved by the requisite majorities of Youfoodz Shareholders at the Scheme Meeting; and
- all other conditions (except Court approval of the Scheme) have been satisfied or waived (where capable of waiver),

then Youfoodz will apply to the Court for orders approving the Scheme.

Each Youfoodz Shareholder has the right to appear at the Second Court Hearing.

**(b) EFFECTIVE DATE**

If the Court approves the Scheme and all other conditions have been satisfied or waived (where capable of waiver), the Scheme will become Effective on the date when a copy of the Court order approving the Scheme is lodged with ASIC. Youfoodz will, on the Scheme becoming Effective, give notice of that event to ASX.

Youfoodz intends to apply to ASX for Youfoodz Shares to be suspended from official quotation on ASX from close of trading on the date the Scheme becomes Effective.

**(c) SCHEME RECORD DATE**

Those Youfoodz Shareholders on the Youfoodz Share Register on the Scheme Record Date (currently expected to be 20 October 2021) will be entitled to receive the Scheme Consideration of \$0.93 per Youfoodz Share in respect of the Youfoodz Shares they hold as at the Scheme Record Date.

**(1) Dealings on or prior to the Scheme Record Date**

For the purpose of determining which Youfoodz Shareholders are eligible to participate in the Scheme, dealings in Youfoodz Shares will only be recognised if:

- in the case of dealings of the type to be effected using CHESS, the transferee is registered on the Youfoodz Share Register as the holder of the relevant Youfoodz Shares as at 7.00 pm (Sydney time) on the Scheme Record Date (currently expected to be 20 October 2021); and
- in all other cases, registrable transmission applications or transfers in respect of those dealings are received by the Share Registry on or before the Scheme Record Date (and the transferee remains registered as at the Scheme Record Date).

For the purposes of determining entitlements under the Scheme, Youfoodz will not accept for registration or recognise any transfer or transmission applications in respect of Youfoodz Shares received after the Scheme Record Date.

**(2) Dealings after the Scheme Record Date**

For the purpose of determining entitlements to the Scheme Consideration, Youfoodz must maintain the Youfoodz Share Register in its form as at the Scheme Record Date (currently expected to be 20 October 2021) until the Scheme Consideration has been paid to the Scheme Shareholders. The Youfoodz Share Register in this form will solely determine entitlements to the Scheme Consideration.

After the Scheme Record Date:

- all statements of holding for Youfoodz Shares will cease to have effect as documents relating to title in respect of such Youfoodz Shares; and
- each entry on the Youfoodz Share Register will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Youfoodz Shares relating to that entry.

#### **(d) IMPLEMENTATION DATE**

The Implementation Date is the fifth Business Day after the Scheme Record Date, which is currently expected to be 27 October 2021.

By the Business Day before the Implementation Date, HelloFresh must pay, or procure the payment of, the aggregate Scheme Consideration payable to Scheme Shareholders into a trust account nominated by Youfoodz.

On the Implementation Date, Youfoodz will pay the Scheme Consideration received from HelloFresh or HelloFresh Nominee to Scheme Shareholders.

Immediately after the Scheme Consideration is sent to Scheme Shareholders, the Scheme Shares will be transferred to HelloFresh Nominee without Scheme Shareholders needing to take any further action.

#### **(e) DEED POLL**

HelloFresh and HelloFresh Nominee have executed the Deed Poll pursuant to which each of HelloFresh and HelloFresh Nominee have undertaken in favour of each Scheme Shareholder, to provide, or procure the provision of, the Scheme Consideration to each Scheme Shareholder which they are entitled under the Scheme, subject to the Scheme becoming Effective.

A copy of the Deed Poll is contained in ANNEXURE C.

### **4.4 IF THE SCHEME DOES NOT BECOME EFFECTIVE**

If the Scheme does not proceed, Youfoodz Shareholders will continue to hold their Youfoodz Shares.

In the absence of any alternative or Competing Proposal to the Scheme, Youfoodz will continue as a stand-alone entity. Youfoodz Shareholders will be exposed to the risks relating to the Youfoodz Business, as set out in section 7.

In the absence of an alternative proposal which is similar or superior to the Scheme, it is likely that the price at which Youfoodz Shares trade will fall.

Depending on the reasons why the Scheme does not proceed, Youfoodz may be liable to pay the Break Fee. Information about the Break Fee is set out in section 9.3(c).

Prior to the Scheme Meeting, Transaction costs will have been incurred, or will be committed, by Youfoodz in relation to the Scheme. Those Transaction costs have either already been paid, or will be payable by Youfoodz regardless of whether or not the Scheme is implemented. If the Scheme does proceed, additional costs will be incurred. See section 9.12 for further details about these Transaction costs.

### **4.5 WARRANTIES BY YOUFOODZ SHAREHOLDERS**

The Scheme provides that each Scheme Shareholder is taken to have warranted to Youfoodz, HelloFresh and HelloFresh Nominee on the Implementation Date, and appointed and authorised Youfoodz as its attorney and agent to warrant to HelloFresh and HelloFresh Nominee on the Implementation Date, that:

- all their Youfoodz Shares (including any rights and entitlements attaching to those shares) which are transferred under the Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind;
- they have full power and capacity to transfer their Youfoodz Shares to HelloFresh or HelloFresh Nominee together with any rights and entitlements attaching to those Youfoodz Shares; and

- they have no existing right to be issued any Youfoodz Shares, options exercisable into Youfoodz Shares, Youfoodz performance rights, Youfoodz convertible notes or other Youfoodz securities.

#### **4.6 DELISTING OF YOUFOODZ**

On a date after the Implementation Date to be determined by HelloFresh, Youfoodz will apply:

- for termination of the official quotation of Youfoodz Shares on the ASX; and
- to have itself removed from the official list of the ASX.

## 5 INFORMATION ABOUT YOUFOODZ

### 5.1 YOUFOODZ OVERVIEW

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

Youfoodz' products are marketed and distributed through an omni-channel sales model comprising a home delivery (B2C) offering and a B2B offering to major supermarkets, grocery retailers, petrol and convenience retailers, corporations and government organisations.

Youfoodz operates three production facilities in Brisbane, Australia and has developed a scalable, proprietary manufacturing technology to optimise production and supply-chain management. Youfoodz' produces approximately 400,000 ready-made meals, 80,000 snacks and 45,000 drinks per week on average.<sup>5</sup>

### 5.2 OVERVIEW OF OPERATIONS

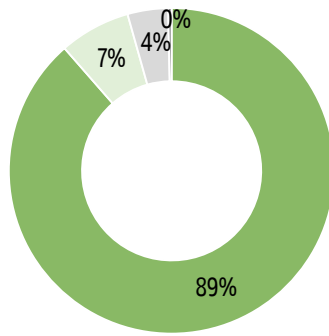
#### (a) YOUFOODZ KEY MILESTONES

2012	Youfoodz was founded in Brisbane, Queensland by current Managing Director and CEO, Lance Giles, with a product targeted towards fitness enthusiasts (via B2C)
2013	Youfoodz launched its B2B sales channel, recognising the value proposition of its products would be likely to appeal to select retail outlet and corporate customers
2015	Youfoodz broadened its product offering to focus on healthy-convenience and invested in national TV advertisements to grow the brand
2017	Youfoodz expanded its B2B network with major grocery stores, petrol, and convenience and health food stores stocking Youfoodz' products
2018	Youfoodz expanded its snack range and created a drink range with in-house manufacturing
2019	Youfoodz brought on RGT Capital as a strategic investor and undertook various initiatives to corporatise the business
2020	Youfoodz listed on the ASX

#### (b) OVERVIEW OF PRODUCTS

Youfoodz provides a variety of high quality, healthy food and drink options to cater for all eating occasions. Youfoodz' products include ready-made meals for dinner, lunch and breakfast, as well as various snack and drink offerings.

<sup>5</sup> Average weekly production in Q4 FY2021.



■ Meals ■ Snacks ■ Drinks ■ Others

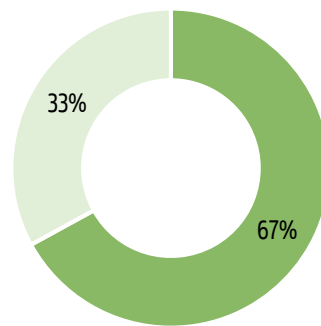
FY2021 Gross revenue by product.

**(c) CHANNELS TO MARKET**

Youfoodz operates a complementary omni-channel sales model whereby products are distributed through both B2C and B2B channels.

B2C is facilitated through a user-friendly online and mobile application platform that allows customers to select from the full range of Youfoodz' products to create an order. Orders are then delivered directly to the customer's doorstep.

B2B is highly complementary to the B2C sales channel, offering ready-made meals and other convenience food products that are supplied into the B2C sales channel, to major supermarket chains, independent grocery stores, petrol and convenience stores and other retail outlets for resale in-store. The B2B channel also includes corporations and government organisations seeking meal solutions for employees.



■ B2C ■ B2B

FY2021 Gross revenue by B2B and B2C.

**(d) YOUFOODZ STRATEGY**

Youfoodz has a well-defined growth strategy to continue to grow its revenue organically by capturing a greater market share in both the B2C and B2B segments of the ready-made meal market. To do this, Youfoodz is focused on executing five key growth initiatives, comprising:

- capturing underlying market and category growth;

- growing segment market share and average order value through new offerings;
- increasing customer retention with a subscription model and loyalty program;
- implementing manufacturing automation and other efficiencies from delivery of a new purpose-built manufacturing facility; and
- selectively targeting new geographies.

## 5.3 YOUFOODZ BOARD AND SENIOR MANAGEMENT

### (a) YOUFOODZ BOARD

As at the date of this Scheme Booklet, the Youfoodz Board comprises:

Name	Position
Neil Kearney	Non-Executive Chair
Lance Giles	Managing Director and Chief Executive Officer
Stuart Nash	Non-Executive Director
Julie McPherson	Non-Executive Director
Andrew Duff	Non-Executive Director

### (b) YOUFOODZ KEY MANAGEMENT PERSONNEL

As at the date of this Scheme Booklet, the key management personnel of Youfoodz comprises each of the Youfoodz Directors and the following individuals:

Name	Position
Lance Giles	Chief Executive Officer
John O'Connor	Chief Financial Officer
Jonathan Salt	Chief Operating Officer

## 5.4 YOUFOODZ DIRECTORS' INTENTIONS

The Corporations Regulations require a statement by the Youfoodz Directors of their intentions regarding the Youfoodz Business. If the Scheme is implemented, the current Youfoodz Directors will resign and an alternate board will be determined by HelloFresh. It is for the reconstituted Youfoodz Board to determine its intentions as to:

- the continuation of the Youfoodz Business;
- any major changes, if any, to be made to the Youfoodz Business; and
- the future employment of the present employees of Youfoodz.



If the Scheme is implemented, HelloFresh will have 100% ownership and control of Youfoodz. The current intentions of HelloFresh with respect to these matters are set out in section 6.8.

If the Scheme is not implemented, the Youfoodz Directors intend to continue operating in the ordinary course of the Youfoodz Business.

## 5.5 RISKS RELATING TO THE YOUFOODZ BUSINESS

There are existing risks relating to the Youfoodz Business and an investment in Youfoodz. If the Scheme is not implemented, those risks continue to be relevant to Youfoodz Shareholders. A summary of the key risks relating to the Youfoodz Business and an investment in Youfoodz is set out in section 7.

## 5.6 HISTORICAL FINANCIAL INFORMATION

This section 5.6 contains audited financial information relating to Youfoodz for the financial years ended 25 June 2020 and 24 June 2021. The financial information in this section 5.6 is a summary only, and has been prepared and extracted for the purposes of this Scheme Booklet only.

The historical financial information of Youfoodz presented in this Scheme Booklet is in an abbreviated form and does not contain all the disclosures, presentations, statements or comparatives that are usually provided in an annual report prepared in accordance with the Corporations Act. Youfoodz considers that, for the purposes of this Scheme Booklet, the historical financial information presented is more meaningful to Youfoodz Shareholders. The historical financial information of Youfoodz has been prepared in accordance with the recognition and measurement principles contained in the Australian Accounting Standards. The historical financial information in this Scheme Booklet is presented on a stand-alone basis and accordingly does not reflect any impact of the Scheme.

Further detail about Youfoodz' financial performance can be found in the financial statements for the years ended 25 June 2020 (which are contained in the Youfoodz IPO prospectus dated 30 October 2020) and 24 June 2021. Copies of these documents can be obtained, free of charge, from the ASX website ([www.asx.com.au](http://www.asx.com.au)) or from the Youfoodz website ([www.investors.youfoodz.com](http://www.investors.youfoodz.com)).

### (a) YOUFOODZ HISTORICAL CONSOLIDATED STATEMENT OF PROFIT OR LOSS

The following table presents the historical consolidated statement of profit or loss for Youfoodz for the financial years ended 25 June 2020 and 24 June 2021.

<b>\$ millions</b>	<b>FY2020</b>	<b>FY2021</b>
<b>Net revenue</b>	<b>127.3</b>	<b>146.4</b>
Cost of goods sold	(90.0)	(99.1)
<b>Gross profit</b>	<b>37.3</b>	<b>47.3</b>
Other income	-	-
Marketing costs	(13.3)	(19.6)
Employee costs	(17.0)	(15.9)
Occupancy costs	(4.0)	(3.9)
General administration and other costs	(5.7)	(6.9)
<b>Operating expenditure</b>	<b>(40.0)</b>	<b>(46.3)</b>
<b>EBITDA</b>	<b>(2.8)</b>	<b>1.0</b>
Depreciation and amortisation	(4.0)	(4.8)

<b>EBIT</b>	<b>(6.7)</b>	<b>(3.8)</b>
Non-trading income/(cost)	3.1	(1.1)
Net finance income/(expense)	(2.9)	1.4
<b>EBT</b>	<b>(6.5)</b>	<b>(3.5)</b>
Tax (expense)/benefit	0.1	-
<b>Net profit/(loss) after tax</b>	<b>(6.4)</b>	<b>(3.5)</b>

(b) **YOUFOODZ HISTORICAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

The following table presents the historical consolidated statement of financial position for Youfoodz as at 25 June 2020 and 24 June 2021.

<b>\$ millions</b>	<b>FY2020</b>	<b>FY2021</b>
<b>Current assets</b>		
Cash and cash equivalents	0.9	27.4
Trade and other receivables	6.0	5.5
Inventories	4.5	5.3
Other current assets	1.0	1.9
<b>Total current assets</b>	<b>12.3</b>	<b>40.1</b>
<b>Non-current assets</b>		
Plant and equipment	10.0	9.1
Intangible assets	4.1	5.4
<b>Total non-current assets</b>	<b>14.2</b>	<b>14.5</b>
<b>Total assets</b>	<b>26.5</b>	<b>54.6</b>
<b>Current liabilities</b>		
Trade and other payables	49.8	21.8
Loans and borrowings	3.2	1.9
Lease liability	1.5	2.4
Current tax liabilities	1.8	-
Other current liabilities	2.0	1.8
<b>Total current liabilities</b>	<b>58.2</b>	<b>27.9</b>
<b>Non-current liabilities</b>		
Provisions	0.1	0.1
Lease liability	4.4	1.5
<b>Total non-current liabilities</b>	<b>4.5</b>	<b>1.6</b>
<b>Total liabilities</b>	<b>62.7</b>	<b>29.6</b>
<b>Net assets</b>	<b>(36.2)</b>	<b>25.1</b>

<b>Equity</b>		
Share capital	24.6	88.6
Reserves	-	0.8
Retained earnings	(60.9)	(64.4)
<b>Total equity</b>	<b>(36.2)</b>	<b>25.1</b>

(c) **YOUFOODZ HISTORICAL CONSOLIDATED STATEMENT OF CASH FLOWS**

The following table presents the historical consolidated statement of cash flows for Youfoodz for the financial years ended 25 June 2020 and 24 June 2021.

<b>\$ millions</b>	<b>FY2020</b>	<b>FY2021</b>
<b>Cash flows from operating activities</b>		
Cash receipts from customers	139.6	161.0
Cash paid to suppliers and employees	(156.9)	(167.5)
Cash generated from/(used in) operating activities	(17.3)	(6.5)
Indirect tax liabilities paid	-	(22.5)
Interest received	0.1	2.9
Interest paid	(2.1)	(0.8)
Income taxes received/(paid)	0.1	(1.8)
<b>Net cash (used in)/provided by operating activities</b>	<b>(19.1)</b>	<b>(28.6)</b>
<b>Cash flows from investing activities</b>		
Collections from advances/(advances to) related parties	(0.2)	-
Acquisition of property, plant and equipment	(0.4)	(1.8)
Acquisition of intangible assets	(2.0)	(2.7)
<b>Net cash used in investing activities</b>	<b>(2.6)</b>	<b>(4.6)</b>
<b>Cash flows from financing activities</b>		
<b>Transaction costs related to loans and borrowings</b>		
Proceeds from share issues	24.6	70.0
Payments of share issue transaction costs	-	(6.0)
Payment of lease liabilities	(2.2)	(3.0)
Proceeds from loans and borrowings	-	25.0
Payments of loans and borrowings	-	(25.0)
Proceeds from work capital financing	47.1	56.4
Payments of working capital financing	(46.9)	(57.6)
<b>Net cash (used in)/provided by financing activities</b>	<b>22.6</b>	<b>59.7</b>
<b>Net increase in cash and cash equivalents</b>	<b>0.9</b>	<b>26.5</b>
Cash and cash equivalents at 25 June 2020 (27 June 2019)	-	0.9
<b>Cash and cash equivalents at 24 June 2021 (25 June 2020)</b>	<b>0.9</b>	<b>27.4</b>

## 5.7 MATERIAL CHANGES IN FINANCIAL POSITION SINCE 24 JUNE 2021

To the knowledge of the Youfoodz Directors, and other than the accumulation of earnings in the ordinary course of trade, and as disclosed in this Scheme Booklet or as otherwise announced to the ASX, there have been no material changes to the financial position of Youfoodz or the Youfoodz Group since 24 June 2021.

## 5.8 DIVIDEND POLICY

No dividends have been paid or declared by Youfoodz in regard to FY2021 or FY2020.

## 5.9 RECENT YOUFOODZ SHARE PRICE PERFORMANCE

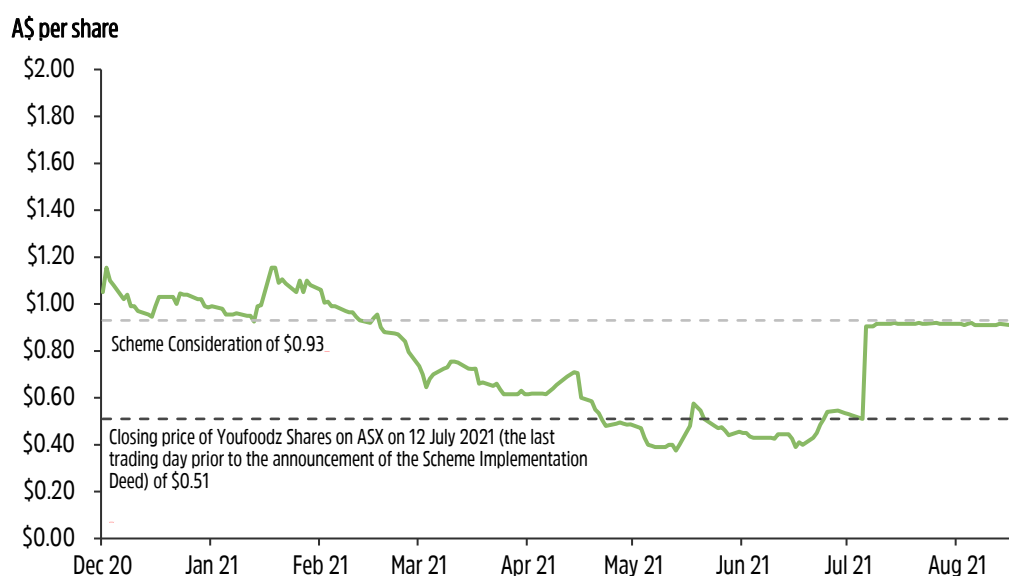
Youfoodz Shares are listed on ASX under the trading symbol 'YFZ'.

The closing price of Youfoodz Shares on ASX on 12 July 2021 (being the last trading day prior to the announcement of the Scheme) was \$0.51. The Youfoodz Share price at market close on ASX on the Last Practicable Date was \$0.92.

During the three months ending close of market on 12 July 2021:

- the highest recorded daily closing price for Youfoodz Shares was \$0.71 on 21 April 2021; and
- the lowest recorded daily closing price for Youfoodz Shares was \$0.38 on 20 May 2021.

The chart below shows the Youfoodz Share price performance since Youfoodz Shares commenced trading on ASX on 8 December 2020.



Source: IRESS (as at the Last Practicable Date).

## 5.10 YOUFOODZ CAPITAL STRUCTURE

As at the Last Practicable Date, Youfoodz has on issue 134,547,468 Youfoodz Shares and 53,332 Options as set out in section 9.4. Youfoodz has also granted certain Deferred Share Awards to employees as set out in section 9.5.

## 5.11 YOUFOODZ SUBSTANTIAL HOLDERS

Based on publicly available information, as at the Last Practicable Date, Youfoodz had received notifications from the following substantial holders in accordance with section 671B of the Corporations Act:

Name	Number of Youfoodz Shares	% of Youfoodz Shares
RGT Capital	77,307,508	57.5%
Lance Giles (and associates*)	18,852,256**	14.0%

\* Note: See substantial holder notice disclosed to ASX on 7 December 2020 for further details.

\*\* Note: These Youfoodz Shares are subject to voluntary escrow arrangements (see section 9.7 for further details).

## 5.12 PUBLICLY AVAILABLE INFORMATION

As an ASX listed company and a 'disclosing entity' under the Corporations Act, Youfoodz is subject to regular reporting and disclosure obligations. Among other things, these obligations require Youfoodz to announce price sensitive information to ASX as soon as Youfoodz becomes aware of such information, subject to some exceptions. Pursuant to the Corporations Act, Youfoodz is required to prepare and lodge with ASIC and ASX both annual and half-year financial statements accompanied by a statement and report from the Youfoodz Directors and an audit or review report respectively.

Copies of the documents lodged with ASX may be obtained from the ASX website ([www.asx.com.au](http://www.asx.com.au)) and the Youfoodz website ([www.investors.youfoodz.com](http://www.investors.youfoodz.com)). Copies of the documents lodged with ASIC in relation to Youfoodz may be obtained from, or inspected at, an ASIC office.

## 6 INFORMATION ABOUT HELLOFRESH

### 6.1 INTRODUCTION

The information contained in this section 6 has been prepared by HelloFresh. The information concerning HelloFresh and its group companies and the intentions, views and opinions contained in this section are the responsibility of HelloFresh. Youfoodz and its officers and advisers do not assume any responsibility for the accuracy or completeness of this information.

### 6.2 OVERVIEW OF HELLOFRESH OPERATIONS

HelloFresh, the world's leading meal-kit company, has a mission to change the way people eat forever. In the second quarter of 2021, as market leader in all its mature operating territories, HelloFresh delivered 254 million meals to 7.7 million customers to generate global revenues of €1.6 billion. This followed FY 2020 revenues of €3.75 billion.

HelloFresh currently operates in the U.S., the United Kingdom, Germany, the Netherlands, Belgium, Luxembourg, Australia, Austria, Switzerland, Canada, New Zealand, Sweden, France, Denmark and Norway.

HelloFresh has a strong track record in acquiring companies and successfully integrating their operations within the structure of the HelloFresh Group, whilst enabling these businesses to strongly grow and further develop their brands and customer base. This includes Green Chef Corporation in the US (2018), Chef's Plate Inc. in Canada (2018), and most recently the US Ready to Eat Company Factor75, Inc. (2020).

HelloFresh was founded in Berlin in November 2011 and went public on the Frankfurt Stock Exchange in November 2017. HelloFresh is headquartered in Berlin, and has offices in New York, London, Amsterdam, Sydney, Toronto, Auckland, Paris and Copenhagen. Further information on HelloFresh and its operations is available from its website at <https://www.hellofreshgroup.com/en/about-us>.

### 6.3 HELLOFRESH'S MANAGEMENT BOARD

HelloFresh's Management Board as at the date of this Scheme Booklet is comprised of the following members:

- Dominik Richter (Chief Executive Officer);
- Thomas Griesel (Chief Executive Officer International);
- Christian Gärtner (Chief Financial Officer); and
- Edward Boyes (Chief Commercial Officer).

### 6.4 OVERVIEW OF HELLOFRESH AUSTRALIA

HelloFresh AusCo is the country's leading meal-kit company, which is wholly owned by HelloFresh. HelloFresh AusCo was founded in 2012. It allows customers to choose from a range of delicious recipes, delivered direct as pre-portioned fresh ingredients to cook at home. HelloFresh AusCo currently operates from its headquarters in Sydney, with production facilities in Sydney, Perth and Melbourne.

## **6.5 HELLOFRESH NOMINEE**

HelloFresh Nominee is a special purpose company that was incorporated on 2 August 2021. It is the immediate wholly-owned subsidiary of HelloFresh AusCo and is ultimately owned by HelloFresh. HelloFresh Nominee will acquire (under the Scheme) and will hold (following implementation of the Scheme) all of the Youfoodz Shares.

HelloFresh Nominee is an unlisted Australian proprietary company that has not conducted business, and does not own any assets or have any liabilities other than in connection with its incorporation, the entry into transaction documents in connection with the Scheme and the taking of such other actions as are necessary to facilitate the implementation of the Scheme (including actions in relation to the incurrence of costs, fees and expenses in connection with the Scheme).

## **6.6 RATIONALE FOR HELLOFRESH'S PROPOSED ACQUISITION OF YOUFOODZ**

As part of HelloFresh's strategy to become the leading global B2C food solutions group, HelloFresh is expanding its capability in ready-to-eat meal services. In Australia, ready-to-eat meal delivery services have been experiencing rapid growth, especially when it comes to meals that deliver convenience and quality. Youfoodz is one of Australia's leading ready-to-eat meal services, offering fresh and healthy chef-prepared meals as well as snacks and drinks through delivery (B2C) and retail (B2B).

After recently launching its value brand EveryPlate in Australia, the intended acquisition of Youfoodz is a natural next step for HelloFresh to further enhance its Australian brand portfolio and product offering. This will bring together HelloFresh's expertise in B2C marketing, supply chain management and technology with Youfoodz' strength in developing, manufacturing, and distributing delicious ready-to-eat meals through its established operations and strong local brand recognition.

## **6.7 FUNDING ARRANGEMENTS FOR THE SCHEME CONSIDERATION**

The Scheme Consideration is 100% cash.

Under the terms of the Deed Poll, each of HelloFresh and HelloFresh Nominee has undertaken in favour of each Scheme Shareholder to deposit, or procure the deposition of, the Scheme Consideration into a trust account for the benefit of the Scheme Shareholders no later than the Business Day before the Implementation Date, conditional upon the Scheme becoming Effective.

If the Scheme is implemented, Scheme Shareholders will become entitled to receive the Scheme Consideration of \$0.93 per Scheme Share.

Based on Youfoodz' total issued share capital as at the date of this Scheme Booklet, the total amount of cash required to be paid by HelloFresh or HelloFresh Nominee to Scheme Shareholders under the Scheme is approximately \$125.3 million.

HelloFresh and HelloFresh Nominee will meet its obligations to pay the Scheme Consideration from existing cash reserves, which as of 30 June 2021 totalled €933.4 million (approximately \$1.48 billion using the exchange rate as of 30 June 2021).

On the basis of the arrangements described above, HelloFresh is of the opinion that it has a reasonable basis for forming the view, and it holds the view, that it will be able to satisfy its obligations to fund the Scheme Consideration as and when it is due and payable under the terms of the Scheme, as well as the costs associated with the Scheme.

## **6.8 HELLOFRESH'S INTENTIONS IF THE SCHEME IS IMPLEMENTED**

This section sets out HelloFresh's current intentions on the basis of facts and information concerning Youfoodz and the general business environment which are known to HelloFresh at the time of the preparation of this Scheme Booklet. If the Scheme is implemented, HelloFresh intends to undertake a detailed review of Youfoodz' operations covering strategic, financial and

commercial operating matters to determine the optimum manner of operating and managing the business. Final decisions about any major changes to the future commercial operating plan and management organisation for Youfoodz will be made by HelloFresh following the completion of the post-acquisition review described above, and will be based on all material facts and circumstances at the relevant time.

Accordingly, other than where the disclosure below expressly states that HelloFresh has determined to do something, the statements set out in this section are statements of current intention only and may change as new information becomes available or as circumstances change.

**(a) OPERATIONS**

HelloFresh intends to initially integrate Youfoodz as a standalone operating entity within the HelloFresh Australia organisation. HelloFresh is supportive of existing Youfoodz management plans to construct a purpose-built manufacturing facility that incorporates enhanced manufacturing and automation capabilities as a platform for achieving ongoing success as a distinct brand.

**(b) YOUFOODZ TO BE DELISTED**

If the Scheme is implemented, HelloFresh will procure that Youfoodz apply to the ASX for Youfoodz to be removed from the official list of ASX after implementation of the Scheme.

**(c) BOARD OF DIRECTORS**

If the Scheme is implemented, HelloFresh will replace the members of the Youfoodz Board and its subsidiaries with nominees of HelloFresh (who are yet to be identified).

**(d) MANAGEMENT AND EMPLOYEES**

HelloFresh considers that the Youfoodz culture shares many similarities to HelloFresh's own performance culture, and recognises the knowledge and experience of Youfoodz employees in the ready to eat food category.

HelloFresh's intention is to utilise and reward the talent and skill sets across the combined geographic entity to realise its growth ambitions.

**(e) HEAD OFFICE**

If the Scheme is implemented, it is currently intended that Youfoodz' head office will remain in Virginia, Queensland.

## **6.9 HELLOFRESH'S INTERESTS IN YOUFOODZ SHARES**

**(a) INTEREST IN YOUFOODZ SHARES**

As at the date of this Scheme Booklet, none of HelloFresh or any of its Associates has any Relevant Interest or voting power in any Youfoodz Shares.



**(b) DEALING IN YOUFOODZ SHARES IN PREVIOUS FOUR MONTHS**

None of HelloFresh or any of its Associates has provided or agreed to provide consideration for any Youfoodz Shares under any other transaction during the period of four months before the date of this Scheme Booklet.

**(c) BENEFITS TO HOLDERS OF YOUFOODZ SHARES**

During the four months before the date of this Scheme Booklet, none of HelloFresh or any of its Associates has given or offered to give or agreed to give a benefit to another person where the benefit was likely to induce the other person or an Associate to:

- vote in favour of the Scheme; or
- dispose of Youfoodz Shares,

where the benefit was not offered to all Youfoodz Shareholders.

**(d) BENEFITS TO YOUFOODZ OFFICERS**

None of HelloFresh and its Associates will be making any payment or giving any benefit to any current officers of Youfoodz as compensation or consideration for, or otherwise in connection with, their resignation from their respective offices if the Scheme is implemented.

## 7 RISKS

In considering the Scheme, Youfoodz Shareholders should be aware that there are a number of risk factors, both generally and specifically relating to Youfoodz and the Youfoodz Business, which could have a material adverse effect on the future operating and financial performance of Youfoodz and the price of Youfoodz Shares.

While the Youfoodz Board, in its ordinary course of business, takes appropriate steps to manage and mitigate some of these risks, these risks remain either wholly or partially outside of the control of Youfoodz, the Youfoodz Group and the Youfoodz Directors. In deciding whether to vote in favour of the Scheme, Youfoodz Shareholders should carefully read this Scheme Booklet in its entirety and consider these risks.

If the Scheme proceeds, Youfoodz Shareholders will receive the Scheme Consideration of \$0.93 per Youfoodz Share, will cease to hold Youfoodz Shares and will no longer be exposed to the risks set out in this section 7 (and other risks to which Youfoodz and the Youfoodz Business may be exposed). If the Scheme does not proceed, Youfoodz Shareholders will retain their existing investment in Youfoodz and will continue to be exposed to risks associated with this investment.

The risks set out in this section 7 do not take into account the individual investment objectives, financial situations, position or particular needs of Youfoodz Shareholders. You should seek independent financial, legal, accounting, tax and/or other professional advice before making any decision in relation to your Youfoodz Shares.

In addition, these risks are general in nature only and do not cover every risk that may be associated with an investment in Youfoodz now or in the future. There may also be additional risks and uncertainties not currently known to Youfoodz which may have a material adverse effect on Youfoodz' operating and financial performance and the price and/or value of Youfoodz Shares.

These risks include, but are not limited to, the following risks:

### (a) GENERAL RISKS

The price of Youfoodz Shares is influenced by a number of factors, including:

- changes in investor sentiment, recommendations by securities analysts and brokers, the operating and trading price performance of other comparable listed entities, inclusion of removal from major market indices, and the overall performance of the Australian and international stock markets;
- changes in general business, retail and manufacturing industry cycles and economic conditions including inflation, interest rates, exchange rates, commodity rates, employment levels and consumer demand;
- regulatory risks and changes to government policy (including fiscal, monetary, tax, employment and environmental policies), legislation or regulation (including accounting and reporting standards), both domestically and globally;
- government or political intervention in export and import markets (including sanction controls), and the disruptions this causes to supply and demand dynamics;
- the nature of competition in the markets in which Youfoodz and the Youfoodz Business operate;
- variations in Youfoodz' operating results;
- changes in consumer sentiment, geographic sourcing, and shifts in supply chain management dynamics; and
- natural disasters, catastrophes, disease or pandemic (including the outbreak, escalation or impact of, and recovery from, the COVID-19 pandemic), and other macroeconomic occurrences, including but not limited to geopolitical events such as an outbreak of hostilities, acts of terrorism and declarations of war.

While there is a possibility of future benefits to Youfoodz Shareholders that arise from some of these risks, equally, some of these factors could affect the Youfoodz Share price regardless of Youfoodz' underlying operating performance.

**(b) YOUFOODZ SPECIFIC RISKS**

Risks that are specific to Youfoodz' operations include the following:

- **Competition**

Youfoodz can be differentiated from its competitors due to a number of factors including its operating scale, the prices it offers for its products, the demographic of consumers targeted and its product range. However, there is a risk that Youfoodz may lose market share to its current and future competitors, including other companies that already manufacture and/or deliver ready-made meals and suppliers of substitutes to Youfoodz' products such as supermarkets and other retailers (both online and in-store). The nature of competition faced by Youfoodz may change over time, for example, new competitors may enter the market.

A perceived increase in competition, new partnership, acquisition or other market development, or new strategy by other participants including, but not limited to, the filing of ready-made meal-related patent applications, could also have an impact on Youfoodz' ability to compete in the market.

- **Operational matters**

Customer contracts

In addition to directly delivering ready-made meals to individual customers' homes, Youfoodz distributes its products to various retail and corporate customers. Some of these customers operate without formal written agreements. For example, Youfoodz' arrangements with some business to business partners are not governed by formal agreements, and instead involve purchase orders being placed for products on a regular and periodic basis without any minimum purchase obligations. Because of this, there is a risk that these customers may cease purchasing, or reduce the order size of Youfoodz' products, which could have a material adverse impact on the Youfoodz' operational and financial performance.

A number of these arrangements can also be terminated for convenience on short notice without cause. Accordingly, there is a risk that these contracts are terminated by key retail and corporate customers at short notice, which could have a material adverse impact on the Youfoodz Business and its financial performance. In addition, Youfoodz' customer contracts are regularly reviewed and renegotiated, which could result in Youfoodz entering into revised arrangements with these customers in the future on less favourable terms.

Customer retention and new customers

Youfoodz' business model and growth strategy are reliant on its ability to retain existing customers and attract new customers in a cost-effective way. There is a risk of customers (including new customers) not perceiving Youfoodz' products to be of sufficient value, quality and utility, and an appropriate alternative to their previous habits, or Youfoodz failing to develop new and relevant products, required to attract, engage and retain customers.

In order to attract and retain customers, Youfoodz has invested in marketing activities across a variety of channels to promote its brand. There is a risk that Youfoodz may not realise the value of this investment, that Youfoodz may need to invest more to attract and retain customers, and/or that Youfoodz may need to reduce its investment in marketing due to operational and financial considerations. Equally, it is possible that Youfoodz may not correctly balance its marketing activities across different advertising channels or change the mix of advertising channels. These risks may adversely impact the Youfoodz Business and Youfoodz' financial performance and operations.

### Communication platforms

Youfoodz' success depends on customer engagement, and frequent and unimpeded communication with its customers. To achieve this, it relies on a digital application platform, email and other messaging services to promote and communicate with its current customers (and potential customers). If an issue occurs which results in Youfoodz not being able to deliver messages to its current or new customers, then its operating and financial performance, and reputation may be adversely affected.

Youfoodz also relies heavily on social media platforms to actively communicate with customers, and engage new potential customers. These social media platforms are third-party provided, which means that Youfoodz does not have control over or input in any changes made to the platforms that might otherwise hinder its ability to successfully promote its products. Further, there could be a general decline in the use of social networking services, which could lead to fewer customers seeing Youfoodz' promotional activity.

### Supply chain

Youfoodz' supply chain is reliant on a streamlined integration of producers and suppliers, in-house manufacturing processes, outsourced distribution and logistics, service providers, and the technology platforms used by Youfoodz. There is a risk that if an operational issue occurs along this supply chain, this could significantly impact Youfoodz' ability to produce and deliver to customers its meals at the desired level of quality, efficiency, and with the ingredients needed for each ready-made meal. This could result in an inability to meet its obligations under its customer contracts, and risks adversely affecting Youfoodz' reputation, customer acquisition and retention, and its operating and financial performance.

### Ingredient suppliers

Youfoodz sources various ingredients directly from producers and wholesalers. Although Youfoodz has a diversified network of suppliers, if these suppliers terminate their relationships with Youfoodz, cease operations or cause other disruptions, Youfoodz may not be able to make the necessary adjustments in time to ensure the correct ingredients are used, or that the necessary quality of ingredients can be achieved to produce certain products. This could result in an inability to meet its obligations to its customers, which may adversely affect Youfoodz' reputation, and operating and financial performance.

### Quality of ingredients supplied

Youfoodz relies on the quality of the ingredients that it sources from its suppliers. Their ability to produce ingredients of the required quality, or at all, is subject to seasonality and weather conditions. Despite Youfoodz sourcing over 300 different ingredients from its diversified network of suppliers, Youfoodz' operations, financial performance and reputation may be adversely affected if a supplier is unable to supply a particular ingredient.

### Service agreements with third parties

Youfoodz engages numerous third-party service providers that are required for the Youfoodz Business to run smoothly. There is a risk that a service provider fails to perform adequately, terminates their relationship with Youfoodz or becomes insolvent. This could adversely affect the Youfoodz Business, and Youfoodz' operational and financial performance, particularly if Youfoodz does not have alternative suitable providers to choose from.

- **New purpose-built manufacturing facility**

The design of the new purpose-built facility has now been largely finalised and agreed with the landlord of the selected site. There remains a risk that regulatory approvals or required applications could be refused, delayed, or approved with conditions that adversely affect operations at the selected site. Further, construction works may be subject to delays or to cost overruns for various including industrial disputes, inclement weather, variations to the works, delays in authority inspections or regulatory approvals and matters arising in

connection with the COVID-19 pandemic. These risks have the potential to adversely affect Youfoodz Business, and Youfoodz' operational and financial performance.

- **Compliance with laws and regulations**

Youfoodz is subject to multiple laws and regulations including, without limitation, those relating to food and safety, employment, occupational health and safety, intellectual property, data protection, IT/privacy, competition and taxation laws. Any failure by Youfoodz to adhere to relevant legal or regulatory requirements could adversely affect the Youfoodz Business. While Youfoodz remains aware of the legal and regulatory requirements, and has up-to-date licences, there is a risk that an unintentional action or inaction by Youfoodz could lead to a lack of compliance with these requirements. Any past or future violations may have a material adverse effect on the Youfoodz Business, and Youfoodz' reputation, assets, financial performance and operations. This includes liability for fines or penalties, and any investigations, audits or other enforcement action that may be taken.

- **Employment and occupational health and safety risks**

Reliance on key employees

Youfoodz relies on the capabilities of a number of key employees who have experience in, and knowledge of, the procurement processes, marketing, and manufacturing techniques involved in the preparation of the ready-made meals. The loss of any of its key employees, and any delay in their replacement, may adversely impact the ability of Youfoodz to implement its business and growth strategies. In addition, there is risk associated with sourcing and retaining appropriately qualified workers, or other full time or casual labour for its manufacturing facilities.

Employment law and cost of labour

There are a number of employment and labour laws, and regulations that govern Youfoodz' relationships with its employees, and that impact Youfoodz' operating costs. Any increases in labour costs may have an adverse effect on Youfoodz' costs and financial performance. There are also various risks associated with employment law matters including disputes that surface in relation to employment related matters, the misclassification of casual employees or independent contractors and underpayments. Youfoodz may be liable for back-payments, fines or additional taxes, and may also result in investigations or other enforcement action being taken by regulators as a result, which may have an adverse effect on the Youfoodz Business, and Youfoodz' reputation, financial performance and operations.

Occupational health and safety

Youfoodz is exposed to risks associated with the occupational health and safety of its employees and third party distributors, including hazardous material exposure for staff, injuries associated with the operation of machinery in the facilities, accidents around the facility and vehicles. These risks could lead to civil or criminal liability and sanctions, and Youfoodz could be subject to significant costs which may have an adverse effect on Youfoodz' reputation, financial performance and operations. Any injuries to employees, third party distributors or contractors may result in costs and similar impacts to Youfoodz.

- **Brand value and intellectual property**

Brand reputation and value

Youfoodz' success is, in part, due to the strength of its branding and its reputation. This could be adversely impacted by a number of factors including, but not limited to, the following:

- inability to protect Youfoodz' intellectual property;
- negative media (including social media) and/or research findings;
- disputes or litigation with third parties (e.g. employees, suppliers or customers);
- failure to provide customers with the quality of service they expect; and
- failure to comply with legal and regulatory frameworks.

The deterioration of Youfoodz' reputation and the value associated with its brand could have an adverse impact on consumer loyalty and retention, the rate of new customer acquisitions, relationships with suppliers, and employee retention rates, all of which may adversely affect the Youfoodz Business, and Youfoodz' financial performance and operations.

#### Protection of intellectual property

Although Youfoodz owns the material intellectual property that it uses, Youfoodz relies on laws relating to intellectual property, including copyright and trademark laws, to assist in protecting its proprietary rights. Notwithstanding, there remains a risk that unauthorised use or copying of Youfoodz' intellectual property will occur.

In addition, there is a risk that the validity, ownership, or authorised use of intellectual property relevant to the Youfoodz Business may be successfully challenged by third parties. This could involve significant expense and potential inability to use the intellectual property in question, which may materially adversely impact Youfoodz' financial position and performance. Similarly, there is a risk that Youfoodz will be unable to register intellectual property or otherwise protect or stop competitors using new intellectual property it develops in the future.

- **IT system risk**

Youfoodz' website, databases, IT, and logistics/warehouse systems are critically important to its success in attracting and retaining customers, and maximising sales conversion from those customers. There is a risk that if one or more of Youfoodz' critical systems do not function properly, or if an IT breach occurs, there could be disruptions, loss of data, corruption of databases and delays in transaction processing. Such disruption, especially if sustained or regular, could adversely affect Youfoodz' financial performance and operations.

#### Website performance and reliability

Youfoodz is reliant on its website to ensure that customer orders are correctly recorded, efficiently placed, and appropriately actioned. A disruption to Youfoodz' website could lead to a decrease in orders, damage to Youfoodz' reputation and brand, and a decrease in future visitors to the website. Further, the Youfoodz website is subject to the competencies, efficiencies, and disaster planning contingencies of any third party providers engaged. A failure in the systems of these third party providers, which adversely affects Youfoodz' website and its ability to sell online, is likely to have a material impact on Youfoodz' financial performance and operations.

#### Protections against system failure and hacking

Despite Youfoodz' best efforts to protect against system failures and hacking, software and IT system malfunctions, data breaches, third party provider failures and other disruptions may still occur. Any such failure of, or disruption to, Youfoodz' software, IT systems, or databases may lead to a breach of its customer and third party supplier data or the downtime of its apps and operations. This may result in Youfoodz failing to restore or recover processes and information, losing data, failing to deliver orders on time, to provide functioning apps, or to operate in an efficient manner more generally. These factors may cause economic loss and have a negative impact on the Youfoodz Business, and Youfoodz' reputation, financial performance and operations.

### Reliance on IT systems

Youfoodz relies on data and technology to predict demand, determine the amount of ingredients and other supplies to purchase, and arrange logistics. In addition to the risks inherent to the use of historical data, Youfoodz' technology platforms may fail or generate inaccurate results, causing Youfoodz to experience inefficiencies throughout its supply chain and manufacturing processes. There is also a risk that Youfoodz' proprietary systems (e.g. its menu and recipe management system), developments to these systems and integrations with other IT solutions used by the Youfoodz Business, or software and services provided by third party providers fail, do not function as expected, require further development, redevelopment or replacement in the future. Youfoodz may not be able to anticipate or address any of these events (if they arise) in a cost-effective manner, which may have an adverse effect on its ability to conduct the Youfoodz Business and ultimately to its financial performance.

### New technology

There is a risk that Youfoodz' competitive position may be threatened if it does not continually anticipate, and adapt to, technological developments. Youfoodz may fail to improve its current apps, technological platforms and user interfaces which may have an adverse impact on its competitiveness, and ultimately its financial performance.

- **Food safety and contamination**

#### Spoiled products

Perishable and fresh products constitute a significant proportion of the ingredients in Youfoodz' ready-made meals. If these products spoil and are delivered to customers, customers may contract foodborne illnesses or suffer other adverse side effects, injury or death. If any such event occurs (or is alleged), there is a risk that Youfoodz may suffer reputational damage, a decrease in demand for Youfoodz' products, operational disruptions, civil or criminal liability and sanctions, and be subject to significant costs which may have an adverse effect on the Youfoodz Business, and Youfoodz' reputation, financial performance and operations.

#### Supply chain contamination

Although Youfoodz uses fresh ingredients, and has stringent food safety policies and procedures in place, Youfoodz cannot guarantee that food safety training and controls along the supply chain will be fully effective in preventing all food safety issues associated with its food products. There is a risk of physical, chemical or biological contamination at any point of the supply chain. In the case of such a contamination or alleged contamination of an ingredient, Youfoodz may be required to recall specific products or ready-made meals. This may lead to reputational damage, a decrease in demand for Youfoodz' products, operational disruptions, civil or criminal liability and sanctions, and significant costs which may adversely affect Youfoodz' reputation, financial performance and operations.

#### Ingredient packaging and labelling

Any packaging errors or mislabelling of ingredients could cause customers to suffer allergic reactions and other health concerns, and lead to associated claims against Youfoodz. Inadvertent errors or errors from suppliers about the nature or quality of products supplied to customers could also expose Youfoodz to complaints or disputes which could be costly or adversely affect Youfoodz' reputation, as well as its financial performance and operations.

- **Food cost volatility and changes in availability**

The cost of Youfoodz' inputs and operations may increase as a result of factors beyond Youfoodz' control, such as general economic conditions, market movements, seasonal fluctuations, shortages or interruptions, weather conditions, consumer demand and food safety concerns. The prices and

availability of produce also fluctuate depending on general conditions, season and demand. While Youfoodz is able to adapt its menus each week, there is risk that this will not take place in a timely and cost-efficient manner. This could adversely affect Youfoodz' margins and financial performance.

- **Litigation, disputes and claims**

Youfoodz may, from time to time, be involved in legal proceedings, litigation, claims, regulatory investigations or disputes (Claims) with a variety of parties. The outcome of such Claims cannot be predicted with certainty, and Youfoodz may incur costs in pursuing, defending or settling these Claims. Youfoodz could also face civil penalty proceedings, other legal or regulatory sanctions or reputational damage as a result of any failure to comply with applicable laws, regulations or codes of conduct. The nature of such Claims may also adversely affect the Youfoodz Business, and Youfoodz' reputation, financial condition and results of operations.

My Life Pty Ltd (ACN 143 793 239) as trustee for The Butterfly Trust (My Life) has brought a claim against Youfoodz Pty Ltd (a wholly owned subsidiary of Youfoodz), Arthur John Giles (Mr Giles) and Youfoodz in the Supreme Court of Queensland. The litigation concerns the ownership of 1,200 ordinary shares in Youfoodz Pty Ltd (ACN 160 909 893) (Relevant Shares). My Life alleges that it was allotted the Relevant Shares in 2012, and that the subsequent transfers of the Relevant Shares to Mr Giles, and then to Youfoodz, were invalid. It claims ownership of the Relevant Shares, or alternatively damages against Youfoodz Pty Ltd (ACN 160 909 893), Mr Giles and/or Youfoodz for the alleged loss of a 12% shareholding in Youfoodz Pty Ltd. The claims are denied.

A former employee has brought a claim against Youfoodz Pty Ltd in the Queensland District Court. The former employee alleges that she had an employment contract which entitled her to a \$700,000 severance sum on termination of her employment. The former employee alleges breach of contract and seeks damages in the amount of \$700,000 plus interest and costs. The claims are denied.

- **Substantial holders retain a significant stake in Youfoodz**

If the Scheme does not proceed, RGT Capital and Lance Giles (and associates) (as substantial holders) will continue to be able to exert significant influence over Youfoodz, including in relation to the election of directors, the appointment of new management, and the potential outcome of matters submitted to the vote of Youfoodz Shareholders (e.g. a subsequent control transaction). There is a risk that their interests, in exerting this influence, may differ from those of other Youfoodz Shareholders.

There is a risk that the continued shareholding of these substantial holders may cause or contribute to limited liquidity in the market for Youfoodz Shares, which could affect the market price at which other Youfoodz Shareholders are able to sell. There is also a risk of a significant sale of Youfoodz Shares by these substantial holders, or the perception that such a sale might occur, which may adversely impact the price of Youfoodz Shares.

- **Loss making operation and sufficiency of funding**

As at the date of this Scheme Booklet, Youfoodz is loss making and is not cash flow positive. There can be no assurance that the stated objectives of Youfoodz can be met in the future without securing further funding. Youfoodz' ability to do so will be subject to, among other things, factors beyond the control of Youfoodz and the Youfoodz Directors, including cyclical factors affecting the economy and the share markets generally. These funds may be raised on unfavourable terms, or not raised at all, which may force curtailment of product development initiatives, operations, or both, to remain solvent.



- **Impact of COVID-19**

The ongoing COVID-19 pandemic has had a significant impact on the global economy and the ability of individuals, businesses, and governments to operate. Across the globe, travel, trade, business, working arrangements and consumption have been materially impacted by the COVID-19 pandemic. There continues to be considerable uncertainty as to the duration and further impact of COVID-19 including in relation to government, regulatory or health authority actions, work stoppages, lockdowns, quarantines and supply restrictions. The impact of some or all of these factors could cause an adverse impact to the Youfoodz Business, and Youfoodz' financial performance and operations.

COVID-19 State and Federal Government restrictions

The spread of COVID-19 has already resulted in Governmental Authorities in Australia imposing a variety of measures restricting day-to-day life, including quarantines and social-distancing restrictions, as well as specific restrictions to deal with positive cases of COVID-19 including mandatory quarantine measures for those in close contact and closure of facilities and manufacturing operations for deep cleaning. These Government restrictions may disrupt, and may continue to disrupt, Youfoodz' manufacturing operations and its ability to fulfil orders in a timely manner or at all. This may directly impact Youfoodz' customer service (including order delivery timeframes), sales levels, and may indirectly impact other initiatives designed to support Youfoodz' growth. Such restrictions may, directly or indirectly, have an adverse impact on Youfoodz' financial performance and operations.

COVID-19 supply chain impact

There remains a risk that the spread of COVID-19 has an adverse impact on Youfoodz' supply chain. Youfoodz' financial position may be adversely impacted if certain suppliers (including its counterparties, service providers, and other suppliers of products and services) are unable to successfully implement business continuity plans in the current environment or if any such suppliers are unable to continue as going concerns as a result of the economic impact of coronavirus. In the event that Youfoodz' supply chain is disrupted, this may have a material adverse effect on Youfoodz' financial performance and operations.

(c) **RISKS RELATING TO THE SCHEME**

- **Implications for Youfoodz Shareholders if the Scheme is not implemented**

If the Scheme is not implemented, Youfoodz Shareholders will not receive the Scheme Consideration of \$0.93 per Youfoodz Share and Youfoodz will continue, in the absence of a Superior Proposal, to operate as an ASX-listed entity.

Unless Youfoodz Shareholders choose to sell their Youfoodz Shares on the ASX, Youfoodz Shareholders will continue to hold Youfoodz Shares and will be exposed to both risks (including those set out in this section 7) and potential future benefits in retaining exposure to the Youfoodz Business and Youfoodz' assets.

The Youfoodz Share price will also remain subject to market volatility, and may fall in the absence of a Superior Proposal.

Please also refer to section 4.4 for further details.

- **The Scheme Implementation Deed may be terminated by Youfoodz and HelloFresh in certain circumstances, and the Scheme is also subject to various conditions**

Each of Youfoodz and HelloFresh has a right to terminate the Scheme Implementation Deed in certain circumstances, in which case the Scheme will not proceed. These termination rights are summarised in section 9.3(d).

The Scheme is also subject to certain conditions that must be satisfied or waived (where capable of waiver) for the Scheme to be implemented. These conditions

are summarised in section 9.3(a). The failure of a condition to be satisfied or waived (where capable of waiver) may also give rise to a right for either Youfoodz or HelloFresh to terminate the Scheme Implementation Deed.

As at the date of this Scheme Booklet, Youfoodz is not aware of any circumstances which would cause any outstanding condition not to be satisfied or waived (where capable of waiver). Despite this, there is some possibility that one or more of the conditions will not be satisfied or waived (where capable of waiver) and the Scheme will not proceed. There are a number of conditions which are outside of the control of Youfoodz including, but not limited to, approval of the Scheme by the Youfoodz Shareholders at the Scheme Meeting and the Court. In this regard, there is also a risk that some or all of the aspects of the Youfoodz Shareholder and Court approval required for the Scheme to proceed, may be delayed.

If, for any reason, all or some of the conditions are not satisfied or waived (where capable of waiver) and the Scheme does not proceed, or otherwise if the Scheme Implementation Deed is terminated, the price of Youfoodz Shares will continue to be subject to market volatility and may fall in the absence of a Superior Proposal.

- **Tax consequences for Youfoodz Shareholders**

If the Scheme is implemented, there will be tax consequences for Youfoodz Shareholders which may include tax being payable. For further details regarding general Australian tax consequences of the Scheme, refer to section 8. The tax consequences may vary depending on the nature and characteristics of the Youfoodz Shareholders and their specific circumstances. Accordingly, you should seek professional tax advice in relation to your circumstances.

- **Risks if the Scheme is implemented**

If the Scheme is implemented, Youfoodz Shareholders will cease to hold Youfoodz Shares and will forgo any future benefits that may result from being a Youfoodz Shareholder.

This will mean that Youfoodz Shareholders will not participate in the future financial and share price performance of Youfoodz, retain any exposure to the Youfoodz Business and Youfoodz' assets, or have the opportunity to share in the value that could be generated by Youfoodz in the future. However, there is no guarantee as to Youfoodz' future performance, or its future share price and financial performance, as is the case with all investments.

Youfoodz Shareholders may also consider that it would be difficult to identify or invest in alternative instruments that have a similar investment profile to that of Youfoodz, or may incur Transaction costs in undertaking any new investment.

## 8 TAX IMPLICATIONS

### 8.1 INTRODUCTION

The following is a general description of the Australian tax consequences of the Scheme (assuming it becomes Effective) for Youfoodz Shareholders who participate in the Scheme. It does not constitute tax advice and should not be relied upon as such. The comments set out below are relevant only to those Youfoodz Shareholders who hold their Youfoodz Shares on capital account.

The description is based upon the Australian law and administrative practice in effect at the date of this Scheme Booklet, but is general in nature and is not intended to be an authoritative or complete statement of the laws applicable to the particular circumstances of a Youfoodz Shareholder. Youfoodz Shareholders should seek independent professional advice in relation to their own particular circumstances.

The description does not address the Australian tax consequences for Youfoodz Shareholders who:

- hold their Youfoodz Shares for the purposes of speculation or a business of dealing in securities (e.g. as trading stock or a revenue asset);
- acquired their Youfoodz Shares pursuant to the Youfoodz Equity Incentive Plan or the Employee Gift Offer;
- are non-residents and hold their Youfoodz Shares in the course of carrying on a business at or through a permanent establishment in Australia;
- may be subject to special tax rules, such as financial institutions, insurance companies, partnerships, (except where expressly stated), tax exempt organisations, trusts (except where expressly stated), superannuation funds (except where expressly stated);
- are subject to the tax of financial arrangements rules in Division 230 of *Income Tax Assessment Act 1997* (Cth) in relation to gains and losses on their Youfoodz Shares; or
- are under a *legal* disability.

Youfoodz 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 of the Scheme under the laws of their country of residence, as well as under Australian law.

### 8.2 AUSTRALIAN RESIDENT SHAREHOLDERS

#### (a) CAPITAL GAINS TAX (CGT)

Under the Scheme, Youfoodz Shareholders will dispose of their Youfoodz Shares to HelloFresh Nominee. This disposal will constitute a CGT event A1 for Australian CGT purposes for Youfoodz Shareholders.

The time of the CGT event will be the date the Scheme is implemented.

#### (b) CALCULATION OF CAPITAL GAIN OR CAPITAL LOSS

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

Youfoodz Shareholders who make a capital gain from the disposal of their Youfoodz Shares will be required to include that capital gain in their assessable income for the

relevant income year. To the extent the Youfoodz Shareholders have capital losses from other CGT events, they may be able to offset these against the capital gain realised on the disposal of the Youfoodz Shares.

**(1) Cost base**

The cost base of the Youfoodz Shares generally includes the cost of acquisition and certain non-deductible incidental costs of their acquisition and disposal. The reduced cost base of the Youfoodz Shares is usually determined in a similar, but not identical, manner.

**(2) Capital proceeds**

The capital proceeds received in respect of the disposal of each Youfoodz Share should be \$0.93 per Youfoodz Share, being the amount of the Scheme Consideration.

**(3) CGT discount**

Individuals, complying superannuation entities or trustees that have held Youfoodz Shares for at least 12 months may be entitled to discount the amount of the capital gain (after application of capital losses) from the disposal of Youfoodz Shares by 50% in the case of individuals and trustees or by 33⅓% for complying superannuation entities. For trustees, the ultimate availability of the discount for beneficiaries of the trusts will depend on the particular circumstances of the beneficiaries.

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).

Youfoodz recommends that Youfoodz Shareholders seek their own independent advice to confirm how the CGT discount provisions will apply to their particular facts and circumstances as the rules are quite complex.

## **8.3 NON-RESIDENT SHAREHOLDERS**

For a Youfoodz Shareholder who:

- is not a resident of Australia for Australian tax purposes; and
- does not hold their Youfoodz Shares in carrying on a business through a permanent establishment in Australia,

the disposal of Youfoodz Shares will generally only result in Australian CGT implications if:

- that Youfoodz Shareholder together with its associates held 10% or more of the Youfoodz Shares at the time of the CGT event or for any continuous 12 month period within two years preceding the CGT event (referred to as a 'non-portfolio interest'); and
- more than 50% of Youfoodz' value is due to direct or indirect interests in Australian real property (as defined in the income tax legislation).

It is not expected that more than 50% of Youfoodz' value is attributable to direct or indirect interests in Australian real property.

The foreign resident capital gains withholding regime may impose a 12.5% withholding obligation on transactions involving the acquisition of an asset that is an indirect Australian real

property interest. This withholding regime will only apply where the Youfoodz Shareholder is non-resident for Australian income tax purposes. This withholding regime is not expected to apply given Youfoodz Shares should not constitute Taxable Australian Real Property (TARP).

## **8.4 GOODS AND SERVICES TAX (GST)**

Youfoodz Shareholders should not be liable to GST in respect of a disposal of those Youfoodz Shares.

Youfoodz Shareholders may be charged GST on costs (such as adviser fees relating to their participation in the Scheme) that relate to the Scheme. Youfoodz 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.

## **8.5 STAMP DUTY**

Youfoodz Shareholders should not be liable for any stamp duty on the disposal of their Youfoodz Shares.

## 9 ADDITIONAL INFORMATION

### 9.1 INTERESTS OF YOUFOODZ DIRECTORS IN YOUFOODZ

As at the date of this Scheme Booklet, the number of Youfoodz Shares held by or on behalf of the Youfoodz Directors is as follows:

Director	Number of Youfoodz Shares
Neil Kearney	20,000
Stuart Nash	20,000
Julie McPherson	20,000
Andrew Duff	20,000
Lance Giles (and associates*)	18,852,256
<b>TOTAL</b>	<b>18,932,256</b>

\* Note: See substantial holder notice disclosed to ASX on 7 December 2020 for further details.

The Youfoodz Shares held by Lance Giles and associates (defined as the Director Escrowed Parties) are subject to voluntary escrow arrangements as described in section 9.7.

No Youfoodz Director has acquired or disposed of a Relevant Interest in any Youfoodz Shares in the four month period ending on the Last Practicable Date.

### 9.2 INTERESTS OF YOUFOODZ DIRECTORS IN HELLOFRESH

No Youfoodz Director has a Relevant Interest in any shares in HelloFresh.

No Youfoodz Director has acquired or disposed of a Relevant Interest in any shares in HelloFresh in the four month period ending on the Last Practicable Date.

### 9.3 SUMMARY OF SCHEME IMPLEMENTATION DEED

On 13 July 2021, Youfoodz and HelloFresh entered into a Scheme Implementation Deed under which Youfoodz agreed to propose the Scheme to Youfoodz Shareholders. The Scheme Implementation Deed contains terms and conditions that are customary for these types of agreements, including in relation to the parties' obligations to implement the Scheme and Youfoodz' obligation to conduct its business in the ordinary course during the Scheme process.

A summary of the key provisions of the Scheme Implementation Deed is set out below. A full copy of the Scheme Implementation Deed was lodged with ASX on 13 July 2021 and can be obtained from the ASX website ([www.asx.com.au](http://www.asx.com.au)) or the Youfoodz website ([www.investors.youfoodz.com](http://www.investors.youfoodz.com)).

#### (a) CONDITIONS

Implementation of the Scheme is subject to the following conditions which must be satisfied or waived (where capable of waiver) before the Scheme can be implemented.

- **Restraints:** no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction on the application of any Government Agency, or no preliminary or final decision, determination, notice of objection, or order issued by any Government Agency that would prevent the Scheme from becoming Effective is in effect at 8.00 am (Sydney time) on the Second Court Date;
- **Court approval:** the Court approves the Scheme;
- **Shareholder approval:** Youfoodz Shareholders approve the Scheme;
- **No Prescribed Occurrence:** no Prescribed Occurrence occurs prior to 8.00 am (Sydney time) on the Second Court Date;
- **No Material Adverse Change:** no Material Adverse Change occurs, or is reasonably likely to occur, or is discovered, announced, disclosed or otherwise becomes known to Youfoodz or HelloFresh prior to 8.00 am (Sydney time) on the Second Court Date;
- **Options:** Youfoodz takes all necessary steps on terms acceptable to HelloFresh (acting reasonably) to ensure no Options are in existence on the Scheme Record Date; and
- **Deferred Share Awards:** Youfoodz takes all necessary steps on terms acceptable to HelloFresh (acting reasonably) to ensure that no Deferred Share Awards are in existence on the Scheme Record Date.

Full details of the conditions and the ability of Youfoodz and HelloFresh to rely on the various conditions, and the provisions relating to satisfaction or waiver of these conditions, are set out in full in clause 3 of the Scheme Implementation Deed. As at the date of this Scheme Booklet, Youfoodz is not aware of any reasons why the conditions will not be satisfied.

## (b) EXCLUSIVITY

The Scheme Implementation Deed contains certain exclusivity arrangements in favour of HelloFresh. These arrangements are in line with market practice in this regard and may be summarised as follows:

- **No-talk and no due diligence:** Youfoodz must not participate in or continue any discussions or negotiations, provide or make available any information (including by way of providing information and access to perform due diligence), or enter into any agreement, arrangement or understanding in relation to, or that may reasonably be expected to encourage or lead to, a Competing Proposal.
- **No-shop:** Youfoodz must not solicit, invite or initiate enquiries, expressions of interest, discussions, negotiations, offers or proposals in relation to, or that may reasonably be expected to encourage or lead to, a Competing Proposal.
- **Notification:** If Youfoodz becomes aware of any actual or potential Competing Proposal, or any provision of any information relating to Youfoodz, its business or operations to any person in connection with a Competing Proposal, Youfoodz must notify HelloFresh within 24 hours. Such notice must include reasonable details of the Competing Proposal, including its terms and conditions and the identity of the party or parties making the Competing Proposal.
- **Matching right:** Youfoodz is prohibited from entering into any legally binding agreement, arrangement or understanding to implement or give effect to a Competing Proposal, and must use its best endeavours to procure that none of the Youfoodz Directors publicly recommends a Competing Proposal unless:
  - (1) the Competing Proposal is a Superior Proposal;
  - (2) Youfoodz has provided HelloFresh with written notification of the material terms and conditions of the Competing Proposal; and
  - (3) HelloFresh has been given at least five Business Days to provide a matching or Superior Proposal to the Competing Proposal.

However, Youfoodz is not required to comply with its obligations under the 'No-talk and no due diligence' provisions in the Scheme Implementation Deed in relation to a potential or proposed bona fide written Competing Proposal where:

- (1) the Competing Proposal is, or is reasonably likely to become, a Superior Proposal; and
- (2) the Youfoodz Board, acting in good faith and after having considered written advice from Youfoodz Board's external legal advisors, determines that complying with those provisions would be likely to constitute a breach of the fiduciary or statutory duties owed by any Youfoodz Director, or would otherwise be unlawful.

These exclusivity arrangements are set out in full in clause 12 of the Scheme Implementation Deed.

### (c) **BREAK FEE**

Youfoodz has agreed to pay HelloFresh a cash break fee of \$1,250,000 (excluding GST) (**Break Fee**) in certain circumstances. Those circumstances include:

- **Change of recommendation or recommendation of a Competing Proposal:** any member of the Youfoodz Board changes, withdraws or adversely modifies or revises their recommendation that Youfoodz Shareholders vote in favour of the Scheme, or recommends a Competing Proposal, other than as a result of:
  - (1) the Independent Expert opining that the Scheme is not in the best interests of Scheme Shareholders (other than as a result of a Competing Proposal);
  - (2) a material breach of the Scheme Implementation Deed (including a breach of any representations and warranties given by HelloFresh in clause 8.3 of the Scheme Implementation Deed) by HelloFresh, and the breach not being remedied by HelloFresh to Youfoodz' reasonable satisfaction within 10 Business Days of notice being given, or
  - (3) a failure of a condition relating to 'Restrictions' or 'Court approval' as set out in section 9.3(a) above.
- **Change of control of Youfoodz:** a Competing Proposal of any kind is announced or made and, within nine months of the date of such announcement, the party announcing or making the Competing Proposal:
  - (1) completes a Competing Proposal;
  - (2) acquires a relevant interest in, becomes the holder of, or otherwise acquires, directly or indirectly, 50% or more of Youfoodz Shares, and that acquisition is unconditional and free of defeating conditions;
  - (3) acquires or becomes the holder of, or otherwise, acquires an economic interest in all or a substantial part of the business carried on by the Youfoodz Group;
  - (4) acquires control (as determined in accordance with section 50AA of the Corporations Act) of Youfoodz; or
  - (5) otherwise acquires or merges with Youfoodz.
- **Material breach:** HelloFresh terminates the Scheme Implementation Deed due to:
  - (1) a material breach of the Scheme Implementation Deed (including a breach of any of the representations and warranties given by Youfoodz in clause 8.1 of the Scheme Implementation Deed, and a breach of a Prescribed Occurrence) by Youfoodz, and the breach not being remedied by Youfoodz to HelloFresh's reasonable satisfaction within 10 Business Days of notice being given; or
  - (2) Youfoodz entering into a definitive agreement to implement a Competing Proposal.



The Youfoodz Directors consider the Break Fee is reasonable and appropriate in amount, structure and effect. The Break Fee is not payable if the Scheme does not proceed merely because Youfoodz Shareholders do not vote in favour of the Scheme in sufficient numbers to satisfy the relevant legal requirements.

For full details of the Break Fee, see clause 13 of the Scheme Implementation Deed.

**(d) TERMINATION**

Youfoodz can terminate the Scheme Implementation Deed in the event of:

- a material breach of the Scheme Implementation Deed (including a breach of any of the representations and warranties given by HelloFresh in clause 8.3 of the Scheme Implementation Deed) by HelloFresh, and that breach is not remedied by HelloFresh to Youfoodz' reasonable satisfaction within 10 Business Days of notice being given; or
- a majority of the members of Youfoodz Board change, withdraw or adversely revise or modify their recommendation that Youfoodz Shareholders vote in favour of the Scheme, or recommend a Competing Proposal, in each case as permitted to do so under the Scheme Implementation Deed.

HelloFresh can also terminate the Scheme Implementation Deed in the event of:

- a material breach of the Scheme Implementation Deed (including a breach of any of the representations and warranties given by Youfoodz in clause 8.1 of the Scheme Implementation Deed, and a breach of a Prescribed Occurrence) by Youfoodz, and that breach is not remedied by Youfoodz to HelloFresh's reasonable satisfaction within 10 Business Days of notice being given;
- any member of the Youfoodz Board changes, withdraws or adversely revises or modifies his or her recommendation that Youfoodz Shareholders vote in favour of the Scheme, or recommends a Competing Proposal, whether or not permitted to do so under the Scheme Implementation Deed; or
- where Youfoodz enters into a definitive agreement to implement a Competing Proposal.

For full details of the termination rights, see clause 14 of the Scheme Implementation Deed.

**9.4 OPTIONS**

As at the date of this Scheme Booklet, Youfoodz has 53,332 Options on issue held by the following Youfoodz Directors:

<b>Director</b>	<b>Number of Options</b>
Neil Kearney	13,333
Stuart Nash	13,333
Julie McPherson	13,333
Andrew Duff	13,333
<b>TOTAL</b>	<b>53,332</b>

The Options were granted under the terms of the Youfoodz Equity Incentive Plan around the time of the IPO. Each Option confers on the Option holder the right to acquire one Youfoodz Share at an exercise price of \$1.50 each. The Options are non-transferrable.

The Options are currently unvested, and are only intended to vest if the Option holder remains in office as a non-executive director for the three-year period following their grant. The terms of the Youfoodz Equity Incentive Plan relevantly provide that:

- if a change of control event occurs (which includes the change of control contemplated by the Scheme), then the Youfoodz Board will determine the manner in which all unvested Options will be dealt with; and
- if the Scheme is approved by the requisite majorities of Youfoodz Shareholders at the Scheme Meeting, any vested Options will automatically lapse if not exercised within two days after the Scheme Meeting.

In accordance with the terms of the Youfoodz Equity Incentive Plan, the Youfoodz Board has determined that, subject to the Scheme being approved by the requisite majorities of Youfoodz Shareholders, all unvested Options will vest. The Option holders will then have until the date which is two days after the date of the Scheme Meeting to exercise those Options. Any Options not exercised within this period will lapse. Each Option holder has informed Youfoodz that they do not intend to exercise the Options.

If the Scheme is not approved by the requisite majorities of Youfoodz Shareholders at the Scheme Meeting, the Options will continue to be held subject to the terms of the Youfoodz Equity Incentive Plan.

## **9.5 DEFERRED SHARE AWARDS**

Deferred Share Awards to the value of \$103,000 were granted to a select number of Youfoodz employees under the terms of the Youfoodz Equity Incentive Plan on or around 30 December 2020.

Under the terms of these Deferred Shares Awards, relevant employees will be entitled to receive Youfoodz Shares if they remain in employment with the Youfoodz Group until 30 October 2021. Relevant employees who satisfy this condition will be issued Youfoodz Shares without any consideration being payable.

In connection with these Deferred Share Awards, the Youfoodz Board has determined that, subject to the Scheme becoming Effective and the relevant employee remaining in employment with the Youfoodz Group on the Effective Date:

- the Youfoodz Shares will be issued to the relevant employees prior to the Scheme Record Date; and
- the issue price will be \$0.528 per Youfoodz Share (being equal to the VWAP of Youfoodz Shares on the ASX over the five trading days immediately preceding the date the Scheme was announced).

Deferred Share Awards to the value of \$10,000 were granted to a select number of employees under the Employee Gift Offer. The relevant terms of those Deferred Share Awards are substantially similar to the terms of the Deferred Share Awards issued under the Youfoodz Equity Incentive Plan as described above and will be treated in the same manner as described above.

Accordingly, subject to the Scheme becoming Effective, it is expected that up to 214,051 Youfoodz Shares will be issued under the Deferred Share Awards before the Scheme Record Date.

If the Scheme does not proceed, the Deferred Share Awards will continue to be held by relevant employees subject to the terms of the Youfoodz Equity Incentive Plan and/or Employee Gift Offer (as applicable).

## 9.6 RESTRICTED YOUFOODZ SHARES

Youfoodz has previously issued:

- 59,112 Youfoodz Shares under the Employee Gift Offer at the time of the IPO; and
- 6,660 Youfoodz Shares to a select number of employees under the Youfoodz Equity Incentive Plan on 30 December 2020,

which are subject to a three year holding-lock restriction (the Restricted Shares). This restriction means that the Restricted Shares can qualify for certain tax exempt status under current tax legislation. The value of the Youfoodz Shares issued under each Restricted Share offer was up to \$1,000 per employee, based on an issue price of \$1.50 per Youfoodz Share.

Subject to the Scheme becoming Effective, Youfoodz intends to instruct the Share Registry to release the holding-lock restrictions that apply to the Restricted Shares such that they can be transferred to HelloFresh Nominee under the Scheme. Youfoodz has applied to the Australian Taxation Office (ATO) requesting a ruling to confirm the tax consequences of the Scheme for holders of the Restricted Shares (Ruling). The Ruling has not been finalised as at the date of the Scheme Booklet. Youfoodz anticipates that the ATO will provide a response to the Ruling prior to the Effective Date. When the final Ruling is published by the ATO, it will be available on the ATO website at [www.law.ato.gov.au](http://www.law.ato.gov.au).

## 9.7 VOLUNTARY ESCROW ARRANGEMENTS

The Director Escrowed Parties (which include Managing Director and CEO, Lance Giles and associates) agreed to enter into voluntary escrow arrangements for their Youfoodz Shares as part of the IPO. Certain members of Youfoodz' current and former senior management (which does not include any Youfoodz Director) also entered into voluntary escrow arrangements for their Youfoodz Shares as part of the IPO (Escrowed Managers).

Details of the Youfoodz Shares that are subject to voluntary escrow arrangements (Escrowed Shares) are as follows:

Escrowed Shareholder	Number of Escrowed Shares	Escrow Period
Director Escrowed Parties	18,852,256	From completion of the IPO until the date of release of Youfoodz' financial results for the financial year ended 30 June 2022.
Escrowed Managers	1,546,569	From completion of the IPO until the date of release of Youfoodz' financial results for the financial year ended 30 June 2022.

Each Director Escrowed Party and each Escrowed Manager (each an Escrowed Shareholder) have entered into a voluntary escrow deed (Escrow Deeds) in respect of their Escrowed Shares for the Escrow Period as noted above. Under the Escrow Deeds, subject to certain permitted exceptions, the Escrowed Shareholders are restricted from (among other things) disposing of their Escrowed Shares or taking any action that would have the effect of transferring effective ownership or control of the Escrowed Shares. However, the Escrow Deeds allow the Escrowed Shares to be transferred as part of a merger by way of scheme of arrangement under Part 5.1 of the Corporations Act (which includes the transaction contemplated by the Scheme). In addition, nothing in the Escrow Deeds restricts voting rights attached to the Escrowed Shares.

Accordingly, the Escrowed Shareholders will be entitled to vote in respect of their Escrowed Shares at the Scheme Meeting and the Escrowed Shares will form part of the Scheme Shares. If the Scheme proceeds, the Escrowed Shares will be transferred to HelloFresh Nominee under Scheme.

Accordingly, when considering the recommendation of the Youfoodz Directors in relation to the Scheme, Youfoodz Shareholders should note that Managing Director and CEO, Lance Giles, will be receiving a benefit if the Scheme proceeds, in the sense that the Director Escrowed Parties will no longer be subject to the voluntary escrow arrangements entered into with Youfoodz prior to the IPO (representing approximately 14.0% of the Youfoodz Shares on issue).

A full copy of the Escrow Deeds are attached to the Youfoodz notice of initial substantial holder lodged with the ASX on 7 December 2020 and can be obtained from the ASX website ([www.asx.com.au](http://www.asx.com.au)) or the Youfoodz website ([www.investors.youfoodz.com](http://www.investors.youfoodz.com)).

## **9.8 BENEFITS AND AGREEMENTS**

### **(a) BENEFITS IN CONNECTION WITH RETIREMENT FROM OFFICE**

There is no payment or other benefit that is proposed to be made or given to any Youfoodz Director or secretary or officer of Youfoodz (or any of its Related Bodies Corporate) as compensation for the loss of, or consideration for or in connection with his or her retirement from, office in Youfoodz (or any of its Related Bodies Corporate) in connection with the Scheme.

### **(b) AGREEMENTS CONNECTED WITH OR CONDITIONAL ON THE SCHEME**

There are no agreements or arrangements made between any Youfoodz Director and any other person in connection with, or conditional on, the outcome of the Scheme.

### **(c) INTERESTS OF YOUFOODZ DIRECTORS IN CONTRACTS WITH HELLOFRESH**

As at the date of this Scheme Booklet, no Youfoodz Director has:

- a Relevant Interest in any securities in HelloFresh; or
- acquired or disposed of a Relevant Interest in any securities in HelloFresh during the four months before the date of this Scheme Booklet.

### **(d) BENEFITS UNDER THE SCHEME OR FROM HELLOFRESH**

There is no payment or other benefit that is proposed to be made or given to any Youfoodz Director or secretary or officer of Youfoodz (or any of its Related Bodies Corporate) as compensation for the loss of, or as consideration for or in connection with his or her retirement from, office in Youfoodz (or any of its Related Bodies Corporate) in connection with the Scheme.

### **(e) REMUNERATION IN CONNECTION WITH REMAINING IN OFFICE**

Notwithstanding section 6.8(c), if any Youfoodz Director remains on the Youfoodz Board following implementation of the Scheme, it is anticipated that the Youfoodz Director would receive remuneration and expense reimbursement arrangements for their services commensurate with a position as a non-executive Youfoodz Director.

### **(f) DEEDS OF INDEMNITY, INSURANCE AND ACCESS**

Youfoodz has entered into deeds of indemnity, insurance and access with the Youfoodz Directors and various officers of the Youfoodz Group, on customary terms (**D&O Deeds**). The D&O Deeds include terms that provide for each member of Youfoodz Group to indemnify each of its Youfoodz Directors and officers against any liability incurred by such persons in their capacity as a Youfoodz Director or officer of

a member of the Youfoodz Group to any person other than a member of the Youfoodz Group.

Youfoodz also pays premiums in respect of a directors' and officers' insurance policy for the benefit of the Youfoodz Directors and officers of the Youfoodz Group. In accordance with the Scheme Implementation Deed, Youfoodz must enter into an arrangement to provide run-off insurance coverage for all current directors and officers and former directors and officers of any member of the Youfoodz Group that applies for at least seven years from the retirement date of each director and officer. The entry into such arrangements by Youfoodz is required under clauses 5.17 to 5.24 of the Scheme Implementation Deed.

## **9.9 CONSENTS AND DISCLOSURES**

### **(a) CONSENTS**

This Scheme Booklet contains statements made by, or statements said to be based on statements made by:

- HelloFresh in respect of the HelloFresh Information only;
- Grant Thornton as the Independent Expert; and
- RGT Capital as to its voting intentions in relation to the Scheme as set out in this Scheme Booklet.

Each of those persons named above has consented to the inclusion of each statement it has made in the form and context in which the statements appear and has not withdrawn that consent as at the date of this Scheme Booklet.

The following parties have given and have not, before the time of registration of this Scheme Booklet with ASIC, withdrawn their consent to be named in this Scheme Booklet in the form and context in which they are named:

- Greenhill & Co. Australia Pty Limited as financial adviser to Youfoodz;
- Baker McKenzie as legal adviser to Youfoodz;
- Boardroom as the Share Registry; and
- Sovereign Private Pty Ltd as tax adviser to Youfoodz.

### **(b) DISCLOSURES AND RESPONSIBILITY**

Each person named in section 9.9(a):

- has not authorised or caused the issue of this Scheme Booklet;
- does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based, other than:
  - HelloFresh in respect of the HelloFresh Information only;
  - Grant Thornton in relation to the Independent Expert's Report; and
  - RGT Capital as to its voting intentions in relation to the Scheme as set out in this Scheme Booklet;
- to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Scheme Booklet other than a reference to its name and the statement (if any) included in this Scheme Booklet with the consent of that party as specified in this section 9.9(b).

## 9.10 ASIC RELIEF

Paragraph 8302(h) of Part 3 of Schedule 8 of the Corporations Regulations requires an explanatory statement to set out whether, within the knowledge of the Youfoodz Directors, the financial position of Youfoodz has materially changed since the date of the last balance sheet laid before the company in general meeting or sent to shareholders in accordance with sections 314 or 317 of the Corporations Act, and, if so, full particulars of any change.

ASIC has granted Youfoodz relief from this requirement so that this Scheme Booklet only needs set out whether, within the knowledge of the Youfoodz Directors, the financial position of Youfoodz has materially changed since 24 June 2021 (being the last date of the period to which the financial statements for the full-year ended 24 June 2021 relate).

Copies of the Youfoodz financial statements for the full-year ended 24 June 2021 are available free of charge on the Youfoodz website ([www.investors.youfoodz.com](http://www.investors.youfoodz.com)) or by contacting the Youfoodz Shareholder Information Line on 1300 737 760 (within Australia) and +61 2 9290 9600 (outside Australia) on Monday to Friday between 9.00 am and 5.00 pm (Sydney time).

## 9.11 NO UNACCEPTABLE CIRCUMSTANCES

The Youfoodz Directors consider that the Scheme does not involve any circumstances in relation to the affairs of Youfoodz that could reasonably be characterised as constituting 'unacceptable circumstances' for the purposes of section 657A of the Corporations Act.

## 9.12 TRANSACTION COSTS

Youfoodz estimates that it will incur approximately \$2.5 million to \$2.9 million (excluding GST and disbursements) in external Transaction costs which relate to the Scheme. This includes advisory fees (including for Youfoodz' financial and legal advisers), the Independent Expert's fees, Share Registry fees, printing and mailing costs, and expenses associated with convening and holding the Scheme Meeting. Of this, approximately \$1.1 million (excluding GST and disbursements) will be incurred regardless of whether or not the Scheme is implemented, excluding any Break Fee that may be payable to HelloFresh.

## 9.13 NO OTHER MATERIAL INFORMATION

Except as set out in this Scheme Booklet, there is no other information material to the making of a decision in relation to the Scheme, being information that is within the knowledge of any Youfoodz Director, at the time of lodging this Scheme Booklet with ASIC for registration, which has not previously been disclosed to Youfoodz Shareholders.

## 9.14 SUPPLEMENTARY INFORMATION

Youfoodz will issue a supplementary document to this Scheme Booklet if it becomes aware of the following between the date of this Scheme Booklet and the Second Court Date:

- a material statement in this Scheme Booklet that is false or misleading in a material respect;
- a material omission from this Scheme Booklet;
- a significant change affecting a matter in this Scheme Booklet that has occurred; or
- a significant new matter that has arisen and that would have been required to be included in this Scheme Booklet if it had arisen before the date of this Scheme Booklet.

Depending on the nature and timing of the changed circumstances, and subject to obtaining any relevant approvals, Youfoodz may circulate and publish any supplementary document by:

- making an announcement to ASX;
- placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- posting the supplementary document to Youfoodz Shareholders at their address shown on the Youfoodz Share Register (or emailing it if the Youfoodz Shareholder has selected an electronic communication preference); and/or
- posting a statement on the Youfoodz website ([www.investors.youfoodz.com](http://www.investors.youfoodz.com)),

as Youfoodz in its absolute discretion considers appropriate.

## 10 GLOSSARY AND INTERPRETATION

### 10.1 GLOSSARY

The meanings of the terms used in this Scheme Booklet are set out below:

Term	Meaning
ASIC	Australian Securities and Investments Commission.
Associate	has the same meaning in section 12 of the Corporations Act.
ASX	ASX Limited (ABN 98 008 624 691) and, where the context requires, the financial market that it operates.
B2B	Youfoodz' or HelloFresh's (as applicable) business to business offering.
B2C	Youfoodz' or HelloFresh's (as applicable) business to customer (via a direct to customer) offering.
Break Fee	has the meaning given in section 9.3(c).
Business Day	a day that is not a Saturday, Sunday or a public holiday or bank holiday in Brisbane, Queensland, Sydney, New South Wales and Berlin, Germany.
Competing Proposal	<p>any proposal, agreement, arrangement or transaction, which, if entered into or completed, would result in a third party either alone or together with any one or more of its Associates:</p> <ul style="list-style-type: none"><li>(a) directly or indirectly acquiring a relevant interest in, or acquiring or having a right to acquire, a legal, beneficial or economic interest in, or control of, 20% or more of Youfoodz Shares;</li><li>(b) acquiring control (for the purposes of section 50AA of the Corporations Act) of Youfoodz;</li><li>(c) directly or indirectly acquiring or becoming the holder of, or otherwise acquiring or having a right to acquire, a legal, beneficial or economic interest in, or control of, all or a substantial part of the Youfoodz Business; or</li><li>(d) otherwise directly or indirectly acquiring, merging or amalgamating with Youfoodz, whether by way of takeover offer, scheme of arrangement, shareholder approved acquisition, capital reduction or buy-back, sale or purchase of shares or assets, joint venture, dual-listed company structure (or other synthetic merger), or other transaction or arrangement.</li></ul>



<b>Term</b>	<b>Meaning</b>
<b>Corporations Act</b>	the <i>Corporations Act 2001</i> (Cth).
<b>Corporations Regulations</b>	the <i>Corporations Regulations 2001</i> (Cth).
<b>Court</b>	the Federal Court of Australia (Victorian Registry) or such other court of competent jurisdiction under the Corporations Act agreed to in writing by Youfoodz and HelloFresh.
<b>Deed Poll</b>	the deed poll executed by HelloFresh and HelloFresh Nominee on 24 August 2021 pursuant to which each of HelloFresh and HelloFresh Nominee acknowledges and confirms its obligations to the Scheme Shareholders under the Scheme. A copy of the Deed Poll is contained in ANNEXURE C.
<b>Deferred Share Award</b>	any deferred share or similar awards or securities issued pursuant to an offer, grant or invitation to eligible participants under: <ul style="list-style-type: none"> <li>(a) the Employee Gift Offer; or</li> <li>(b) the Youfoodz Equity Incentive Plan prior to the date of the Scheme Implementation Deed.</li> </ul>
<b>Director Escrowed Parties</b>	Lance Giles, Arthur Giles as trustee for the A&MG Trust, Christine Ann Stott as trustee for the JStiles Trust, Karl Giles as trustee for the LStiles Trust and Jermaine Leonard Karaitiana Chambers as trustee for the Chambers Trust.
<b>Due Diligence Materials</b>	the written information, documents and responses disclosed or made available to HelloFresh or its Representatives by Youfoodz or its Representatives before 5.00 pm (Sydney time) on the Business Day before the date of the Scheme Implementation Deed in the virtual data room established by Youfoodz for the purposes of providing information to HelloFresh in connection with the Scheme.
<b>Effective</b>	when used in relation to the Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme.
<b>Effective Date</b>	13 October 2021, being the date on which the Scheme becomes Effective.
<b>Employee Gift Offer</b>	the employee gift offer described in section 7.9 of the Youfoodz IPO prospectus dated 30 October 2020.
<b>Encumbrance</b>	a mortgage, charge, pledge, lien, encumbrance, security interest, title retention, preferential right, trust arrangement, contractual right of set-off, or any other security

<b>Term</b>	<b>Meaning</b>
	agreement or arrangement in favour of any person, whether registered or unregistered, including any Security Interest.
<b>End Date</b>	31 December 2021 or such other date as agreed in writing by the parties.
<b>First Court Date</b>	the first day on which an application made to the Court for an order under section 411(1) of the Corporations Act convening the Scheme Meeting is heard, which will be held on 2 September 2021.
<b>FY2020</b>	financial year ended 25 June 2020.
<b>FY2021</b>	financial year ended 24 June 2021.
<b>Government Agency</b>	whether foreign or domestic: (a) a government, whether federal, state, territorial or local or a department, office or minister of a government acting in that capacity; or (b) a commission, delegate, instrumentality, agency, board, or other government, semi-government, judicial, administrative, monetary or fiscal body, department, tribunal, entity or authority, whether statutory or not, and includes any self-regulatory organisation established under statute or any stock exchange.
<b>HelloFresh</b>	HelloFresh SE.
<b>HelloFresh AusCo</b>	Grocery Delivery E-Services Australia Pty Limited (ACN 155 437 620) trading as HelloFresh Australia.
<b>HelloFresh Group</b>	HelloFresh and each of its Related Bodies Corporate.
<b>HelloFresh Nominee</b>	Cook E Services Australia Pty Ltd (ACN 652 473 240).
<b>HelloFresh Information</b>	the information contained in: (a) the paragraph commencing 'Any forward-looking statements included in the HelloFresh Information' in the subsection headed 'Disclaimer as to forward-looking statements' in the Important Notices; (b) the answer to the questions 'Who is HelloFresh?', 'What are HelloFresh's intentions for Youfoodz if the Scheme is implemented?' and 'How is HelloFresh funding the Scheme Consideration?' in section 2; and (c) section 6.

Term	Meaning
Implementation Date	27 October 2021, being the fifth Business Day after the Scheme Record Date.
Independent Expert or Grant Thornton	Grant Thornton Corporate Finance Pty Limited (ABN 59 003 265 987).
Independent Expert's Report	the report prepared by the Independent Expert dated 16 August 2021 set out in ANNEXURE A.
IPO	the initial public offering of Youfoodz Shares in accordance with the Youfoodz prospectus dated 30 October 2020 and official quotation of Youfoodz Shares on the ASX.
Insolvency Event	<p>in relation to an entity:</p> <ul style="list-style-type: none"> <li>(a) the entity resolving that it be wound up or a court making an order for the winding up or dissolution of the entity;</li> <li>(b) the entity entering into an arrangement, compromise or composition with, or assignment for the benefit of, its creditors or a class of them;</li> <li>(c) a liquidator, provisional liquidator, administrator, receiver, receiver and manager or other insolvency official being appointed to the entity or in relation to the whole, or a substantial part, of its assets;</li> <li>(d) the entity executing a deed of company arrangement;</li> <li>(e) the entity ceases, or threatens to cease to, carry on substantially all the business conducted by it as at 13 July 2021;</li> <li>(f) the entity is or becomes unable to pay its debts when they fall due within the meaning of the Corporations Act (or, if appropriate, legislation of its place of incorporation);</li> <li>(g) the entity being deregistered as a company or otherwise dissolved;</li> <li>(h) an Encumbrance becoming enforceable or being enforced over a substantial part of the property of the entity; or</li> <li>(i) anything analogous to anything referred to in the above paragraphs, or which has substantially similar effect, occurring with respect to the entity.</li> </ul>
Last Practicable Date	26 August 2021.
Listing Rules	the official listing rules of the ASX.
Material Adverse Change	<p>any event, occurrence, circumstance, change, matter, condition or thing (each a <b>Specified Event</b>) which, individually or when aggregated with other such events, occurrences, circumstances, changes, matters, conditions or things of a like kind or category, has had or would be reasonably likely to have the effect of reducing:</p> <ul style="list-style-type: none"> <li>(a) the consolidated earnings before interest, tax, depreciation and amortisation of the Youfoodz Group (<b>EBITDA</b>) of the Youfoodz Group's financial year ending 30 June 2022 by \$10 million or more (and for this purpose, the full financial year</li> </ul>

**Term****Meaning**

effect of any resulting EBITDA reduction must be applied in the relevant period with the calculation done in a manner consistent with the current accounting policies and principles for the Youfoodz Group's annual accounts disclosed in the Due Diligence Materials) compared to what the EBITDA of the Youfoodz Group for the financial year ending 30 June 2022 could reasonably be expected to have been but for the Specified Event; or

- (b) the consolidated annual net revenues of the Youfoodz Group (**Net Revenue**) by 20% or more in the Youfoodz Group's financial year ending 30 June 2022 relative to the Net Revenue for the financial year ending 30 June 2021 (and for this purpose, the full financial year effect of any resulting Net Revenue reduction must be applied in the relevant period with the calculation done in a manner consistent with the current accounting policies and principles for the Youfoodz Group's annual accounts disclosed in the Due Diligence Materials),

in each case provided that the impact of the Specified Event on the value of the applicable EBITDA or Net Revenue of the Youfoodz Group must be determined after taking into account any matters that are of a like or similar kind or like or similar category which offset, or will likely offset, the impact of the Specified Event on the value of the applicable EBITDA or Net Revenue of the Youfoodz Group; and

further in each case other than an event, occurrence, circumstance, change, matter, condition or thing:

- (c) to the extent that it was fairly disclosed to HelloFresh in the Due Diligence Materials or fairly disclosed in the public filings of Youfoodz to ASX prior to 13 July 2021;
- (d) expressly required or permitted to be undertaken under or in accordance with the Scheme Implementation Deed or the Scheme;
- (e) arising from any actual or proposed change in any law, rule or regulation, generally accepted accounting standards or principles or the interpretation of any such standards or principles or other change in accounting standards, after 13 July 2021;
- (f) arising from general economic, business or financial market conditions or changes in those conditions that impact Australian businesses generally;
- (g) arising from an act of terrorism, war (whether or not declared), natural disaster, epidemic, pandemic (other than in relation to the Coronavirus or COVID-19 pandemic or any mutation, variation or derivative) or adverse weather conditions or cyber security incident after 13 July 2021;
- (h) arising from any one or more temporary closures of up to 14 days (in aggregate) of:
- (i) any or more of Youfoodz' production facilities; or (ii) any Australian State or Territory borders which has the effect of restricting the Youfoodz Group's product or supply delivery from one or more material suppliers for which no substitution is possible (in respect of the supplier or the supply), in each case, due to the Coronavirus or the COVID-19 pandemic (or any mutation, variation or derivative);
- (i) that is the effect of any applicable laws, orders, directions, rules or regulations of any Governmental Agency, excluding any applicable laws, orders, directions, rules or regulations in respect of the Coronavirus or COVID-19 pandemic (or any mutation, variation or derivative);
- (j) relating to third party costs and expenses incurred by the Youfoodz Group in connection with the Transaction to the extent such amounts or estimates of such amounts are fairly disclosed in the Due Diligence Materials or in writing to HelloFresh prior to 13 July 2021; or
- (k) which HelloFresh has previously approved or requested in writing, including any consequences reasonably foreseeable as a result of such matters.

Term	Meaning
	None of the references in paragraphs (e), (f), (g) and (i) will include any event, occurrence, circumstance, change, matter, condition or thing that have or could reasonably have a disproportionate effect on the Youfoodz Group, taken as a whole, as compared to other participants in the industries in which the Youfoodz Group operates.
<b>Notice of Scheme Meeting</b>	the notice of scheme meeting relating to the Scheme Meeting which is contained in ANNEXURE D.
<b>Option</b>	an unquoted option to subscribe for a Youfoodz Share.
<b>Prescribed Occurrence</b>	<p>the occurrence of any of the following between 13 July 2021 and 8.00 am (Sydney time) on the Second Court Date:</p> <ul style="list-style-type: none"> <li>(a) a member of the Youfoodz Group converting all or any of its shares into a larger or smaller number of shares;</li> <li>(b) a member of the Youfoodz Group resolving to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares;</li> <li>(c) a member of the Youfoodz Group: <ul style="list-style-type: none"> <li>(i) entering into a buy back agreement; or</li> <li>(ii) resolving to approve the terms of a buy back agreement under the Corporations Act;</li> </ul> </li> <li>(d) a member of the Youfoodz Group issuing shares, or granting an option or a performance right over an unissued share, or agreeing to make such an issue or grant such a right or an option other than: <ul style="list-style-type: none"> <li>(i) on the exercise of an Option existing as at 13 July 2021; or</li> <li>(ii) an issue of Youfoodz Shares in connection with a Deferred Share Award;</li> </ul> </li> <li>(e) a member of the Youfoodz Group issuing, or agreeing to issue, securities convertible into shares or debt securities;</li> <li>(f) Youfoodz ceases to be listed on the ASX;</li> <li>(g) Youfoodz declaring, paying or distributing any dividend, bonus or other share of its profits or assets or returning or agreeing to return any capital to its member, or announcing an intention to do any of the above;</li> <li>(h) a member of the Youfoodz Group disposing, or agreeing to dispose, of the whole or a substantial part, of the Youfoodz Business or its property;</li> <li>(i) a member of the Youfoodz Group granting an Encumbrance, or agreeing to grant an Encumbrance, over the whole or a substantial part, of the Youfoodz Business or its property;</li> <li>(j) a member of the Youfoodz Group adopting a new constitution or making any change to its constitution;</li> <li>(k) an Insolvency Event occurs in relation to a member of the Youfoodz Group;</li> <li>(l) any member of the Youfoodz Group entering into, or resolving to enter into, a transaction with any related party of Youfoodz (other than a related party that</li> </ul>

Term	Meaning
	<p>is a member of the Youfoodz Group), as defined in section 228 of the Corporations Act;</p> <p>(m) any member of the Youfoodz Group authorises, commits, resolves, undertakes or agrees to do, or makes any representation or warranty regarding doing, any of the matters set out above,</p> <p>other than:</p> <p>(n) as required or permitted by the Scheme Implementation Deed or the Scheme;</p> <p>(o) as fairly disclosed to ASX prior to 13 July 2021;</p> <p>(p) as fairly disclosed to HelloFresh in the Due Diligence Materials; or</p> <p>(q) with the prior written consent of HelloFresh.</p>
<b>Related Bodies Corporate</b>	has the same meaning set out in the Corporations Act.
<b>Relevant Interest</b>	has the same meaning as given in sections 608 and 609 of the Corporations Act.
<b>Representative</b>	in respect of a party, its Related Bodies Corporate and each director, officer, employee, advisor, agent or representative of that party and its Related Bodies Corporate.
<b>RGT Capital</b>	RGT Capital Fund No. 6 (YF) Pty Ltd (ACN 625 431 307) as trustee for the RGT Capital Fund No. 6 (YF) Trust.
<b>Scheme</b>	the scheme of arrangement between Youfoodz and the Scheme Shareholders under which all Scheme Shares will be transferred to HelloFresh or HelloFresh Nominee (as applicable) in accordance with Part 5.1 of the Corporations Act, substantially in the form in ANNEXURE B, together with any amendment or modification made pursuant to section 411(6) of the Corporations Act.
<b>Scheme Booklet</b>	this scheme booklet.
<b>Scheme Consideration</b>	in respect of each Scheme Share is \$0.93 cash.
<b>Scheme Implementation Deed</b>	the Scheme Implementation Deed between Youfoodz and HelloFresh dated 13 July 2021. A summary is set out in section 9.3, and a full copy can be obtained from the Youfoodz website ( <a href="http://www.investors.youfoodz.com">www.investors.youfoodz.com</a> ).
<b>Scheme Meeting</b>	the meeting of Youfoodz Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and vote on the Scheme, which will be held at 10.00 am (Sydney time) on 8 October 2021.

Term	Meaning
<b>Scheme Record Date</b>	7.00 pm (Sydney time) on 20 October 2021, being the fifth Business Day after the Effective Date.
<b>Scheme Resolution</b>	the resolution to agree to the terms of the Scheme.
<b>Scheme Share</b>	a Youfoodz Share held by a Scheme Shareholder as at the Scheme Record Date.
<b>Scheme Shareholder</b>	each person who is a Youfoodz Shareholder at the Scheme Record Date.
<b>Second Court Date</b>	the first day on which an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme is heard, or if the application is adjourned or subject to appeal for any reason, the first day on which the adjourned application or appeal is heard, which will be held at 10.15 am (Sydney time) on 13 October 2021.
<b>Second Court Hearing</b>	the hearing of the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.
<b>Security Interest</b>	has the meaning given in section 12 of the <i>Personal Property Securities Act 2009</i> (Cth).
<b>Share Registry or Boardroom</b>	Boardroom Pty Limited (ACN 003 209 836).
<b>Superior Proposal</b>	a bona fide written Competing Proposal which the Youfoodz Board, acting in good faith, after having received and taken into account written advice from Youfoodz' financial and legal advisers, determines: <ul style="list-style-type: none"> <li>(a) is reasonably capable of being valued and completed in a timely fashion taking into account all aspects of the Competing Proposal including any timing considerations, conditions precedent and the identity of the proponent; and</li> <li>(b) would, if completed substantially in accordance with its terms, be more favourable to Youfoodz Shareholders (as a whole) than the Transaction taking into account all terms and conditions of the Competing Proposal (including consideration, conditionality, funding, certainty and timing).</li> </ul>
<b>Transaction</b>	the acquisition of Youfoodz by HelloFresh or HelloFresh Nominee through implementation of the Scheme.
<b>VWAP</b>	volume weighted average price.
<b>Youfoodz</b>	Youfoodz Holdings Limited (ABN 38 635 434 801).

Term	Meaning
<b>Youfoodz Board</b>	the board of directors of Youfoodz.
<b>Youfoodz Business</b>	the business carried on by the Youfoodz Group.
<b>Youfoodz Director or Your Director</b>	any director of Youfoodz comprising part of the Youfoodz Board.
<b>Youfoodz Equity Incentive Plan</b>	the Youfoodz equity incentive plan as approved by the Youfoodz Board, the terms of which were disclosed to ASX on 7 December 2020.
<b>Youfoodz Group</b>	Youfoodz and each of its Related Bodies Corporate, and a reference to a 'Youfoodz Group Member' or a 'member of the Youfoodz Group' is to Youfoodz or any of its Related Bodies Corporate.
<b>Youfoodz Information</b>	the information contained in this Scheme Booklet, other than the HelloFresh Information and the information contained in ANNEXURE A.
<b>Youfoodz Share Register</b>	the share register of Youfoodz.
<b>Youfoodz Share</b>	a fully paid ordinary share of Youfoodz.
<b>Youfoodz Shareholder</b>	each person who is registered as the holder of a Youfoodz Share from time to time.
<b>Youfoodz Shareholder Information Line</b>	1300 737 760 (within Australia) and +61 2 9290 9600 (outside Australia).

## 10.2 INTERPRETATION

In this Scheme Booklet, unless expressly stated or the context otherwise appears:

- (a) words and phrases have the same meaning (if any) given to them in the Corporations Act;
- (b) words importing a gender include any gender;
- (c) words importing the singular include the plural and vice versa;
- (d) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;



- (e) a reference to a section or annexure is a reference to a section of and an annexure to this Scheme Booklet as relevant;
- (f) a reference to any statute, regulation, proclamation, ordinance or by law includes all statutes, regulations, proclamations, ordinances, or by laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by laws issued under that statute;
- (g) headings and bold type are for convenience only and do not affect the interpretation of this Scheme Booklet;
- (h) a reference to time is a reference to time in Sydney, Australia;
- (i) a reference to writing includes facsimile transmissions; and
- (j) a reference to dollars, \$, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.

**ANNEXURE A**

**INDEPENDENT EXPERT'S REPORT**

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# Youfoodz Holdings Limited

Independent Expert's Report and Financial Services Guide

31 August 2021

Directors  
Youfoodz Holdings Limited  
4/52 Pritchard Rd  
Virginia 4014 QLD

31 August 2021

**Grant Thornton Corporate Finance Pty Ltd**  
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## Introduction

Youfoodz Holdings Limited (“Youfoodz”, or “the Company” or “YFZ”) specialises in the production and distribution of ready-made meals and other convenience food products for residential (home delivery), retail and corporate customers. The Company operates via a direct business-to-consumer (“B2C”) channel and a business-to-business service offering (“B2B”) to major supermarkets, independent grocery stores and convenience/petrol stores. As at 10 August 2021, YFZ had a market capitalisation of A\$122.4 million<sup>1</sup>.

HelloFresh SE (“HelloFresh”) is the world’s leading meal-kit company and operates in several jurisdictions around the world, including the UK, the US and Australia. It is listed on the Frankfurt Stock Exchange and had a market capitalisation of €14.6 billion<sup>2</sup> as at 10 August 2021.

Youfoodz currently manufactures its products and operates at three different manufacturing facilities but it has recently executed a heads of agreement in relation to a new site. The design of the new facility has been finalised and agreed with the landlord<sup>3</sup> with the formal lease agreement expected to be executed shortly and the new facility is expected to be operational in the quarter ending 30 September 2022 (“Q1 FY23”) (“New Facility”). YFZ completed an initial public offering (“IPO”) on the Australian Securities Exchange (“ASX”) in December 2020 raising A\$70 million at a price of A\$1.50 per share (“IPO Price”).

On 13 July 2021, YFZ announced that it had entered into a Scheme Implementation Deed (“SID”) with HelloFresh under which it is proposed that HelloFresh’s nominee will acquire 100% of the issued shares of the Company (“YFZ Shares”) by way of a scheme of arrangement (“Scheme”) for a cash consideration of A\$0.93 per share (“Scheme Consideration”). The Scheme Consideration represents a premium of 82% to the closing share price of A\$0.51 on 12 July 2021.

The Scheme is subject to the conditions precedent set out in Section 1 of this Independent Expert’s Report (“IER”) including approvals by YFZ shareholders (“YFZ Shareholders” or “Shareholders”) and the Court.

The SID contains customary exclusivity provisions including no shop and no talk restrictions and a matching counterproposal right for HelloFresh in the event the Directors of the Company (“YFZ Directors”) receive a superior proposal. The SID also details circumstances under which YFZ may be required to pay HelloFresh a break fee of A\$1.25 million if the Scheme does not proceed.

Subject to no superior proposal emerging and an independent expert concluding and continuing to conclude that the Scheme is in the best interests of YFZ Shareholders, each of the YFZ Directors unanimously recommend that YFZ Shareholders vote in favour of the Scheme and subject to the same

<sup>1</sup> Based on 134,547,468 ordinary shares outstanding and a share price of A\$0.91.

<sup>2</sup> Equivalent to A\$23.3 billion based on the exchange rate of €1:A\$1.60 as at 10 August 2021 (“Exchange Rate”).

<sup>3</sup> The Company has also undertaken early discovery works and submission of relevant development applications.

qualifications, all YFZ Directors intend to vote, or procure the voting of all YFZ Shares held or controlled by them in favour of the Scheme. RGT Capital<sup>4</sup>, which holds c. 57.5% of the issued capital of YFZ, has informed YFZ that it intends to vote in favour of the Scheme subject to the same qualifications.

## Purpose of the report

The Directors of the Company have requested Grant Thornton Corporate Finance to prepare an Independent Expert's Report ("IER") stating whether the Scheme is in the best interests of security holders of the Company for the purposes of section 411 of the Corporations Act 2001 (Cth) ("Corporations Act").

When preparing this IER, Grant Thornton Corporate Finance has had regard to the Australian Securities Investment Commission's ("ASIC") Regulatory Guide 111 *Contents of expert reports* ("RG 111") and Regulatory Guide 112 *Independence of experts* ("RG 112"). The IER also includes other information and disclosures as required by ASIC.

## Summary of opinion

**Grant Thornton Corporate Finance has concluded that the Scheme is FAIR AND REASONABLE and hence in BEST INTERESTS of YFZ Shareholders in the absence of a superior alternative proposal emerging.**

In forming our opinion, Grant Thornton Corporate Finance has considered whether the Scheme is fair and reasonable to YFZ Shareholders and, as part of that consideration, has had regard to other quantitative and qualitative considerations.

## Fairness Assessment

Grant Thornton Corporate Finance has compared the fair market value of YFZ before the Scheme on a control basis with the Scheme Consideration. The following table summarises our fairness assessment.

Fairness assessment	Section		
A\$ per share	Reference	Low	High
Fair market value of Youfoodz Shares before the Scheme	6	0.85	1.06
Scheme Consideration	1	0.93	0.93
<b>Premium/(discount)</b>		<b>0.08</b>	<b>(0.13)</b>
<b>Premium/(discount) (%)</b>		<b>10.0%</b>	<b>(12.1%)</b>
<b>FAIRNESS ASSESSMENT</b>		<b>FAIR</b>	

Source: GTCF analysis

The Scheme Consideration is within our assessed valuation range of YFZ on a control basis. Accordingly, we conclude that the Scheme is FAIR to YFZ Shareholders.

YFZ Shareholders should be aware that our assessment of the value per YFZ Share should not be considered to reflect the price at which YFZ Shares may trade if the Scheme is not implemented. The price at which YFZ Shares will ultimately trade depends on a range of factors, including: the available public

<sup>4</sup> RGT Capital Fund No. 6 (YF) Pty Ltd (ACN 625 431 307) as trustee for the RGT Capital Fund No. 6 (YF) ("RGT Capital") holds 77,307,508 YFZ Shares or 57.5% of the issued capital.  
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market for YFZ Shares, the demand for ready-made meals, macro-economic conditions, the impact of the outbreak of COVID-19 on the economy and the performance of YFZ's business.

We have assessed the fair market value of YFZ Shares on a control basis by adopting the discounted cash flow methodology ("DCF Method") as our primary approach, which we have cross checked with the Quoted Share Price Method and a market based approach having regard to the enterprise value as a multiple of revenue ("Revenue Multiple")<sup>5</sup>.

#### *DCF Method*

We have built a financial model projecting the post-tax free cash flows of the Company ("GT Model") based on management's internal forecast up to 30 June 2024 ("Internal Model"), historical and YTD financial performance, consensus estimates from investment analysts, and industry benchmarks.

In our assessment of the Company based on the DCF Method, we have considered a central case ("Base Case") and sensitised it with an Upside and Downside Case, each of which could reasonably be adopted by market participants. We have outlined a summary of the key assumptions adopted in the three scenarios below.

In the GT Model, we have considered three key overarching observations that have guided us in estimating the assumptions underlying the projections. They are briefly discussed below.

- 1. Fully implementing a subscription model* – Youfoodz currently has a subscription offering available to all B2C customer, and currently circa 20% of B2C orders are made via the subscription offering which generates an average order frequency per quarter of circa 4.0x. Feedback from internal customer surveys suggests the key reason many of them do not reorder more frequently is because they forget. As a result, based on customer learnings from the existing subscription model, the Company is in the process of completing the capital expenditure required from a technology and systems perspective to develop and launch an improved subscription offering, providing greater functionality and customer experience amongst other aspects. The company expects this new offering to be launch in Q3 FY2022 and subsequently has planned a gradual shift to a full subscription model. The Company believes that the subscription model, once fully launched, will make its offering more attractive to customers and will increase customer order frequency through a 'set and forget' model which should lead to a material increase in revenue. This is a significant growth opportunity for the business as the subscription model is widely adopted by competitors in Australia and industry players globally. The overall average order frequency per customer per quarter ("AOF") is currently 2.7x for the Company versus between 4x and 5x for most of its peers. At the same time, as per any new business strategy there are certain risks associated with the implementation plan.
- 2. Production capacity* – In the first half of calendar year 2021, Youfoodz produced approximately 398,000 meals per week versus a manufacturing capacity of c. 420,000 meals per week. The New Facility will have an initial planned capacity of 800,000 meals per week<sup>6</sup>, accordingly, the Company plans to continue growing production over the next two years by outsourcing some manufacturing to a third party until the New Facility is operational. The Company expects this will allow it to achieve greater throughput and therefore better unit economics once the New Facility is operational. Youfoodz currently already utilises outsourced manufacturing to manage peak demand. In addition, the Company has put in place strict and robust manufacturing protocols and monitoring systems to

<sup>5</sup> Calculated as enterprise value divided by FY21 forecast revenue.

<sup>6</sup> With the ability to increase to c. 1.1 million meals per week with additional lines.  
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mitigate any potential risks attached to the outsourced production. Nonetheless, this will negatively affect the Company's profitability and will be potential constraint and risk factor in the growth of the business over the next two years.

3. *The cost of growing the business* – Funding the growth of the business requires significant investments in working capital, marketing, systems and infrastructure, staff costs and general operations and it may require the funding of significant negative cash outflows, at least in the short term, until the business has reached scale. We note that in FY20 and FY21, the Company generated negative cash flows from operating and investing activities totalling A\$8.3 million<sup>7</sup> (on a normalised basis). As at 24 June 2021, approximately 7 months after IPO, the Company had a cash balance of A\$27.4 million and undrawn debt facilities of A\$7.1 million. However c. A\$15 million in capital expenditure is allocated to fund the plant and equipment of the New Facility, although the Company has the flexibility to lease these assets. Further, A\$4.6 million of capital expenditure will be required to implement the subscription model across the entire customer base. The Company has historically incurred customer acquisition costs of circa A\$92<sup>8</sup> to A\$97<sup>9</sup> per customer in FY20 and FY21 respectively (assuming no marketing costs associated with B2B).

We have outlined a summary of the key assumptions adopted in the three scenarios below.

- A. *Base Case* – We have modelled the future performance of the business having regard in particular to the following key assumptions below:
  - *B2C revenue growth*: Our gross revenue growth assumptions in FY22 and FY23 for both B2B and B2C are in line with broker forecasts (c. 11% per annum) but as the New Facility becomes operational in Q1 FY23, we have assumed that the Company will have a greater ability to aggressively increase throughput and revenues. We have also assumed an acceleration of the B2C revenue growth from the full launch of the subscription model with a gradual increase in order frequency between FY22 to FY28 from 2.7x per quarter in Q4FY21 to 4.0x per quarter in FY28. We note that for customers that have opted to subscribe for regular Youfoodz orders (c.20% of B2C customers), the AOF has increased to c. 4.0x per customer per quarter.
  - *B2B revenue growth*: The Company experienced a reduction in B2B revenues in FY21 as a result of a series of rolling lockdowns throughout the country which affected retail operations and in particular the convenience/petrol stores due to reduced foot-traffic. We have assumed the level of disruption to the B2B sector from lockdowns will reduce in 2022 and accordingly have allowed for an increase in B2B revenues.
  - *COGS and Gross Margin* – In FY22 and FY23, we have captured the costs of outsourcing a portion of the manufacturing to third parties until the New Facility is operational. The New Facility will be more automated than current operations and will consolidate three manufacturing sites into one. This is expected to generate substantial labour cost savings, reduce wastage and improve food yields. The identified savings have been verified by an independent third party. In the Base Case, we have included 75% of the cost savings estimated by the Company. In assessing the level of costs savings in our valuation we have benchmarked our gross margins with the listed peers and brokers to ensure they are reasonable.

<sup>7</sup> Excluding IPO expenses and the repayment of the Shareholder Loan. Consists of A\$0.8 million in FY20 and A\$7.5 million in FY21.

<sup>8</sup> Based on marketing expenses of c.A\$13.3m divided by new customers acquired of 145,014 in FY20

<sup>9</sup> Based on marketing expenses of c.A\$19.6m divided by new customers acquired of 195,625 in FY21

- **EBITDA margin:** We have reflected higher occupancy costs from FY23 in relation to the New Facility in line with the expected lease terms. Employee costs and general administration costs are kept broadly in line with historical levels. We have estimated the EBITDA margin to normalise at c. 9% at the end of the discrete forecast period. We note that Marley Spoon is targeting an EBITDA margin of c. 15% and HelloFresh's EBITDA margin is between 11% and 13%. However, Youfoodz's business model is more labour and capital intensive than meal-kit companies.
  - **Capital expenditure:** The Company is expected to incur circa A\$15 million in capex in relation to the New Facility to increase capacity to 800,000 meals per week and c. A\$4.6 million for the development and programming of new IT systems including the website and the app for the subscription model. Therefore we have assumed maintenance capex of approximately A\$3.5 million per annum and in the terminal year we have assumed A\$5.0 million.
  - **Synergies** – We have valued the business on a 100% basis and accordingly we have allowed for the synergies available to a pool of potential purchasers which we have assessed between A\$2 million and A\$2.5 million per annum.
  - **Discount rate** – Assessed between 10.8% and 12.9% (post-tax) based on the WACC<sup>10</sup>.
- B. **Low Case** – Given the uncertainties in relation to the realisation of the cost savings in connection with the New Facility, in the Low Case we have assumed that only 50% of the expected cost savings will be achieved and the EBITDA margin is normalised at around 8.5%.
- C. **High Case** – We have assumed the Company achieves the AOF of 4.0x per customer per quarter one year earlier than the Base Case and the revenue growth is accelerated at the beginning of the discrete forecast period. We have additionally assumed that the company will realise a normalised EBITDA margin of 10% and 100% of the cost savings estimated in relation to the New Facility are achieved.

Based on the scenarios mentioned above, our valuation of Youfoodz is summarised below:

#### YFZ valuation assessed range



Source: GTCF analysis

<sup>10</sup> Weighted Average Cost of Capital.  
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As set out above, we have assessed the fair market value of Youfoodz on a control basis between A\$0.85 and A\$1.06.

It should be noted that the equity value of Youfoodz could vary materially based on changes in certain key assumptions. Accordingly, we have set out a sensitivity analysis in section 6.1.8.

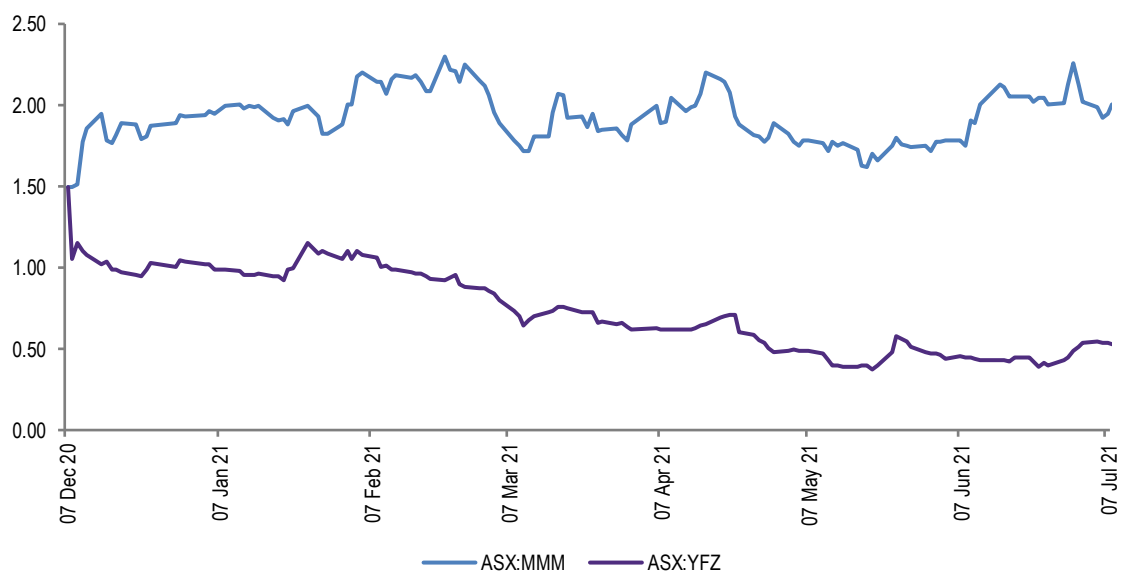
#### Share price analysis

Whilst the Scheme Consideration is at a significant premium to the trading price before the announcement, it represents a c. 38% discount to the IPO Price. We have briefly discussed below the market conditions, key events and the performance of the business to understand if it reasonable for us to opine that the Scheme is fair notwithstanding that the Scheme Consideration is at such a large discount to the IPO Price.

The Company raised A\$70 million at A\$1.50 per share from institutional and retail investors but when trading on the ASX commenced on 8 December 2020, its trading price fell immediately to A\$1.16 per share and closed the first day of trading at A\$1.05, c. 30% below the IPO Price. The downwards trend continued in the following months with YFZ Shares trading on or around A\$0.40 per share between mid-May and the end of June to then slightly recover to A\$0.51 just before the announcement of the Scheme.

Based on discussions with Management and their adviser, we understand that investors considered Marley Spoon AG (“Marley Spoon”)<sup>11</sup> as a relevant reference point in reviewing the IPO Price. Accordingly, we have illustrated in the graph below the trading price of YFZ against Marley Spoon to gain further insights into their relative performance since the IPO. As shown in the chart below, Youfoodz trading price has underperformed Marley Spoon since it began trading on 8 December 2021. We discuss the reasons for this further below.

#### Trading price of YFZ against Marley Spoon (rebased to IPO Price)



Source: S&P Global, GTCF analysis

<sup>11</sup> It is listed on the ASX with a market capitalisation of c. A\$500 million and it operates in the meal-kit segment with the Marley Spoon and Dinnerly brands.  
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We have made some observations below which may assist the Shareholders in considering the performance of the trading price of YFZ.

- *Timing of setting the IPO price* – The book building for the A\$70 million IPO raising was closed and fully subscribed at A\$1.50 per share or 1.1x FY21 Revenue Multiple and it was undertaken in the last week of October 2020. In the week leading up to the bookbuild, Marley Spoon was trading at c. A\$3.50 per share or a FY21 Revenue Multiple of c. 1.5x. The trading price of Marley Spoon reached A\$3.49 on 22 October 2020 around the time of the book building.

Also at a similar time, Nestle announced the acquisition, for US\$1.5 billion, of Freshly (a US-based chilled meals start-up) for a Revenue Multiple of 2.2x<sup>12</sup> (excluding potential earn-out), which highlighted the potential for consolidation in the sector and growth opportunities.

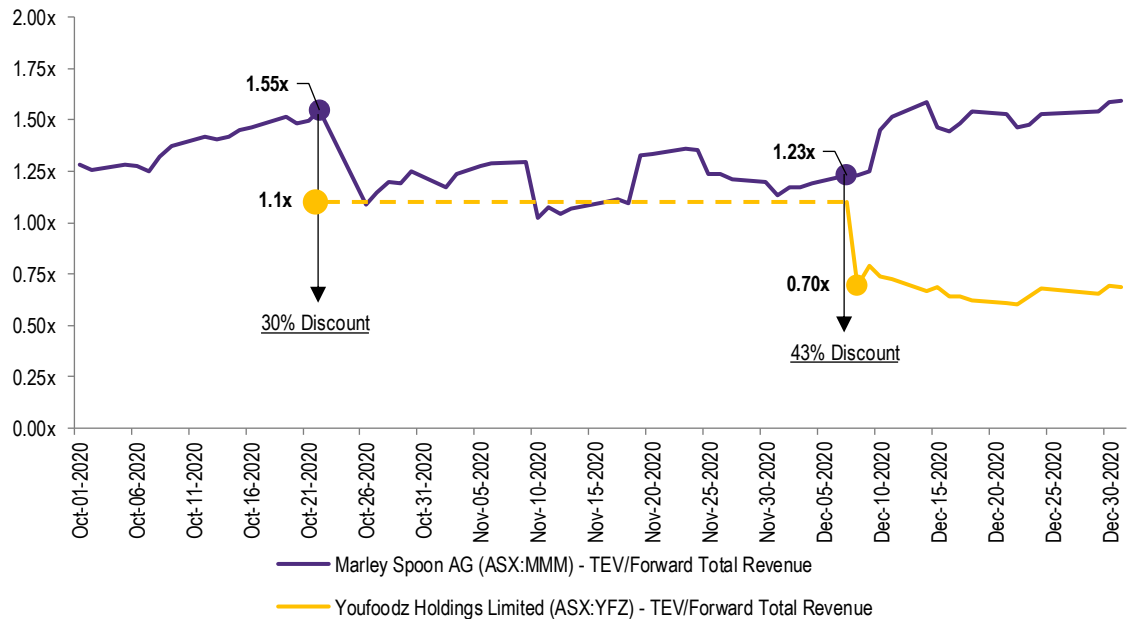
After market close on 23 October 2020, Marley Spoon announced an equity raising of A\$56 million at a price of A\$3.22 per share, or 5% discount to the 1 day VWAP but the trading price fell by 32% on the day to close at A\$2.36 per share. At the same time of the placement, Marley Spoon also announced that the CEO and Founder intended to sell approximately 750,000 shares at the same price of the placement price and shortly after the raising, the CFO of Marley Spoon resigned.

- *Vaccine candidate* – On 9 November 2020, global equity markets, including the ASX, increased significantly on the news of positive interim clinical trial results of Pfizer's COVID-19 vaccine candidate. This was signalling a potential re-opening of economies around the world and an exit from a protracted period of lockdowns. Following the announcement, Marley Spoon's share price reduced by c. 23% as growth in the company's operations was significantly boosted during the 2020 extended lockdowns, in particular in the US and Europe. In the following period up to the initial trading of YFZ on the ASX on 8 December 2020, the trading price of Marley Spoon continued the downward trend to close at A\$2.10 per share, or a FY21 Revenue Multiple of 1.23x on the day that YFZ listed.
- *Rotation from growth to value* – In November 2020, the uncertainty in relation to the US election was removed and the positive news on Pfizer's vaccine candidate (discussed above) triggered a market rotation from growth to value stocks. Value stocks usually include companies that are exposed to the economic cycle and which have historically performed well coming out of recessions. YFZ is considered a growth stock.

Following the above discussion, as illustrated in the graph below, it would appear that the trading price of YFZ reduced on listing to re-establish a similar Revenue Multiple relativity with Marley Spoon at the time the IPO price was set.

<sup>12</sup> Based on the upfront consideration of US\$950 million and CY20 forecast revenue of US\$430 million.  
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**FY21 Revenue Multiple of Marley Spoon and Youfoodz in the last quarter of 2020**



Sources: S&P Global, GTCF analysis.

In the subsequent period, the trading price of the Company initially moved substantially in line with Marley Spoon but then the correlation started to divert from February 2021 in conjunction with the following announcements:

- In February, Marley Spoon announced that CY21 revenue was expected to grow by 25%-30% year on year (“yoy”) whereas YFZ reaffirmed its prospectus forecasts with revenue expected to grow by 18% in FY21. Marley Spoon demonstrated superior growth.
- In April 2021, Marley Spoon upgraded its revenue growth guidance to between 30% and 35% yoy whereas YFZ announced that it was expected to miss its Prospectus forecasts with FY21 net revenue in the range of A\$146.0-A\$148.0 million vs prospectus forecast of A\$149.9 million and EBITDA in the range of A\$1.0-A\$2.0 million vs prospectus forecast of A\$2.9 million<sup>13</sup>.

In our opinion, the analysis above assists in explaining the performance of Youfoodz’s trading price since the IPO and the significant contraction is explained by three key reasons:

- The IPO Price was set prior to a material contraction in Marley Spoon’s trading price in the lead-up to the commencement of trading on the ASX.
- YFZ missed its net revenue and EBITDA prospectus forecast and its growth rate was reducing whilst Marley Spoon’s was accelerating.
- General market rotation from growth to value stocks.

We are of the opinion that there were also other specific factors that contributed to the subdued share price performance of YFZ since the IPO in absolute terms and compared with Marley Spoon:

<sup>13</sup> We note that instead gross revenues were expected in the range A\$201 and A\$205 million versus prospectus forecast of A\$199.8 million.  
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- Youfoodz underperformed in its B2B segment specifically sales to petrol & convenience service stations, corporates and government organisations due to the ongoing impact of COVID-19 restrictions on the retail channel. On the flip side, Marley Spoon is 100% B2C.
- The delay in announcing the finalisation of the lease for the New Facility and the execution risks attached to the planning, development, construction and delivery of the expected cost savings. We note that in the Prospectus, the Company indicated that development of the new purpose-built facility was expected to commence in January 2021 with a construction timeline of approximately 18 months.
- RGT owns 77.3 million shares, equivalent to 57.5% of the issued capital, which were in escrow until the release of the FY21 results (which occurred on 24 August 2021). Accordingly, the trading price of the Company may have reflected a potential overhang effect from the expectation that RGT may seek to sell all or a component of its holding shortly after removal from escrow.

As a result of the above, we are of the opinion that between the timing the IPO Price was set and the announcement of the Scheme, several factors, both business specific and market related, have changed, which make the comparison between the Scheme Consideration and the IPO Price not necessarily relevant. In addition, as discussed at length in section 6.3.1, the liquidity in YFZ Shares is limited and accordingly small trading volumes may create material volatility in the trading price which may jeopardise their ability to represent fair market value.

Based on the procedures undertaken, we are of the opinion that there are specific reasons for the Scheme Consideration to be reasonable notwithstanding that it is at a significant discount to the IPO Price.

#### *Revenue Multiple Method*

In order to provide a cross check of our valuation conclusions under the DCF methodology, we have also considered the Revenue Multiples of comparable companies and transactions. Revenue multiples are widely used to benchmark the value of high-growth companies. However, generally, businesses are more often valued with reference to an earnings multiple as earnings are considered the best proxy for measuring a company's underlying financial performance. Nonetheless, in our view, several factors make a revenue multiple approach suitable to assess the fair market value of YFZ.

Given its early stage of maturity, the Company (and many comparable businesses) exhibit high levels of growth and high rates of reinvestment in marketing, technology and sales; further, it has a limited history of generating positive earnings and reports high variability in operating margins. The value of businesses displaying these characteristics are predominantly driven by their growth potential and capacity to increase market share, as opposed to short term earnings, cash flow generation and dividend distributions.

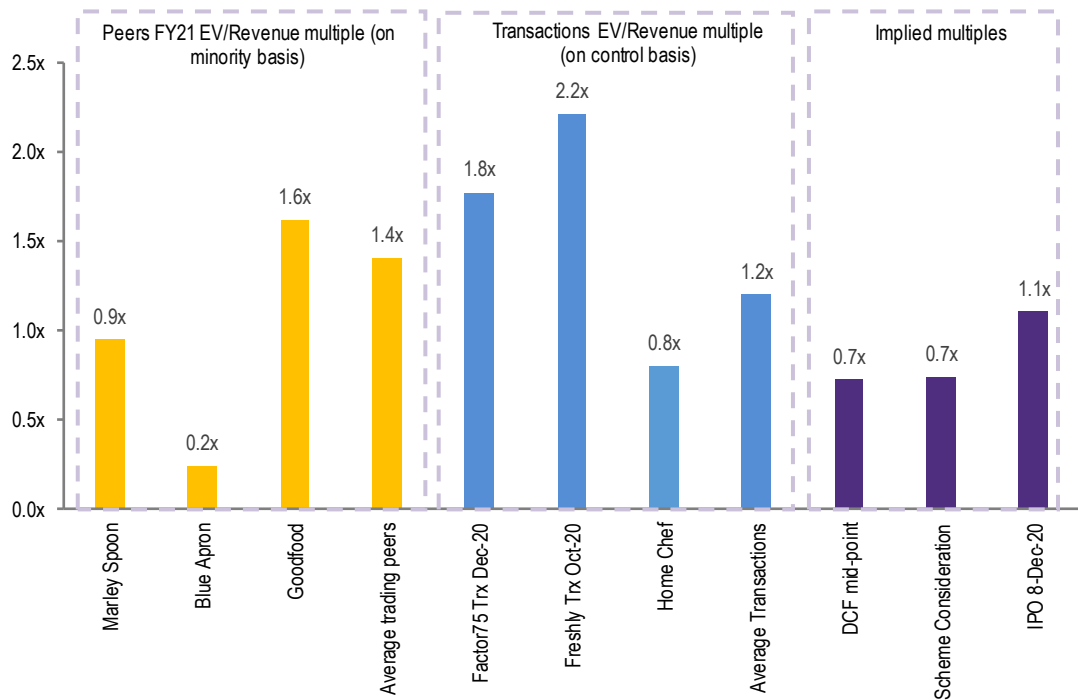
In our analysis, we have mainly relied on the following:

- *Listed peers* – We have mainly relied on the trading multiples of Marley Spoon, Blue Apron and Goodfood Market Corp, which are in a similar stage of development to the Company and the size of their operations, whilst larger than YFZ, still provides a meaningful comparison. We have also analysed in detail in section 6.2 other listed peers such as HelloFresh and My Food Bag Group, however we have not considered them in the core basket of listed peers.

- *Comparable transactions* – In section 6.2, we have analysed c. 10 deals in the sector which occurred between 2017 and 2020. In our analysis, we have mainly relied on the acquisition of Freshly by Nestle, Factor75 by HelloFresh, My Muscle Chef by Quadrant PE and Home Chef by The Kroger Group.

We have set out below a comparison of some of the key Revenue Multiple metrics on a control basis:

#### Revenue Multiple comparison

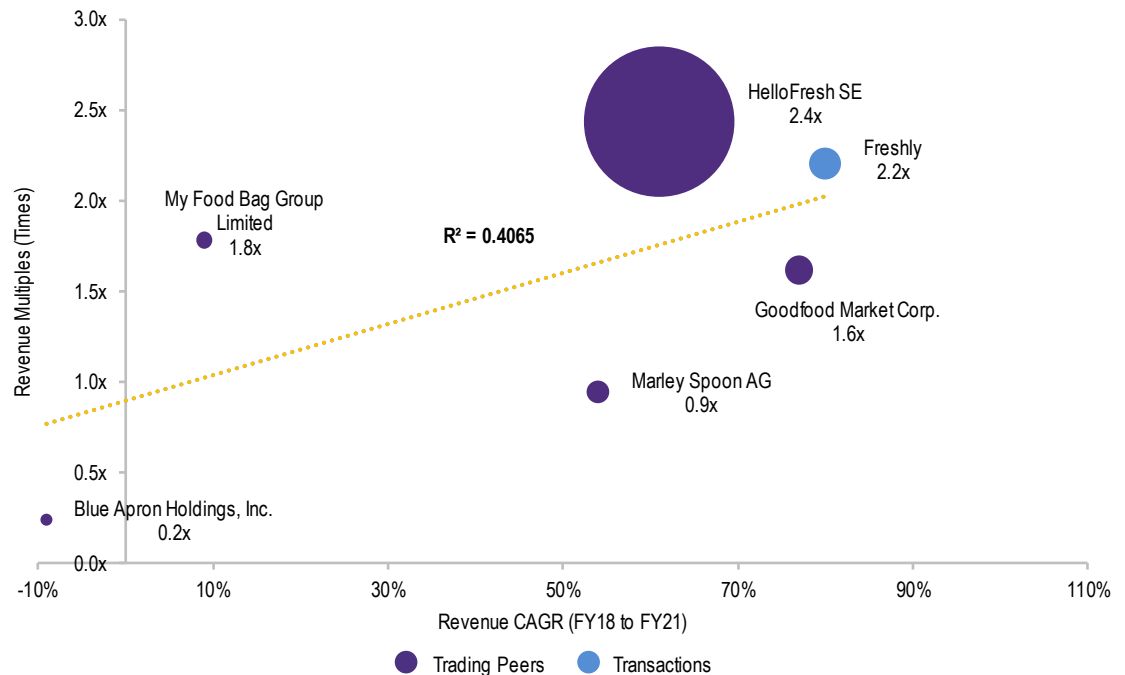


Source: S&P Global, GTCF analysis, Mergermarket

Note: (1) The comparable trading companies (yellow) have 31 December as a financial year end and accordingly we have reported the forecast FY21 revenue multiple; (2) Transaction multiple based on historical revenue at the time of the transaction; (3) Implied multiple based on FY21 Revenues.

Based on the analysis undertaken in section 6.2, we are of the opinion that a significant driver of the valuation of businesses in the industry is connected to the historical and forecast revenue growth rate and the size of the business. As shown in the graph below, there is a positive correlation between the revenue multiple and the revenue growth rate and the scale of the business.

### Revenue multiple vs revenue growth and market cap



Source: S&P Global, GTCF analysis, Mergermarket

Note: The area of the bubble represents the scale of the market capitalisation of the different companies; My Food Bag revenue multiple derived from FY22 forecast revenue, all others at exclusion of Freshly use FY21 forecast revenue; (2) Freshly is related to the implied revenue multiple by the purchase consideration and the revenue CAGR reported is as at the time of the acquisition.

Based on the above, we have concluded that the Revenue Multiple implied in our DCF assessment and in the Scheme Consideration is reasonable due to the following:

- It is at a discount with the Revenue Multiple of Marley Spoon on a minority basis which we are of the opinion is reasonable considering that Marley Spoon expects net revenue to grow by 30% to 35% in CY21 vs 17% achieved by the Company and it generated revenue in the first half of 2021 of €158 million. Marley Spoon also has operations in Australia, the US and Europe with a significantly larger total addressable market. We note that e-commerce adoption is significantly higher in the US than in Australia and it is projected to grow by 100% over the next 5 years.
- It is at a significant premium to the Revenue Multiple of Blue Apron which seems reasonable given that Blue Apron reported a net revenue increase of just 1% in 2020 with a loss of US\$46.2 million. Further, in Q2 2021, the company reported that it had 375,000 customers, down 16,000 from the previous quarter, and down 21,000 from the previous year. Overall, the trading price reduced by circa 60% since the beginning of the year.
- We expect Goodfood Market Corp to trade at a significant premium given the size of the operations and exponential revenue growth from C\$70 million in CY18 to C\$384 million in the LTM<sup>14</sup>. The business also generates a strong gross margin of c. 33% and positive adjusted EBITDA of c. C\$9 million (LTM) operating out of 7 purpose built manufacturing facilities in North America.
- The Revenue Multiples paid for the acquisition of Factor75 and Freshly are materially higher as they reflect the quality of those business and their footprint in the large US market, the size of their operations and the expected growth rate. For example, Freshly was shipping more than 1 million meals per week across 48 states in the US and it has been growing at over 80% between 2017 and

<sup>14</sup> Last twelve months ("LTM").  
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2020. Also the consideration for both transactions incorporated significant earn-out payments which have not been factored into our assessment of the Revenue Multiple given that we used historical revenue. Accordingly, the Revenue Multiple should be considered with caution.

- It is substantially in line with the Revenue Multiple paid for Home Chef by the Kroger Group which at the time delivered over 3 million meals each month across three distribution centres in Chicago, Atlanta and Los Angeles to reach c. 98% of US households within a 2-day delivery window. Home Chef was founded in 2013 and it experienced a revenue growth of 150% in the year prior to the acquisition to reach US\$250 million in revenue.

### ***Reasonableness Assessment***

Under RG 111, the Scheme is reasonable if it is fair. Notwithstanding the above, we have summarised below advantages, disadvantages and other factors in relation to the Scheme.

#### **Advantages**

##### *Premium for control*

A premium for control is applicable when the acquisition of control of a company or business would give rise to benefits such as the ability to realise synergies, access technology, access tax benefits and control of the board of Directors of the Company. The Scheme Consideration of A\$0.93 per YFZ Share represents a premium of:

- 82% to closing share price immediately before announcement of the Scheme.
- 76% to the 1-week VWAP<sup>15</sup> prior to 13 July 2021.
- 93% to the 2-week VWAP prior to 13 July 2021.
- 109% to the 1-month VWAP prior to 13 July 2021.
- 82% to the 3-month VWAP prior to 13 July 2021.

This premium for control will not be available to YFZ Shareholders in the absence of the Scheme or a superior proposal, and we are of the opinion that it is unlikely for the trading price of YFZ to increase in line with the Scheme Consideration at least in the short term.

##### *Certainty of the cash consideration*

YFZ Shareholders have the opportunity to receive a certain cash amount at a significant premium to the trading price of YFZ before the announcement of the Scheme and at a premium to the price that YFZ shares may trade in the short term in the absence of the Scheme or an alternative transaction. If the Scheme is implemented, YFZ shareholders will no longer be exposed to the ongoing risks associated with holding an investment in YFZ which are summarised below in a non-exhaustive manner:

- *Current manufacturing facilities* – In the short-term, whilst the New Facility is built, the Company intends to utilise third party manufacturers to supplement its operations which are close to full capacity.

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<sup>15</sup> Volume Weighted Average Price.  
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As outlined in the Prospectus, the Company has capacity to produce c. 420,000 meals a week and it is already operating at this capacity in the first half of 2021. If the operations continue to grow in line with management's expectations, the Company will need to increase its reliance on outsourced production. Whilst the Company has put in place a rigorous selection of external manufacturers and a robust monitoring process, this may cause disruption to the operations, reduce profitability and potentially affect the brand reputation in case of inconsistency in the final products.

- *Execution risk in relation to the New Facility* – Part of the proceeds of the recently completed IPO are going to be used for the purpose of building the New Facility for which the Company has entered into a heads of agreement with a formal lease expected to be finalised in the short term. Whilst the construction of a purpose-built manufacturing facility will bring significant benefits in terms of increased capacity and enhanced manufacturing capabilities, automation and operating efficiencies, these are only going to be crystallised from FY23 onwards. In the interim period there are a number of risks that the Shareholders will be exposed to which may materially affect the performance of the trading price. These risks are briefly discussed below in a non-exhaustive manner:
  - The lease agreement is still in the process of being finalised and the required local approvals to commence construction are yet to be obtained. These processes are not necessarily and fully under the control of the Company and there could be delays, potentially material, which may defer completion of the construction and accrual of the benefits for Shareholders. Further, once the site is secured and the lease is finalised, construction of the New Facility may be subject to delay or cost overruns, which may adversely affect the operations of the business.
  - Once the New Facility is completed, it will require a certain period of time to be fully commissioned, fine-tuned and fully integrated into the operations. It is likely that there will be a period of overlap of leases between the current operations and the new site which may cause inefficiencies, incremental costs and potentially affect the overall just-in-time production and delivery model of the business.
  - The New Facility is expected to generate a substantial increase in gross margin as a result of increased automation, more efficient and streamlined processes and a reduction in the man-power required. Some of the investment analysts covering the stock have indicated that an increase in gross margin of up to 5% could be realised<sup>16</sup>. Whilst the Company has an experienced management team and it has engaged external consultants to assist with the design of the New Facility and project management of the construction, there is no certainty that once the New Facility is operational it will perform in line with expectations.
  - The New Facility is expected to have a capacity of c. 800k meals per week based on 4 packing lines with the ability to increase to c. 1.1 million meals per week with additional lines. In the first half of calendar year 2021, the Company prepared c. 10.2 million meals or c. 398k per week. Based on the planned manufacturing capacity of the New Facility and the current size of the operations, in the absence of continuous significant growth over the next 2 years, the New Facility may have material spare capacity resulting in a less than optimal efficiencies.
- *Change to a subscription model for B2C* – The Company is currently in the process of fully implementing a subscription model nationally to enhance customer retention and purchase frequency. Customer surveys have indicated that over 60% of customers would like to order Youfoodz products weekly or fortnightly, however only approximately half of them do due to the requirement of manually

<sup>16</sup> Bell Potter and Morgans broker reports on Youfoodz.  
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placing orders in the app or website. Whilst a flexible revenue subscription model is widely adopted by key meal-kit competitors such as Marley Spoon and HelloFresh compared with the one-off purchases currently adopted by the Company, this still represents a material diversion from the current business model which could disenfranchise existing customers.

- *Current outbreak of COVID-19* – The current widespread lockdown across the Eastern seaboard associated with COVID-19 poses challenges for the industry and for the economy in general, which was growing strongly before the current outbreak. Significant uncertainty remains regarding the duration of the lockdown due to the highly contagious nature of the Delta Variant which is exacerbated by the low level of vaccination around the country (as at August 2021). The current restrictions in place create a risk for the B2B division as product sales are predicated on foot traffic, in particular in the petrol and convenience channels, which reduced materially during the first lockdown in 2020. Further, the current outbreak of COVID-19 and the re-instatement of lockdowns across Australia may cause the unemployment rate to rise, GDP growth to contract and household incomes to reduce, which may adversely impact the industry. We note that during the 2020 lockdowns, the Company experienced some disruption in its supply chain including increasing raw material costs and logistics expenses.
- *Competitive marketplace* – YFZ operates in an industry which is highly competitive and against other market participants that are well capitalised and able to tap into a supportive shareholder base to fund growth opportunities, including industry consolidation and industry changes. As set out below, most of YFZ's competitors in the marketplace are part of large and vertically integrated groups or well capitalised businesses, which have greater access to capital.
  - Marley Spoon – It is listed on the ASX with a market capitalisation of c. A\$500 million and it operates in the meal-kit segment with the Marley Spoon and Dinnerly brands. The company has operations in Australia, the US and Europe and it generated revenue in the first half of 2021 of €158 million. It is in a similar growth stage as YFZ, however it has secured an external debt facility of up to €55 million and it has a cash balance of c. €46 million as at 30 June 2021.
  - HelloFresh – HelloFresh is the market leader in meal kits in Australia through its brands HelloFresh and EveryPlate. In addition HelloFresh has started to provide ready-to-eat meals in the US through its recent acquisition of Factor75. It is listed on the Frankfurt Stock Exchange with a market capitalisation of c. €14.6 billion focused on both the meal-kit and the ready-made meal segments.
  - My Muscle Chef – My Muscle Chef, an Australian supplier of prepared meals and protein shakes, has recently secured an investment of A\$100 million from Quadrant Private Equity<sup>17</sup>, one of the largest and pre-eminent PE firm in the country.
  - Coles and Woolworth are increasingly pushing penetration of white-label ready-made meals with premium and prominent shelf space.
  - Global food conglomerates such as McCain Foods (Health Choice and Man Size), Heat to Eat Holdings (Vesco Foods and Lean Cuisine), and G.D. Mitchell Enterprises (Lite n' Easy).

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<sup>17</sup> Based on publically available information.  
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- Others – The sector is prone to consolidation with large global food conglomerates entering the sector. For example, at the end of 2020, Nestlé announced that it had acquired Freshly, one of the leading fresh-prepared meal delivery services in the U.S.

#### *No brokerage costs*

YFZ Shareholders will be able to realise their investment in YFZ without incurring any brokerage or stamp duty costs.

## Disadvantages

#### *Timing of the transaction is somewhat opportunistic*

The timing of the Scheme is somewhat opportunistic due to the following:

- The trading price of the Company has been depressed and trending downwards in a relative short period of time since the IPO.
- The Company is in the process of finalising the lease for the New Facility which, when completed in FY23, is expected to generate significant cost savings, increases in margin and manufacturing capabilities. Whilst the achievement of these benefits is not without risk, the Shareholders will not participate in this potential upside.
- The subscription revenue model, if executed without increasing customer churn, is able to deliver significant revenue growth based on benchmarking undertaken on the peers and the direct experience of the Company with a small cohort of B2C customers. We note that currently, meal-kit providers such as Marley Spoon and HelloFresh have average customer order profiles significantly above YFZ which seems to be driven by their pure subscription model. YFZ currently averages 2.7<sup>18</sup> orders per customer per quarter compared to 4.3<sup>19</sup> for Marley Spoon and 4.0<sup>20</sup> for HelloFresh.
- The Company is planning to continue to introduce new products and broaden the range with vegetarian, vegan and plant-based meals, family packs and kid's meals aiming to increase market penetration.

Whilst the timing of the Scheme may have been somehow opportunistic, this was more than offset by the materially above market premium for control paid by HelloFresh of 109% to the 1 month VWAP compared with the average premium for control between 20% and 40% historically paid in Australia for successful takeover transactions. In the absence of the Scheme, it will be difficult for the share price to trade above the Scheme Consideration, at least in the short term.

#### *Positive industry outlook*

Youfoodz benefits from operating in a growing industry with a positive long-term outlook. The ready-made meals industry is forecast to grow at a CAGR of 11.3% between FY16 and FY22 driven by an increasingly time poor population that value convenience products that also meet their health and fitness objectives. Traditionally, the majority of ready-made meals were frozen and had limited nutritional appeal. Youfoodz products offer the same convenience of frozen ready-made meals (i.e they can be consumed within

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<sup>18</sup> Q4 FY21

<sup>19</sup> Q2 2021

<sup>20</sup> 3 months ended 31 March 2021.

minutes and require no preparation time), yet they also offer a wide variety of flavours and healthy ingredients that is typically lacking in frozen alternatives. Specifically, increased awareness of the nutritional composition of packaged foods alongside with the ability to track intake of calories and nutrients is increasingly important for consumers looking to achieve fitness goals. If the Scheme is approved, Shareholders will no longer be exposed to the potential upside and growth opportunity of the sector.

### *Brand value*

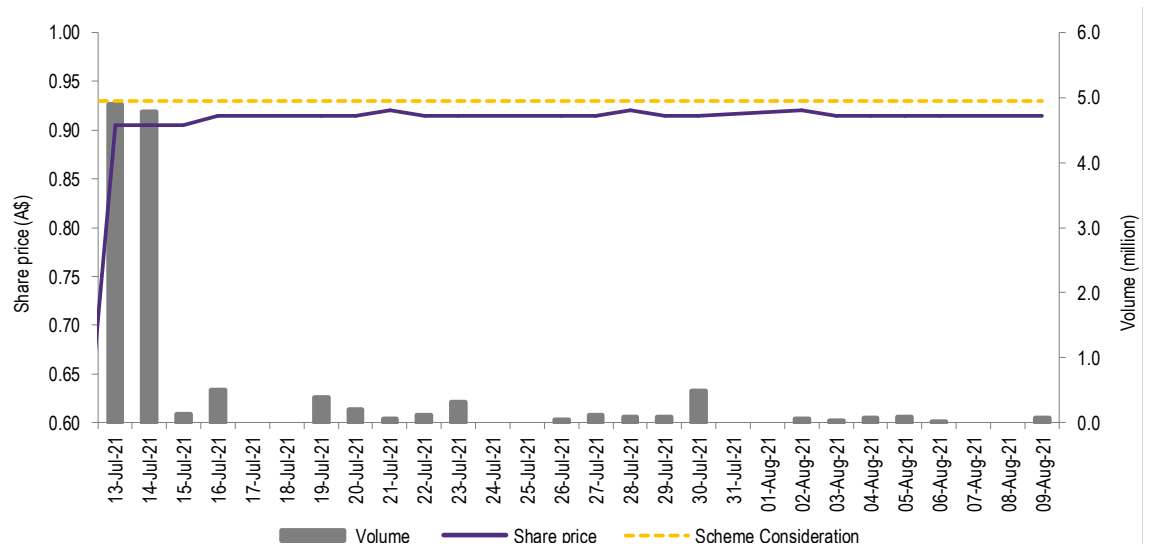
Youfoodz products are available in a diverse array of retail settings including major supermarkets such as Coles, Aldi, Woolworths; independent grocers such as IGA and Foodworks; and petrol and convenience locations including BP, Caltex and 7 Eleven. In addition, Youfoodz recently joined Virgin's Velocity Frequent Flyer program allowing velocity members to earn points from the purchase of Youfoodz products. The Company has built its relationships with its key retail customers over a number of years and benefits from strong brand recognition in the market relative to some of its peers. Under the Scheme, Youfoodz Shareholders will no longer be exposed to the potential growth opportunities of the Company.

## Other factors

### *Share price after the announcement*

As set out below, following the announcement of the Scheme, the share price of YFZ has traded substantially in line with or slightly below the Scheme Consideration which seems to indicate good support from investors, a perceived low risk of the Scheme not being implemented and limited expectations for a superior proposal.

### Trading price after the announcement date



Sources: S&P Global, GTCF analysis.

### *Value of YFZ for HelloFresh*

The acquisition will provide an opportunity for HelloFresh to consolidate its position into the adjacent sector of ready-to-eat meal services which has been experiencing rapid growth. HelloFresh has recently launched a new cost effective meal-kit alternative under the brand EveryPlate in Australia and the acquisition of Youfoodz is a natural strategy to accelerate growth in the sector. HelloFresh, via its customer base and distribution network, should also be able to significantly scale-up Youfoodz's products and brand.

YFZ currently incurs overhead expenses including but not limited to audit, directors' fees, insurance, accounting, share registry and stock exchange listing fees. Further, the Company has not yet reached a size of operations large enough to achieve certain economies of scale in relation to marketing, sales and R&D. Following the implementation of the Scheme, it is expected that the majority of the overhead expenses would be rationalised as YFZ will become a wholly-owned subsidiary of HelloFresh.

In our valuation assessment, we have included the synergies that would be available to a pool of potential purchasers.

#### *Limited takeover contestability*

We note that the RGT Capital owns 57.5% of the issued capital and the takeover contestability of the Company is limited, in the absence of support by RGT Capital. RGT Capital is a financial investor and accordingly it is likely that it may seek an exit from YFZ in the short to medium term even if the Scheme is not implemented. These alternative exit strategies may be less beneficial for Shareholders than the Scheme.

#### *Prospects of a superior offer*

Whilst YFZ has agreed not to solicit any competing proposals or, subject to a fiduciary exception, to participate in discussions or negotiations in relation to any competing proposals, there are no material impediments to an alternative proposal being submitted by potentially interested parties. The transaction process may act as a catalyst for other interested parties and it will provide significant additional information in the Scheme Booklet and Independent Expert's Report to enable such potential acquirers to assess the merits of potential alternative transactions. If a superior proposal emerges before YFZ Shareholders cast their vote on the Scheme, the Scheme meeting may be adjourned or YFZ Shareholders may vote against it.

We note that in the event that a competing superior proposal is announced and completed or the Directors withdraw their recommendation of the Scheme, YFZ may be required to pay HelloFresh a break fee of A\$1.25 million plus GST subject to certain exceptions. The break fee may also become payable under other circumstances as set out in the Scheme Booklet.

#### *Share price in the absence of the Scheme*

In the absence of the Scheme or an alternative transaction, all other things being equal, it is likely that YFZ Shares will trade at a price below the Scheme Consideration, at least in the short-term. In our opinion, the prospect of YFZ shares trading above the Scheme Consideration in the short term is limited, however YFZ's trading price may settle at a level higher than before the announcement of the Scheme.

#### *Implications if the Scheme is not implemented*

If the Scheme is not implemented, it would be the current Directors' intention to continue operating YFZ as a stand-alone entity in line with its stated strategy and objectives. Accordingly, the Company would need to prioritise the finalisation of the lease for the New Facility, the full launch of the subscription model and other growth opportunities in order to try to regain some of the share price contraction since the IPO.

*Tax implications*

Implementation of the Scheme may crystallise a capital gains tax liability for YFZ Shareholders, however the taxation consequences for YFZ Shareholders will vary according to their individual circumstances and will be impacted by various factors. YFZ Shareholders should read the overview of tax implications of the Scheme set out in Section 8 of the Scheme Booklet and also seek independent financial and tax advice.

**Conclusion on the reasonableness**

Based on the qualitative factors identified above, it is our opinion that the Scheme is REASONABLE.

**Overall conclusion**

After considering the abovementioned quantitative and qualitative factors, Grant Thornton Corporate Finance has concluded that the Scheme is **FAIR AND REASONABLE and hence in BEST INTERESTS** to YFZ Shareholders in the absence of a superior alternative proposal emerging.

**Other matters**

Grant Thornton Corporate Finance has prepared a Financial Services Guide in accordance with the Corporations Act. The Financial Services Guide is set out in the following section.

In preparing this report we have considered the interests of YFZ Shareholders as a whole. Accordingly, this report only contains general financial advice and does not consider the personal objectives, financial situations or requirements of individual shareholders.

Yours faithfully

GRANT THORNTON CORPORATE FINANCE PTY LTD



ANDREA DE CIAN  
Director



JANNAYA JAMES  
Authorised Representative

## Financial Services Guide

### **1 Grant Thornton Corporate Finance Pty Ltd**

Grant Thornton Corporate Finance carries on a business, and has a registered office, at Level 17, 383 Kent Street, Sydney NSW 2000. Grant Thornton Corporate Finance holds Australian Financial Services Licence No 247140 authorising it to provide financial product advice in relation to securities and superannuation funds to wholesale and retail clients.

YFZ appointed Grant Thornton Corporate Finance Pty Ltd to provide general financial product advice in the form of an independent expert's report in relation to the Scheme.

### **2 Financial Services Guide**

This Financial Services Guide ("FSG") has been prepared in accordance with the Corporations Act, 2001 and provides important information to help retail clients make a decision as to their use of general financial product advice in a report, the services we offer, information about us, our dispute resolution process and how we are remunerated.

### **3 General financial product advice**

In our report we provide general financial product advice. The advice in a report does not take into account your personal objectives, financial situation or needs.

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice directly to retail investors.

### **4 Remuneration**

When providing the Report, Grant Thornton Corporate Finance's client is the Company. Grant Thornton Corporate Finance receives its remuneration from the Company. In respect of the Report, Grant Thornton Corporate Finance will receive from YFZ a fixed fee of A\$120,000 (plus GST) which is based on commercial rates, plus reimbursement of out-of-pocket expenses for the preparation of the report. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority.

Except for the fees referred to above, no related body corporate of Grant Thornton Corporate Finance, or any of the directors or employees of Grant Thornton Corporate Finance or any of those related bodies or any associate receives any other remuneration or other benefit attributable to the preparation of and provision of this report.

## **5 Independence**

Grant Thornton Corporate Finance is required to be independent of YFZ in order to provide this report. The guidelines for independence in the preparation of independent expert's reports are set out in RG 112 *Independence of expert* issued by ASIC. The following information in relation to the independence of Grant Thornton Corporate Finance is stated below.

*“Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with YFZ (and associated entities) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation the Scheme.*

*Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Scheme, other than the preparation of this report.*

*Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the transaction. Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.*

*Grant Thornton Corporate Finance considers itself to be independent in terms of RG 112 “Independence of expert” issued by the ASIC.”*

## **6 Complaints process**

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Australian Financial Compliance Authority (membership no. 11800). All complaints must be in writing and addressed to the Chief Executive Officer at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Australian Financial Compliance Authority who can be contacted at:

Australian Financial Compliance Authority  
GPO Box 3  
Melbourne, VIC 3001  
Telephone: 1800 931 678

Grant Thornton Corporate Finance is only responsible for this report and FSG. Complaints or questions about the General Meeting should not be directed to Grant Thornton Corporate Finance. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

## **7 Compensation arrangements**

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act, 2001.

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## 1 Outline of the Scheme

### 1.1 Other key terms of the Scheme

We have set out below some of the key terms of the SID:

- *Conditions precedent* – the SID includes the following conditions precedent:
  - Approval of the Scheme by YFZ Shareholders and by the Court in accordance with Section 411(4) (b) of the Corporations Act.
  - No YFZ prescribed occurrences and no material adverse effects, and other conditions precedent typical for a transaction of this type.
- *Options* – The Company has 53,332 options issued to Directors with an exercise price A\$1.50 per share. Each Option holder has informed Youfoodz that they do not intend to exercise the Options. The Options are expected to automatically lapse in accordance with their terms.
- *Deferred Share Awards* – Deferred Share Awards to the value of A\$103,000 were granted to a select number of Youfoodz employees on or around 30 December 2020. Based on the terms of the SID, YFZ needs to take all necessary steps on terms acceptable to HelloFresh (acting reasonably) to ensure that none of them remain in existence on the Scheme Record Date as defined in the SID. Subject to the Scheme becoming effective and the employees remaining employed by the Company, the Directors will accelerate the vesting of the Deferred Share Awards so that 214,051 YFZ Shares will be issued.
- *Break Fee* – A break-fee of A\$1.25 million may become payable by YFZ to HelloFresh if during the exclusivity period the Scheme does not proceed due to:
  - A competing proposal is announced by a third party and within twelve months from its announcement, any third party acquires a relevant interest in more than 50% of YFZ.
  - Any of the YFZ Directors withdraws or adversely revises or qualifies their voting intention or recommendation to vote in favour of the Scheme, except in limited circumstances set out in the SID.
  - HelloFresh terminates the SID due to a material breach by YFZ of the terms of the SID.

*Others* – The SID contains customary exclusivity provisions including no shop and no talk restrictions, restrictions on providing or making available information or access to due diligence (with the no talk and no due diligence restrictions subject to a fiduciary-out), and a matching counterproposal right for HelloFresh in the event the Directors receive a superior proposal.

## 2 Purpose and scope of the report

### 2.1 Purpose

#### *Section 411 of the Corporations Act*

Section 411 of the Corporations Act 2001 regulates schemes of arrangement between companies and their members. Part 3 of Schedule 8 of the *Corporations Regulations 2001 (Cth)* (“Corporations Regulations”) prescribes information to be sent to shareholders and creditors in relation to members’ and creditors’ scheme of arrangement pursuant to Section 411 of the Corporations Act.

Part 3 of Schedule 8 (s640) of the Corporations Regulations requires an independent expert’s report in relation to a scheme to be prepared when a party to that scheme has a shareholding greater than 30% in the company subject to the scheme, or where any of its directors are also directors of the company subject to the scheme. In those circumstances, the independent expert’s report must state whether a scheme is in the best interests of shareholders and state reasons for that opinion. Even where there is no requirement for an independent expert’s report, documentation for a scheme of arrangement typically includes an independent expert’s report.

While there is no legal requirement for an independent expert’s report to be prepared in respect of the Scheme, the Directors of YFZ have requested Grant Thornton Corporate Finance to prepare an independent expert’s report to express an opinion as to whether the Scheme is in the best interests of YFZ Shareholders.

### 2.2 Basis of assessment

In determining whether the Scheme is in the best interests of the Company’s members, Grant Thornton Corporate Finance has had regard to relevant Regulatory Guides issued by the ASIC, including RG 111, Regulatory Guide 60 Scheme of arrangement (“RG60”) and RG 112. The IER will also include other information and disclosures as required by ASIC. We note that neither the Corporations Act nor the Corporations Regulations define the term “in the best interests of members”.

RG 111 establishes certain guidelines in respect of independent expert’s reports prepared for the purposes of the Corporations Act. RG111 is framed largely in relation to reports prepared pursuant to Section 640 of the Corporations Act and comments on the meaning of “fair and reasonable” in the context of a takeover offer. RG111 requires an independent expert report prepared for a change of control transaction implemented by way of scheme of arrangement to undertake an analysis substantially the same as for a takeover bid. However, the opinion of the expert should be whether or not the proposed scheme is “in the best interests of the members of the company”. If an expert were to conclude that a proposal was “fair and reasonable” if it was in the form of a takeover bid, it will also conclude that the proposed scheme is “in the best interests of the members of the company”.

Pursuant to RG111, an offer is “fair” if the value of the offer price or consideration is equal to or greater than the value of the securities that are subject of the offer. A comparison must be made assuming 100% ownership of the target company.

RG111 considers an offer to be “reasonable” if it is fair. An offer may also be reasonable if, despite not being “fair” but after considering other significant factors, shareholders should accept the offer in the absence of any higher bid before the close of the offer.

In our opinion, the most appropriate way to evaluate the fairness of the Scheme is to compare the fair market value of YFZ on a control basis with the market value of the Scheme Consideration.

In considering whether the Scheme is in the best interests of YFZ shareholders, we have considered a number of factors, including:

- Whether the Scheme is fair.
- The implications to YFZ Shareholders if the Scheme is not implemented.
- Other likely advantages and disadvantages associated with the Scheme.
- Other costs and risks associated with Scheme that could potentially affect YFZ shareholders.

### 2.3 Independence

Prior to accepting this engagement, Grant Thornton Corporate Finance (a 100% subsidiary of Grant Thornton Australia Limited) considered its independence with respect to the Scheme with reference to RG 112 issued by ASIC.

Grant Thornton Corporate Finance has no involvement with, or interest in, the outcome of the approval of the Scheme other than that of an independent expert. Grant Thornton Corporate Finance is entitled to receive a fee based on commercial rates and including reimbursement of out-of-pocket expenses for the preparation of this report.

Except for these fees, Grant Thornton Corporate Finance will not be entitled to any other pecuniary or other benefit, whether direct or indirect, in connection with the issuing of this report. The payment of this fee is in no way contingent upon the success implementation of the Scheme.

In our opinion, Grant Thornton Corporate Finance is independent of YFZ and its Directors and all other relevant parties of the Scheme.

### Compliance with APES 225 Valuation Services

This report has been prepared in accordance with the requirements of the professional standard APES 225 Valuation Services (“APES 225”) as issued by the Accounting Professional & Ethical Standards Board. In accordance with the requirements of APES 225, we advise that this assignment is a Valuation Engagement as defined by that standard as follows:

*“An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Member is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Member at that time.”*

### 3 Industry overview

#### 3.1 Introduction

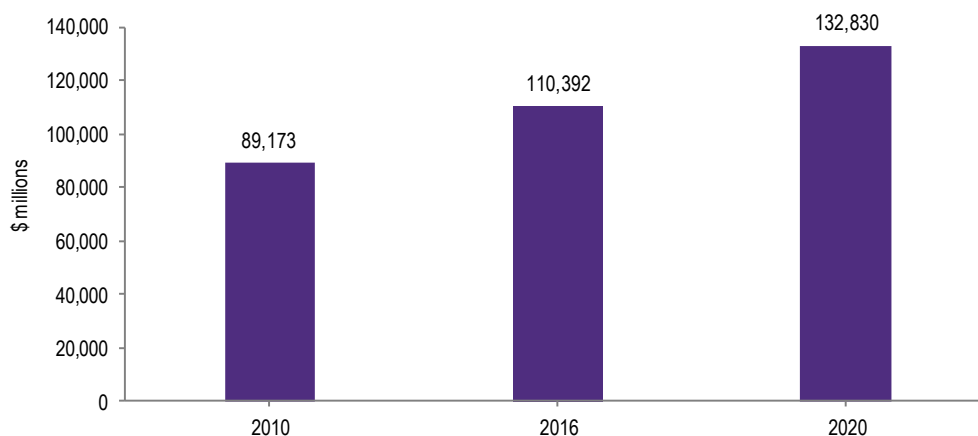
The food and beverage industry comprises a large number of product categories, including meals out and fast foods, and food products purchased for home consumption, including ready-made meals. A ready-made meal is a complete meal, prepared and cooked by manufacturers that the consumer only needs to reheat to consume. They can typically be heated and consumed in the same packaging they are purchased in. Ready-made meals can also be consumed chilled and are usually sold in single-serving formats. Given the limited preparation required, ready-made meals are highly convenient.

Another product that has grown in popularity in recent years due to its convenience are meal kits. Meal kits are typically home delivered and contain a selection of ingredients that are needed to prepare a meal, alongside instructions. A meal kit differs from ready-made meals in that they require preparation by the consumer, which can take up to 40 minutes. Meal kits have proved popular due to the time saved on grocery shopping, meal planning, and reduced wastage.

#### 3.1.2 Market Size and Growth

Total household food and non-alcoholic beverage expenditure in Australia was estimated to be c. A\$133 billion in 2020<sup>21</sup> with a compound annual growth rate (CAGR) of 2.51% since 2016.

#### Total Household Food Expenditure (Consumer Prices)<sup>1</sup>, Australia, 2010 to 2020



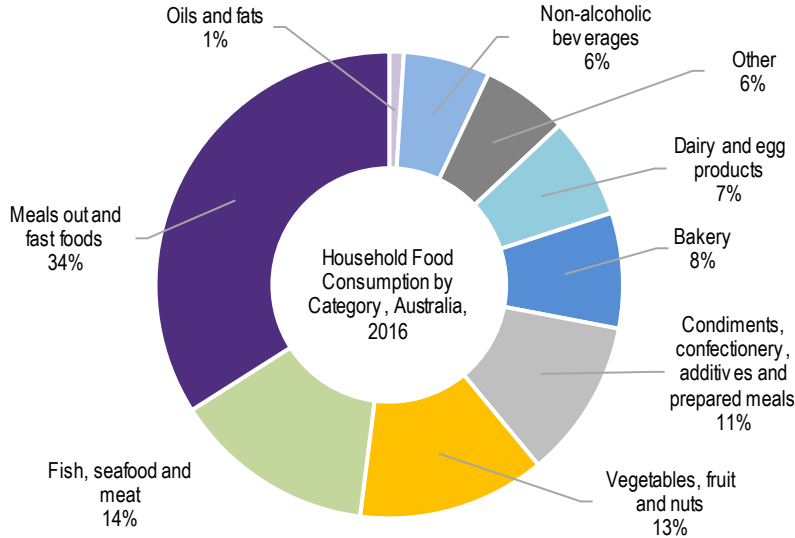
Source: Frost & Sullivan

Note: (1) Estimate based on ABS, HES, 2009-10 and 2015-16, and 2020 based on continuation of historic growth rate in average household expenditure, multiplied by estimated number of households (ABS, Household and Family Projections, Australia, 2016 to 2041).

The largest expenditure category in the industry is meals out and fast foods, which represented around 34% of total household food expenditure in 2016 (the latest date for which this breakdown is available) as set out in the graph below.

<sup>21</sup> Frost & Sullivan

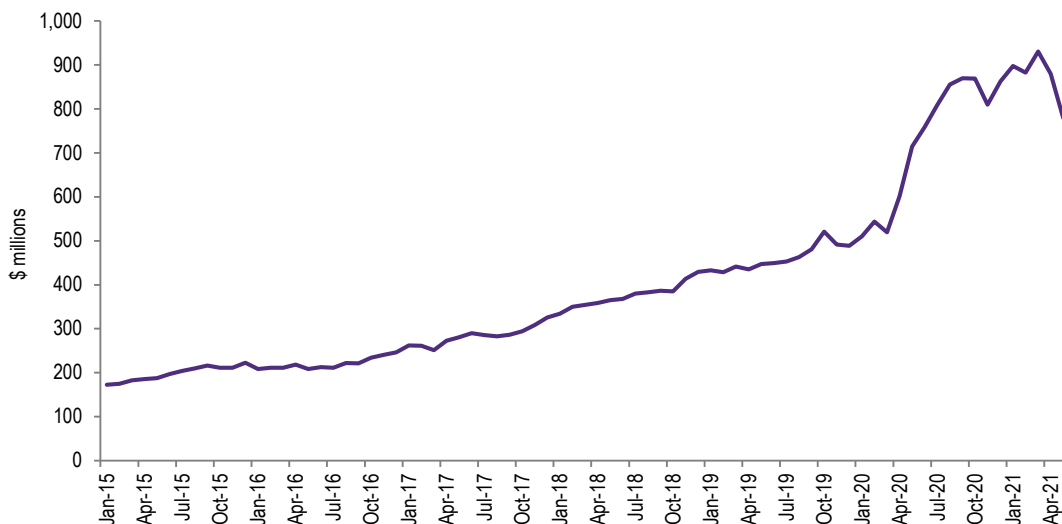
**Household Food Consumption by Category (2016)**



Source: Frost & Sullivan, ABS, HES 2015-16; Apparent Consumption of Selected Foodstuffs, Australia, 2019-2020

The COVID-19 pandemic has caused a sharp increase in the use of digital channels for food purchasing as the implementation of restrictions on social activities from March 2020 and stay-at-home orders have led to an increase of eating-at-home. Total food sales made online were A\$778.8 million in May 2021, up c.9% compared to May 2020 (A\$714.4 million) and significantly above (c.50%) pre-COVID-19 levels (A\$519.7 million March 2020)<sup>22</sup>. COVID-19 is expected to continue to have a significant influence on online penetration as a result of changes to consumer behaviours which are expected to remain over the longer term. Consumers’ spending patterns will invariably change as lockdowns are removed or reintroduced, however online sales are expected to remain above pre-COVID-19 levels into the future<sup>23</sup>.

**Online food sales in Australia**



Source: ABS, Online Sales, May 2021 (seasonally adjusted).

Whilst there has recently been a significant increase in online food sales in Australia, penetration remains low compared to most other categories such as retail apparel. Historically, the high cost of delivery and the inconvenience of having to be home to accept deliveries has often outweighed the benefits of ordering

<sup>22</sup> ABS Online Sales, Australia, May 2021

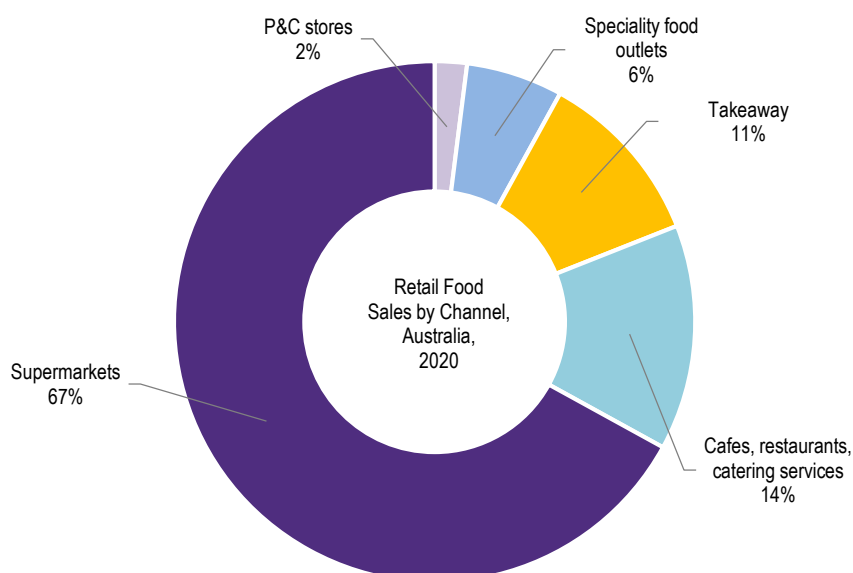
<sup>23</sup> IBISWorld Online Grocery Sales in Australia Industry Report May 2021

online. Consumers have also generally purchased non-perishable goods online and complemented this with in-store purchases of fresh food.

However, initiatives from retail chains such as click and collect services as well as the improvement in delivery times have made online food shopping more attractive and accessible to consumers, boosting demand over the past few years. The COVID-19 pandemic has also been a defining moment for online food sales, rapidly shifting more consumer traffic to digital channels.

Food retail channels include supermarkets/grocery outlets, petrol and convenience stores (P&C), specialty food stores, cafes, restaurants and catering services and takeaway food outlets. The supermarket sector is dominated by Woolworths and Coles, although Aldi has increased its foothold in recent years. Woolworths, Coles and Aldi hold 37.4%, 28.4% and 10.5% of supermarket market share respectively in 2021<sup>24</sup>.

### Retail Food Sales by Channel, Australia, 2020



Source: ABS, Retail Trade, July 2020; AACS, State of the Industry Report, 2019.

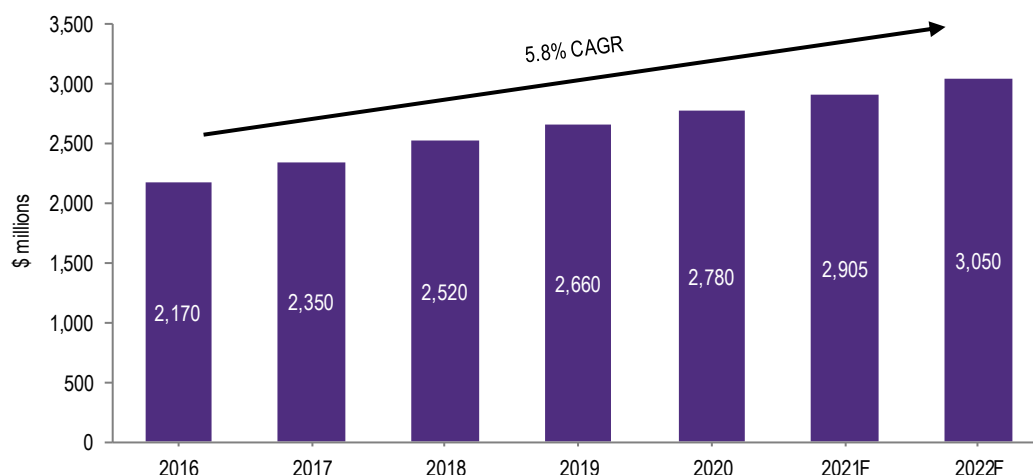
### 3.2 The Ready-Made Meals Market

The ready-made meals market in Australia consists of products available in shelf-stable, dried, chilled and frozen formats. Meal kits are also included in the definition. Ready-made meals form a growing category within the estimated A\$153 billion that consumers in Australia and New Zealand spend on food every year. Total expenditure on ready-made meals in Australia was estimated at A\$2.8 billion<sup>25</sup> in 2020.

<sup>24</sup> IBISWorld Supermarkets and Grocery Stores in Australia Industry Report March 2021

<sup>25</sup> Frost & Sullivan

### Ready-made Meals Market Size (Retail Prices) in Australia (2016 to 2022F)



Source: Frost & Sullivan

Historically, the ready-made meals market has consisted mainly of frozen meals, which still account for approximately 46% of the market in 2020. However, consumers are increasingly favouring meal kits and chilled ready-made meals, which are perceived as healthier than frozen alternatives with fewer additives than shelf-stable or dried products.

By 2022F, the Australian market for ready-made meals (both chilled and frozen) is forecast to reach \$3.05 billion, growing at 5.8% CAGR between 2016 and 2022F<sup>26</sup>, a significantly higher growth rate than overall expenditure on food (2.5% CAGR in Australia). However, the frozen ready-made meal market, which accounts for 46% of the total ready-made meal market, is growing much slower than chilled ready-made meals. Between 2016 and 2022F, sales of chilled ready-made meals are expected to grow at a CAGR of 11.3% and meal kits are anticipated to increase at a CAGR of 17.3%<sup>27</sup>.

The sustained growth rates of the ready-made meal category is driven by an increasingly time-poor population demanding product categories that offer convenience and speed in meal preparation whilst offering an healthy nutritious diet. Specifically, increased awareness of the nutritional composition of packaged foods along with the ability to track intake of calories and nutrients is increasingly important for consumers looking to achieve fitness goals.

Further, the need of consumers to indulge and the willingness to pay more for niche or high-quality products is driving a premiumisation trend in the industry in conjunction with a broadening in the range of products to accommodate the demand of consumers. In addition, the use of ready-made meals significantly reduces food waste appealing to the ethical consumer cohort.

#### 3.1.1 Competitive Landscape

In recent years new delivery channels have emerged which leverage digital technology and innovations in logistics to provide new options to consumers to order and purchase food products. These include the growing use of B2C offerings, where food is ordered online, typically via the manufacturer's website/mobile app ordering platform, and delivered by the manufacturer directly to the consumer. This streamlined process can include delivery of meal kits or ready-made meals and is often done via a subscription model

<sup>26</sup> Ibid

<sup>27</sup> Ibid

that allows consumers to select from a range of products to create an order for repeat deliveries of prepared meals.

B2C enables the manufacturer to capture more transactional value by avoiding margins charged by wholesalers and retailers. B2C business models also allow companies to establish a more direct relationship with the consumer and capture additional data on consumer trends and preferences.

The B2C channel has seen a number of new entrants in recent years, which typically operate on a smaller scale, differentiating themselves by offering higher value products or specialising in products such as organic and gluten free meals. The number of new entrants has been increasing as the cost of implementing a B2C model have declined driven by reducing technology costs, improvements in logistics and logistics services (such as third party pick and pack companies) and an increase in consumers shopping online. A key differentiating factor offered by the larger and more successful B2C players is a broader product range and more frequent menu refreshes that supports customer retention. In order to attract customers, companies typically offer large up-front discounts. Competition is significantly driven by price.

We note the COVID-19 pandemic has stimulated the B2C channel as consumers have increasingly preferred to use digital channels to order food. The B2C channel is expected to continue to benefit from these positive demand tailwinds, growing its share of industry revenue over the next five years, particularly as more players introduce meal kit and ready-made meal options for consumers. For example, in response to COVID-19 restrictions, restaurant group Chefs Gallery launched an e-commerce site with meal kits and ready-made meals, while hospitality group Merivale developed similar offerings for some of its most popular outlets.

Within Australia and New Zealand, a number of manufacturers focus on the B2C market, although several use traditional retail channels. The key players in the ANZ ready-made meals market are summarised in the table below.



### Key industry players in the B2C ANZ ready-made meal market

Brand	Product Type	Product Range	Menu Variability	Meal Price	Delivery time	Model
Youfoodz	RMM	60+ meals, also offers snacks and juices	Summer & Winter launches + sporadic launches	\$9.95 - \$10.95	Next-day delivery (Syd, Melb and Bris Metro areas)	Transitioning to flexible subscription
Chefgood	RMM	15 meals	Weekly	\$10.80 - \$11.90	Weekly	Flexible sub'n (no lock in contract)
Dineamic	RMM	45 meals, also offers soups, snacks and juices	Sporadic launches, no set timeline	\$10	Weekly	Re-order
Dinnerly (Marley Spoon)	Meal kits	23 meals	Weekly	\$6.25 - \$7.25/serving	Weekly	Flexible sub'n (no lock in contract)
Marley Spoon	Meal kits	27 meals	Weekly	\$11.25/serving (2-person box)	Weekly	Flexible sub'n (no lock in contract)
Fitfood	RMM	56 meals	Sporadic launches, no set timeline	NZ\$13.90	Weekly	Flexible sub'n (no lock in contract)
Fitness Outcomes	RMM	21 meals	na	\$9.95	na	na
HelloFresh	Meal kits	20-30 meals	Weekly	\$10.99/serving (2-person box)	Weekly	Flexible sub'n (no lock in contract)
JennyCraig	RMM	68 meals	Quarterly launch/change	\$159/w week (meal plan)	Weekly	Membership
Lean Cuisine	RMM	91 meals	2 Buy-ins	\$4.95	Weekly	
Lite 'n' Easy	RMM	55 meals	Quarterly launch/change	\$65 (5 dinners)	Weekly	Flexible sub'n (no lock in contract)
My Food Bag	Meal kits	30 meals	Weekly	NZ\$10	Weekly	Flexible sub'n (no lock in contract)
My Muscle Chef	RMM	60 meals	Sporadic launches, no set timeline	\$9.55 - \$12.95	Weekly	Flexible sub'n (no lock in contract)
Thr1ve	RMM	35 meals, also offers salads and soups, drinks, treats and breakfast items	na	\$9.55 - \$14.95	Weekly	Flexible sub'n (no lock in contract)
Woop	Meal kits	15 meals	Weekly	NZ\$29	Weekly	Flexible sub'n (no lock in contract)

Source: GTCF analysis. RMM – Ready-made meals.

B2B involves the distribution of products such as ready-made meals or other convenience food products to major supermarket chains, petrol and convenience stores, independent grocery stores and other retail outlets for resale in-store. The B2B channel can also include corporations and government organisations seeking meal solutions for employees.

Larger players are typically global food conglomerates such as McCain Foods (Health Choice and Man Size), Heat to Eat Holdings (Vesco Foods and Lean Cuisine), and G.D. Mitchell Enterprises (Lite n' Easy). These companies principally manufacture generic high-volume prepared meals using largely automated production processes. The meals are typically frozen, with the primary advantage being a longer shelf-life compared to fresh meals.

The B2B channel has seen increased competition over the last few years as private-label goods offered by Woolworths, Coles Supermarkets and Aldi Stores have increased their footprint in the market, leveraging

their established brand awareness and distribution networks. For example, Woolworths released its new winter range for 2021 in May, which features more than 70 new products.

These cheaper alternatives are placing increased pricing pressure on traditional manufacturers that cannot match their private label offerings on price. This trend has seen producers that are able to improve operating efficiencies and achieve economies of scale become better placed to compete in the industry.

The COVID-19 pandemic has placed additional pressure on the B2B segment which has been adversely impacted by government mandated restrictions, including lockdowns and social distancing measures. Sales in retail stores, in particular the petrol and convenience channel, have been negatively impacted as a result of the associated reduction of in-store foot traffic. Looking forward, the B2B channel is expected to recover in-line with a relaxation of restrictions enforced upon retailers. However, we note there is a risk of more infectious strains of COVID-19 rapidly becoming dominant combined with a lag in vaccinations, which could delay the recovery in the B2B channel.

## 4 Profile of Youfoodz

### 4.1 Background and history

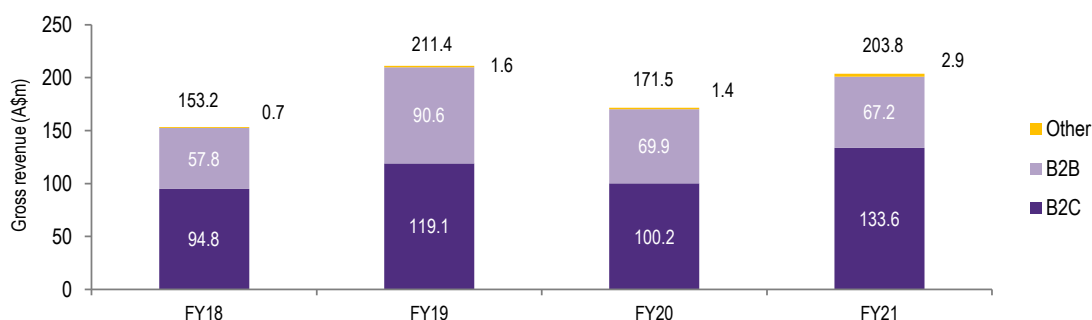
Youfoodz specialises in the production of ready-made meals, snacks and drinks, which it distributes to its B2B and B2C customers around Australia. The Company was founded in 2012 and has grown revenues rapidly since then, and it generated net revenue<sup>28</sup> of c. A\$146.4 million in FY21 which was below the FY21 net revenue forecast of A\$149.9 million included in the Prospectus. When the Company was founded, it was primarily focused on preparing ready-made meals to fitness enthusiasts through the B2C channel. A year later, in 2013, the Company launched its B2B sales channel and broaden its client base to include independent grocers, convenience stores and petrol stations. By 2015, Youfoodz had grown its B2B client base and was generating approximately half of revenues through the B2B channel, with the other half through B2C. In 2016 the Company broadened its focus to incorporate a wider target audience with a focus on healthy-convenience and in 2017 increased its product range to over 50 stock keeping units (“SKUs”). In 2019, the Company expanded into the meal kit sector however ultimately withdrew its meal kit offering due to limited appeal from its customer base. Due to the rapid growth of the company, a series of failed product launches and limited governance and cost control measures, the Company reported significant EBITDA losses of A\$13.3 million and A\$27.2 million respectively in FY18 and FY19 and with a large net assets deficiency of A\$54.5 million as at 30 June 2019.

As a result of growing debts and losses, in September 2019 Youfoodz was restructured (the “Restructure”) and RGT Capital provided a new capital injection. The Company also undertook a strategic reset (“Strategic Reset”) of the business including a new operating platform, a reduction in marketing spend and increased focus on cost discipline and unit economics.

### 4.2 Business model

Youfoodz sources fresh produce from suppliers that it uses to manufacture its range of over 60 ready-made meals, snacks and drinks. Products are designed to be affordable and to cater for health-conscious consumers, with a focus on portion control and meeting fitness objectives. The Company distributes and sells its products nationwide through an omni-channel sales model that includes online B2C sales through its website and app, and via a B2B offering. Set out below is a breakdown of historical gross revenue by segment.

#### Youfoodz gross revenue by segment



Source: Youfoodz Prospectus

<sup>28</sup> After promotions and discounts.

Youfoodz product range consists of over 110 items including more than 60 ready-made meals, 30 snacks and 25 drinks which are targeted at time-poor health-conscious consumers. The vast majority of FY21 revenue (c. 89%) were derived by the sale of meals. Youfoodz products include a variety of sizes, tastes and dietary requirements. Products are prepared fresh with seasonal and inter-seasonal menu refreshes and are designed to meet varying health and fitness goals. Ready-made meals products are priced between A\$10 and A\$12 per meal to provide a cost effective alternative to home cooking. The Company is currently developing a new premium offering to complement its existing product range which it expects to launch in FY22.

B2C customers can order products directly to their homes using the Company's website or its mobile phone app. At present the majority of B2C customers are required to login, select their meals and checkout for each purchase made. In addition, YFZ has a subscription model offer which accounts for circa 20% of the B2C orders. Based on customer learning and feedback, the Company is in the process of completing the capital expenditure required from a technology and systems perspective to develop and launch an improved subscription offering, providing greater functionality and customer experience amongst other aspects. The Company expects this new offering to be launched in Q3 FY2022 and subsequently has planned a gradual shift to a full subscription model

The same products sold to B2C customers are also sold to B2B customers. Youfoodz has relationships with a number of retailers to sell their products in store however there is often no formal contract in place or agreed minimum quantities where a contract does exist. Where there is no contract, purchase orders are made on a periodic basis.

The Company currently operates three separate dedicated manufacturing sites in Brisbane, one for each of its meal, snacks and drinks product categories. The facilities and equipment are all leased and the sites operate 24 hours a day, 7 days a week. The current manufacturing facilities have a production packing capacity of approximately 420,000 meals per week across three packing lines which are close to full utilisation. Each day the Company runs between 20 and 30 ready-made meal SKUs. Equipment is then deep cleaned to allow a different set of SKUs to be prepared the following day.

The Company's focus is on fresh just-in-time manufacturing. As soon as it receives fresh produce, they are cut, cleaned, cooked and chilled within 24 hours of receiving the produce, allowing it to maximise shelf life. Youfoodz has developed a proprietary technology platform that allows it to track produce throughout the product lifecycle enabling it to reduce wastage, ensure high quality, manage costs and maintain high standards of food safety. In addition, YFZ prepares its products in advance of receiving customer orders by estimating consumer demand based on historical data analysis and customer trends. Youfoodz is currently in the process of developing a new more advanced technology system which will allow a more automated front-to-end platform communication.

Due to capacity constraints at the Company's current manufacturing facilities, as an interim measure, the Company is planning to keep outsourcing the production of some of its existing products to third parties to meet growing demand until the New Facility is completed. The outsourced manufactured products are currently prepared according to Youfoodz specifications and YFZ team is regularly on site to monitor the quality of the products to ensure consistency with the Company's own manufacturing standards and quality control. To manage the level of risk, the Company predominantly outsources production of simpler-to-manufacture SKUs.

Once the manufacturing has been completed, products are then dispatched to customers through one of its three distribution centres ("DC") in Brisbane, Melbourne and Sydney. B2C and B2B orders within

Queensland metropolitan regions are picked and packed by the Company at its Brisbane manufacturing site and then trucked using the company's fleet to doorsteps or DCs and retail locations of retail customers. In all other states and territories, Youfoodz outsources the logistics to an independent third party logistics partner. The Company relies on the independent party's distribution centres, picking and packing capabilities and delivery services.

Youfoodz products are available in all Australian states with next day delivery offered to Sydney, Melbourne and Brisbane B2C customers, with all other customers typically receiving orders within 3 business days.

### 4.3 New Manufacturing Facility

Youfoodz is planning to consolidate all of its existing manufacturing facilities, corporate office and distribution into one purpose-built manufacturing facility. Practical completion of the New Facility is expected by Q1 FY23 with Youfoodz relocating and commencing production at the New Facility from that time. The construction of the facility will be undertaken and funded by the lessor to Youfoodz's design specifications, and the Company will enter into a long-term lease of the property. Construction will commence shortly after the lease has been executed. Youfoodz will purchase the equipment at the site at a cost of approximately A\$15 million. The New Facility will expand production capacity from c. 420,000 meals per week currently, to c. 800,000 meals per week across four production lines. In addition, the facility will have scope for further expansion of two additional production lines up to 1.1 million meals per week or 1.5 million meals with further reconfiguration.

The New Facility is expected to generate significant cost savings going forward which have been validated by a third party consultant engaged by the Company. The cost savings mainly relate to COGS, including material savings through improved protein yields during the cooking process and labour cost savings from increased automation and continuous manufacturing lines.

In addition to the cost savings, the Company expects to be able to gain an additional c. 24 hours of shelf life as a result of increased speed and efficiency of the facility, allowing it to reduce the number of daily SKUs resulting in further efficiency gains.

### 4.4 Customers and sales channels

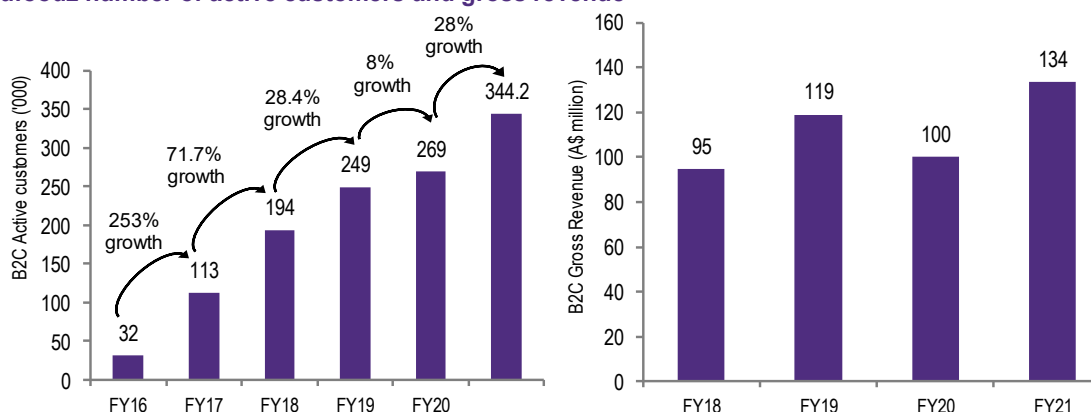
#### 4.4.1 B2C

Customers can purchase Youfoodz products for home delivery through the company website or through its app. At present the Company has a large database of B2C customers of which approximately 344,000 are active<sup>29</sup> customers. In FY20, the company completed over 1.1 million orders comprising 17 million ready-made meals.

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<sup>29</sup> Active customers are customers who have ordered through the B2C channel in the reporting period.

### Youfoodz number of active customers and gross revenue



Source: Youfoodz Prospectus

Purchases made online or through the app incur a delivery charge, unless the order value is in excess of A\$89. As a result, the average order values (“AOV”) in FY20 and FY21 were approximately A\$90 and A\$97 respectively. The Company offers discounts to long-term B2C customers to promote loyalty and drive repetitive behaviour. In addition, promotions are offered to attract new B2C customers. At present, the majority of orders are made manually by a customer going to the website or app, logging in, selecting their products and checking out. The Company sends weekly reminders prompting customers to re-order based on their order history and saved preferences. However, despite this, customer surveys undertaken by the Company show that 60% of new customers would like to order weekly or fortnightly, but only 27% actually re-order. The company’s AOF per customer per quarter was approximately 2.7 in Q4FY21. Based on customer feedback, the key reason customers do not order more frequently is because they forget. In order to increase customer order frequency, in June 2020 the company introduced a preliminary subscription model allowing customers to set recurring orders that can be cancelled at any time. Customers using the current subscription model have an AOF of approximately 4.0x per quarter per customer. In early 2022, Youfoodz plans to implement an updated subscription based model, which will gradually and over time become the only option for B2C customers. The Company is currently in the process of updating the IT infrastructure and systems to implement it.

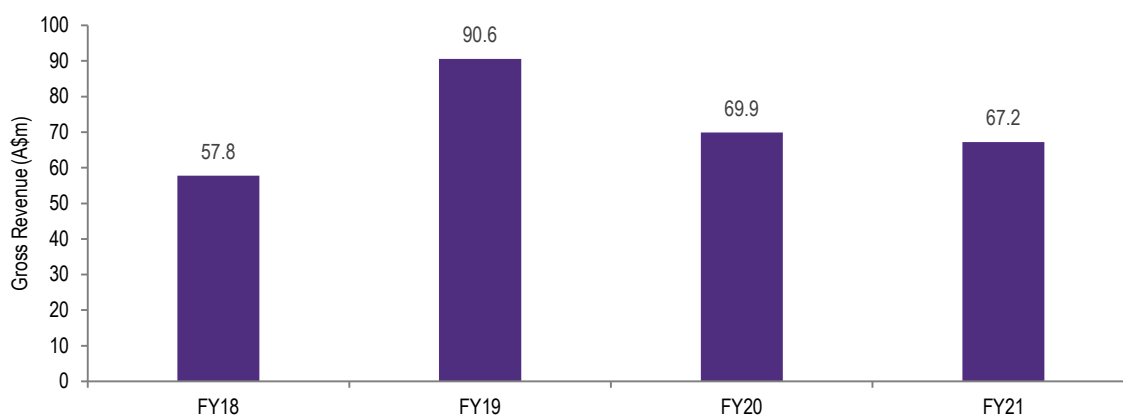
The Company benefited from an increase in customer acquisitions and order numbers in its B2C channel at the onset of COVID-19 with customers preferring the use of digital channels to order food. The increase was wide-spread across the industry with Marley Spoon reporting at 82% increase in Australian revenue in 1H20 and HelloFresh reporting a 91% increase in its international division, which includes Australia, in the same period.

The Company uses marketing to attract new B2C customers. Its marketing strategy is multi-channel and includes both online and offline marketing channels, and includes promotions, discounts and trading terms. In FY20 and FY21, the Company incurred marketing expenses of c.A\$13.3 million and c.A\$19.6 million respectively implying a customer acquisition cost of c.A\$92 and c.A\$97 per customer in FY20 and FY21 respectively.

#### 4.4.2 B2B

Youfoodz launched its B2B offering in 2013 selling the same ready-made meals and convenience foods to businesses as supplied to customers in the B2C channel. We have set out below the historical growth in the B2B gross revenue.

### Youfoodz historical B2B Gross Revenue



Source: Youfoodz Prospectus

Business customers include major supermarket chains, independent grocery stores, petrol stations and convenience stores, and corporate and government businesses. The B2B business supplies over 3,500 retail outlets around the country. Key customers include Coles, Woolworths, IGA, Aldi, Night Owl, 7-Eleven, Foodworks, BP and other. Coles represents one of the largest and growing customers, stocking a selection of items from the Youfoodz range across all of their more than 800 retail outlets.

Terms—including price, quantity and discounts—vary between different B2B customers and some customers have contracts whereas others make purchase orders on a periodic basis. Where there is a contract in place, they typically do not state minimum order quantities and can typically be cancelled at any time.

The B2B segment was negatively affected by COVID-19 due to a reduction in foot traffic in retail and petrol and convenience outlets. Revenue decline of 4% in FY21 was the result of two new retail agreements offset by the COVID-19 impacts.

#### 4.5 Financial performance

In this section, we have included the audited statutory financial information relating YFZ for the financial year FY20 and FY21 as reported in the Scheme Booklet. We note that the historical financial information of Youfoodz presented in the Scheme Booklet is in an abbreviated form and does not contain all the disclosures, presentations, statements or comparatives that are usually provided in an annual report prepared in accordance with the Corporations Act. However Youfoodz Directors consider that, for the purposes of the Scheme Booklet, the historical financial information presented is more meaningful to Youfoodz Shareholders.

Consolidated statements of financial performance	FY20	FY21
A\$ million	Audited	Audited
B2C revenue	101.3	136.7
B2B revenue	70.3	67.2
<b>Gross Revenue</b>	<b>171.5</b>	<b>203.8</b>
<i>Growth rate</i>	(18.2%)	18.8%
Terms and discounts	(44.2)	(57.5)
<b>Net Revenue</b>	<b>127.4</b>	<b>146.4</b>
<i>Growth rate</i>	(17.8%)	14.9%
Cost of goods sold	(90.0)	(99.1)
<b>Gross profit</b>	<b>37.3</b>	<b>47.3</b>
<i>Gross profit margin (as % of net revenue)</i>	29.3%	32.3%
Marketing costs	(13.3)	(19.6)
Employee costs	(17.0)	(15.9)
Occupancy costs	(4.0)	(3.9)
General administration and other costs	(5.7)	(6.9)
Operating expenditure	(40.1)	(46.3)
<b>EBITDA</b>	<b>(2.8)</b>	<b>1.0</b>
Depreciation and amortisation	(3.9)	(4.8)
<b>EBIT</b>	<b>(6.7)</b>	<b>(3.8)</b>
Non-trading income / (expense)	3.1	(1.1)
Net finance income / (expense)	(2.9)	1.4
<b>EBT</b>	<b>(6.5)</b>	<b>(3.5)</b>
Tax (expense) / benefit	0.1	-
<b>Net profit / (loss) after tax</b>	<b>(6.4)</b>	<b>(3.5)</b>
<b>Key operational metrics:</b>		
<i>B2C gross revenue growth</i>	(15.0%)	34.9%
<i>B2B gross revenue growth</i>	(22.5%)	(4.4%)
<i>Terms and discounts as % of gross revenues</i>	25.7%	28.2%
<i>COGS as % of gross revenue</i>	52.5%	48.6%
<i>COGS as % of net revenue</i>	(70.7%)	67.7%
<i>Marketing costs as a % of net revenue</i>	(10.5%)	(13.4%)
<i>Employee costs as a % of net revenue</i>	(13.3%)	(10.9%)
<i>EBITDA margin (% of net revenue)</i>	(2.2%)	0.7%

Sources: Youfoodz Scheme Booklet.

We have also set out below a reconciliation of the FY20 and FY21 accounts on a AASB 117 and AASB 16 basis to show the impact of occupancy expense on the business operations.



Reconciliation of EBIT and EBITDA between AASB 16 and AASB 117 in FY20 and FY21		
A\$ million	FY20	FY21
EBITDA (AASB 117)	(5.0)	(2.0)
Decrease in operating lease expense	2.3	3.0
<b>EBITDA (AASB 16)</b>	<b>(2.8)</b>	<b>1.0</b>
EBIT (AASB 117)	(7.2)	(4.4)
Decrease in operating lease expense	2.3	3.0
Increase in depreciation of right of use asset	(1.8)	(2.4)
<b>EBIT (AASB 16)</b>	<b>(6.7)</b>	<b>(3.8)</b>

Source: Youfoodz Prospectus

In relation to the above, we note the following:

- In FY21 the Company grew B2C gross revenues by c.34% driven by an increase in customer acquisitions and associated higher marketing expenses. B2B revenues declined as a result of the ongoing lockdowns which negatively affected sales to the petrol and convenience and corporate customers. In FY20, the c. 19% reduction in revenue was the result of the Strategic Reset. The Company changed its marketing strategy and cut marketing expenses, withdrew from the meal-kit sector and production of sandwiches in the B2B business, and closed down the Perth distribution centre. In addition, the Company implemented a range of cost reduction measures that resulted in a lower employee costs and general administration costs. In FY21, the Company has performed substantially in line with the forecast included in the Prospectus but the growth in net revenue reduced as a result of significant discounts and promotions undertaken by the Company to increase penetration. In Q4FY21, gross revenue increased by 19.5% on the prior corresponding period (“pcp”) but net revenue only increased by 11.6%. B2C segment has continued to perform strongly with increase in order volumes and revenue. The AOF has improved to 2.7 per customer per quarter and the average order value increased to A\$97.8 in Q4FY21. The B2B business continues to face challenges in conjunction with re-occurring lockdown and reduced foot traffic for retailers and convenience/petrol stores. The Company expanded its range of products across a number of key retailers, including the launch of its drinks range with a large national supermarket chain.
- As a result of the rationalisation and cost cutting measures, in FY20 the gross margin as a % of net revenue increased from 17.5% in FY19 to 29.3% in FY20 and it continued to increase to c.32% in FY21.
- Marketing expenses in FY21 increased from A\$13.3 million to A\$19.6 million, a growth of 49%. FY20 marketing expenses were substantially lower than FY21 as a result of the Strategic Reset and reduction in marketing expenses to deliberately slow the Company’s growth.
- Extraordinary income in FY21 was one-off in nature due to the settlement of ATO tax liabilities, which resulted in an interest rebate of A\$2.8 million.

#### 4.6 Financial position

The consolidated statement of financial position of Youfoodz as at 25 June 2020 and as at 24 June 2021 are summarised in the table below.

Consolidated statements of financial position	25-Jun-20	24-Jun-21
A\$ million	Audited	Audited
<b>Assets</b>		
Cash and cash equivalents	0.9	27.4
Trade and other receivables	6.0	5.5
Inventories	4.5	5.3
Prepayments	1.0	1.9
<b>Total current assets</b>	<b>12.3</b>	<b>40.1</b>
Property, plant and equipment	10.0	9.1
Intangible assets	4.1	5.4
<b>Total non current assets</b>	<b>14.2</b>	<b>14.5</b>
<b>Total assets</b>	<b>26.5</b>	<b>54.6</b>
<b>Liabilities</b>		
Trade and other payables	49.8	21.8
Loans and Borrowings	3.2	1.9
Lease liabilities	1.5	2.4
Current tax liabilities	1.8	-
Provisions	1.2	1.0
Contract liabilities	0.8	0.8
<b>Total current liabilities</b>	<b>58.2</b>	<b>27.9</b>
Provisions	0.1	0.1
Lease Liabilities	4.4	1.5
<b>Total non current liabilities</b>	<b>4.5</b>	<b>1.6</b>
<b>Total liabilities</b>	<b>62.7</b>	<b>29.6</b>
<b>Net assets</b>	<b>(36.2)</b>	<b>25.1</b>

Source: Youfoodz Scheme Booklet

We note the following in relation to Youfoodz's financial position:

- Cash and cash equivalents increased by circa A\$26 million as a result of the proceeds from the IPO.
- In FY21, trade and other payables almost halved as a result of the Company repaying the primary tax debt owed by the Group to the ATO.
- Property, plant and equipment consists primarily of manufacturing plant and equipment contained in the Company's three manufacturing sites. Intangible assets include the Company's proprietary manufacturing software and website assets.
- Loans and borrowings of circa A\$1.9 million as at 25 June 2021 relates to supply chain and invoice financing which is secured against the Company's trade receivables.
- Lease liabilities are attributed to factory and office facilities, kitchen equipment, computers and other office equipment.

#### 4.7 Cash flow statement

The table below illustrates the Company's audited consolidated statements of cash flows in FY20 and FY21.

Consolidated statements of cash flow	FY20	FY21
A\$ million	Audited	Audited
<i>Cash flows from operating activities</i>		
Cash receipts from customers	139.6	161.0
Cash paid to suppliers and employees	(156.9)	(167.5)
<b>Cash generated from/(used in) operating activities</b>	<b>(17.3)</b>	<b>(6.5)</b>
Indirect tax liabilities paid	-	(22.5)
Interest received	0.1	2.9
Interest paid	(2.1)	(0.8)
Income taxes received/(paid)	0.1	(1.8)
<b>Net operating cash flow</b>	<b>(19.1)</b>	<b>(28.6)</b>
<i>Cash flows from investing activities</i>		
Collections from advances/(advances to) related parties	(0.2)	-
Acquisition of property, plant and equipment	(0.4)	(1.8)
Acquisition of intangibles assets	(2.0)	(2.7)
<b>Net operating cash flow after capital expenditure</b>	<b>(2.6)</b>	<b>(4.6)</b>
<i>Cash flows from financing activities</i>		
Proceeds from share issue	24.6	70.0
Payments of share issue transaction costs	-	(6.0)
Payments of lease liabilities	(2.2)	(3.0)
Proceeds from loans and borrowings	-	25.0
Payments of loans and borrowings	-	(25.0)
Proceeds from work capital financing	47.1	56.4
Payment of working capital financing	(46.9)	(57.6)
<b>Net cash (used in)/provided by financing activities</b>	<b>22.6</b>	<b>59.7</b>
<b>Net increase in cash and cash equivalents</b>	<b>0.9</b>	<b>26.5</b>
Cash and cash equivalents at 25 June 2020 (27 June 2019)	(0.0)	0.9
<b>Cash and cash equivalents at 24 June 2021 (25 June 2020)</b>	<b>0.9</b>	<b>27.4</b>

Sources: Youfoodz Scheme Booklet

We note the following in relation to Youfoodz's cash flow:

- In FY21, the Company received a shareholder loan from RGT Capital for A\$25 million, which was repaid in full from the proceeds of the IPO.
- In FY21 the Company raised A\$70 million from the issue of 46.9 million shares at a price of A\$1.50 under the IPO. The IPO incurred transaction costs of A\$6 million.
- In FY20, A\$24.6 million was raised through an investment by RGT Capital in the Company.

#### 4.8 Share capital structure

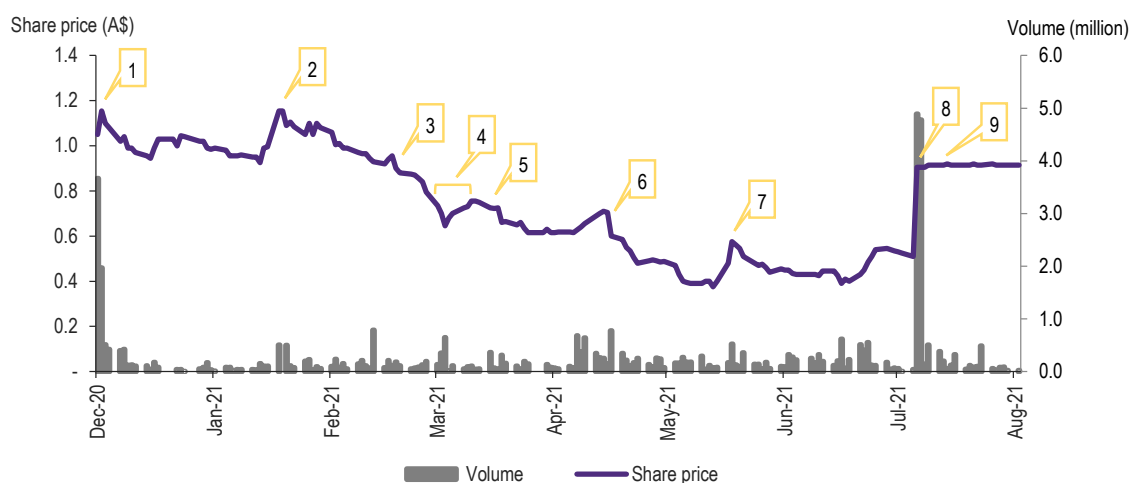
As at the date of this report, Youfoodz's capital structure comprised the following securities:

- 134,547,468 fully paid ordinary shares on issue, 214,051 shares expected to be issued under Youfoodz Deferred Shares Awards, and 53,332 unquoted options with an exercise price of A\$1.50 per share.

#### 4.8.1 Share price movements

Our analysis of the daily movements in Youfoodz's share price and volumes since listing on the ASX in December 2020 is set out below.

#### Youfoodz – Historical share trading price and volumes



Sources: S&P Global and GTCF Analysis

The following table illustrates the key events from December 2020 to July 2021, which may have impacted the share price and volume movements shown above.

Event	Date	Comment
1	08-Dec-20	Youfoodz commences trading on the ASX following the completion of a A\$70 million IPO raising via the issue of 46,725,779 shares at an issue price of A\$1.50 per share
2	25-Jan-21	The Company announced its quarterly business update for the quarter ended 25 December 2020 (Q2 FY21), as summarised below: <ul style="list-style-type: none"> <li>- Q2 FY21 net revenue up 25.4% vs pcp to A\$36.7 million</li> <li>- Meals prepared (across both B2C and B2B) up 28.0% vs pcp to over 4.8 million</li> <li>- B2C (Home Delivery) orders up 45.8% vs pcp to 339,893</li> <li>- Active B2C customers up 49.8% vs pcp to 125,112</li> </ul>
3	25-Feb-21	The Company announced its half year results for the period ended 25 December 2020 (1H FY21), as summarised below: <ul style="list-style-type: none"> <li>- B2C (Home Delivery) orders up 34.5% vs pcp to 664,265</li> <li>- 1H FY21 net revenue up 15.3% vs pcp to A\$73.4 million. Revenue weighted towards B2C with B2B continuing to be affected by the impact of COVID-19 restrictions</li> <li>- Gross profit margin for 1H FY21 up 1.5% vs pcp to 31.9%</li> <li>- EBITDA for 1H FY21 of A\$0.5 million down 70.6% vs pcp of A\$1.7 million</li> <li>- Reported NPAT for 1H FY21 of A\$2.5 million vs loss in pcp of A\$(1.9) million</li> </ul>

Event	Date	Comment
4	08-Mar-21 to 12-Mar-21	<p>There was no price sensitive announcement made by the Company. However, we note the following events which took place in the macro environment:</p> <ul style="list-style-type: none"> <li>- On March 8 NSW recorded 50 days free of COVID-19.</li> <li>- On March 10 Australia hit a COVID-19 vaccination milestone of 100,000 doses administered as well as the announcement of the arrival of 149,000 extra Pfizer vaccines</li> <li>- However, Australia was still 'millions of doses' behind schedule on COVID-19 vaccinations with 4 million meant to be injected by the end of March</li> <li>- On March 11 President Joe Biden signed the USD \$1.9 trillion COVID-19 economic relief package</li> </ul>
5	22-Mar-21	Youfoodz added to the S&P/ASX Emerging Companies Index
6	23-Apr-21	<p>The Company announced its quarterly business update for the period ended 25 March 2021 (Q3 FY21), as summarised below:</p> <ul style="list-style-type: none"> <li>- Net revenue up 18.2% vs pcp to A\$35.3 million</li> <li>- B2C gross revenue up 41.2% vs pcp to A\$34.6 million</li> <li>- B2B sales volumes remain constrained, with gross revenue down 3.8% vs pcp to A\$15.6 million</li> </ul> <p>The company also provided a FY21 guidance update, as summarised below:</p> <ul style="list-style-type: none"> <li>- FY21 net revenue expected to be A\$146.0-148.0 million (vs prospectus forecast of A\$149.9 million) and EBITDA expected to be A\$1.0-2.0 million (vs prospectus forecast of A\$2.9 million), reflecting underperformance in B2B primarily due to the ongoing impact of COVID-19 in the retail channel and the strategic decision to invest in marketing and other customer acquisition initiatives to drive new B2C customer growth</li> </ul>
7	25-May-2021	<p>There was no price-sensitive announcement made by the Company. However, we note that restrictions were re-introduced in Melbourne following fears of a growing COVID-19 cluster, as summarised below:</p> <ul style="list-style-type: none"> <li>- Restrictions included gathering limits of 5 people at homes and 30 in public as well as mandatory masks indoors.</li> <li>- Tougher restrictions were announced on May 27 as Victoria entered a 7-day lockdown</li> </ul>
8	13-Jul-21	Youfoodz announced that it had entered into a Scheme Implementation Deed with HelloFresh SE. Under the Scheme HelloFresh SE will acquire 100% of the outstanding shares in the Company for A\$0.93 cash per share, valuing the fully diluted equity of Youfoodz at approximately A\$125.3 million.
9	23-Jul-21	<p>Youfoodz released its quarterly business update for the period ended 24 June 2021 (Q4 FY21), as summarised below:</p> <ul style="list-style-type: none"> <li>- Q4 FY21 Net revenue up 11.6% vs pcp to A\$37.8 million</li> <li>- FY21 Net revenue of A\$146.4 million vs guidance of A\$146-148 million</li> <li>- FY21 EBITDA expected to be at the lower end of guidance of A\$1-2 million</li> </ul>

Source: ASX announcements; GTCF research

The monthly share price performance of Youfoodz since December 2020 and the weekly share price performance of Youfoodz over the last 16 weeks is summarised below.

Youfoodz Holdings Limited	Share Price			Average
	High	Low	Close	weekly volume
	\$	\$	\$	000'
<b>Month ended</b>				
Dec 2020	1.320	0.945	1.040	2,282
Jan 2021	1.190	0.905	1.085	558
Feb 2021	1.130	0.870	0.880	809
Mar 2021	0.910	0.615	0.635	744
Apr 2021	0.710	0.465	0.480	1,184
May 2021	0.580	0.375	0.480	901
Jun 2021	0.495	0.375	0.485	1,148
Jul 2021	0.920	0.475	0.915	2,920
<b>Week ended</b>				
23 Apr 2021	0.710	0.580	0.600	1,778
30 Apr 2021	0.600	0.465	0.480	1,087
7 May 2021	0.515	0.480	0.488	801
14 May 2021	0.500	0.380	0.390	952
21 May 2021	0.410	0.375	0.400	611
28 May 2021	0.580	0.420	0.510	1,279
4 Jun 2021	0.525	0.435	0.440	565
11 Jun 2021	0.480	0.430	0.430	1,004
18 Jun 2021	0.450	0.425	0.445	932
25 Jun 2021	0.450	0.375	0.400	1,228
2 Jul 2021	0.550	0.405	0.540	1,696
9 Jul 2021	0.550	0.490	0.525	358
16 Jul 2021	0.920	0.510	0.915	10,347
23 Jul 2021	0.920	0.910	0.915	1,085
30 Jul 2021	0.920	0.910	0.915	823
6 Aug 2021	0.920	0.910	0.915	279

Source: GTCF analysis, S&P Global

#### 4.8.2 Top shareholders

We have set out below the top 10 shareholders of Youfoodz as at 12 August 2021.

Youfoodz Top 10 shareholders as at 12 August 2021			
Rank	Name	No. of shares	Interest (%)
1	RGT Capital No 6 (YF) Pty Limited	77,307,508	57.46%
2	Giles, Karl	7,057,937	5.25%
3	Giles, Arthur John	5,572,992	4.14%
4	RBC Global Asset Management Inc.	4,926,661	3.66%
5	Stott, Christine Ann	3,354,396	2.49%
6	Giles, Lance Dean	2,193,023	1.63%
7	Washington H. Soul Pattinson and Company Limited	1,666,667	1.24%
8	O'Connor, John	1,167,752	0.87%
9	Chambers, Jermaine Leonard-Karaitiana	673,908	0.50%
10	Celtic Capital Pty Ltd	484,000	0.36%
<b>Top 10 shareholders</b>		<b>104,404,844</b>	<b>77.60%</b>
<b>Total ordinary shares outstanding</b>		<b>134,547,468</b>	<b>100.0%</b>

Source: S&P Global

## 5 Valuation methodologies

### 5.1 Introduction

As discussed in Section 2, our fairness assessment involves comparing the Scheme Consideration with the fair market value of YFZ on a control basis.

Grant Thornton Corporate Finance has assessed the value of YFZ using the concept of fair market value. Fair market value is commonly defined as:

*“the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm’s length.”*

Fair market value excludes any special value. Special value is the value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special value that they expect to realise from the acquisition to the seller.

### 5.2 Valuation methodologies

RG 111 outlines the appropriate methodologies that a valuer should generally consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:

- Discounted cash flow and the estimated realisable value of any surplus assets (“DCF Method”).
- Application of earnings multiples to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets (“FME Method”).
- Amount available for distribution to security holders in an orderly realisation of assets (“NAV Method”).
- Quoted price for listed securities, when there is a liquid and active market (“Quoted Security Price Method”).
- Any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.

Further details on these methodologies are set out in Appendix A to this report. Each of these methodologies is appropriate in certain circumstances.

RG 111 does not prescribe any above methodologies as the method(s) that an expert should use in preparing their report. The decision as to which methodology to use lies with the expert based on the expert’s skill and judgement and after considering the unique circumstances of the entity or asset being valued. In general, an expert would have regard to valuation theory, the accepted and most common market practice in valuing the entity or asset in question and the availability of relevant information.



### 5.3 Selected valuation methods

In our assessment of the fair value of YFZ we have relied on the following valuation methodologies as outlined below:

- *DCF Method* – We have undertaken a valuation assessment of Youfoodz utilising the DCF Method. Grant Thornton Corporate Finance has built a valuation model (“GT Model”) based on the cash flow projections prepared by Management and a benchmark with public available information.
- *Quoted Security Price Method* – The Quoted Security Price Method is based on the Efficient Market Hypothesis, which assumes that the share price at any point in time reflects all publicly available information and will change when new information becomes publicly available. We note that in the absence of a takeover or other share offer, the trading share price represents the value at which minority shareholders could realise their portfolio investment.
- *Revenue Multiple* – Grant Thornton has selected the Revenue Multiple method to assess the fair market value of YFZ. Whilst revenue multiples are widely used to benchmark the value of high growth companies, we note that, generally, businesses are more often valued with reference to an earnings multiple as earnings are considered the best proxy for measuring a company’s underlying financial performance and can be readily benchmarked against other comparable companies. However, several factors in our view, make a revenue multiple approach the most appropriate to assess the fair market value of YFZ. In particular, given the growth stage of its lifecycle, YFZ (and many comparable businesses like Marley Spoon) exhibits high levels of growth and high rates of reinvestment in marketing and sales. Further, YFZ has a limited history of generating positive earnings and reports high variability in operating margins. The value of businesses displaying these characteristics is predominantly driven by their growth potential and capacity to increase market share, as opposed to short term earnings, cash flow generation and dividend distributions.

## 6 Valuation assessment of YFZ

### 6.1 DCF Method

#### 6.1.1 GT Model

For the purpose of our valuation assessment of Youfoodz utilising the DCF Method, Grant Thornton Corporate Finance developed the GT Model based on a critical review and consideration of the following:

- Historical financial performance of Youfoodz.
- Market updates from investment analysts who provide coverage of Youfoodz historical and expected performance and of the industry as a whole.
- Key performance indicators of comparable listed peers that operate in a similar segment to Youfoodz, in particular Marley Spoon.
- High level management projections for FY22 to FY24 (“Management Projections”) included in the Internal Model which we have extended to FY28 to assess the impact of the New Facility and calculated a terminal value at that point in time.
- Key industry risks, growth prospects and general economic outlook.

Whilst Grant Thornton Corporate Finance believes that the assumptions underlying the GT Model are reasonable and appropriate to be adopted for the purpose of our valuation, we have not disclosed them in our IER as they contain commercially sensitive information and they do not meet the requirements for presentation of prospective financial information as set out in ASIC Regulatory Guide 170 “Prospective Financial Information”.

In accordance with the requirement of RG 111, we have undertaken a critical analysis of the FY22 Budget and FY23 and FY24 Management forecasts of the Internal Model before integrating them into the GT Model and relying on them for the purpose of our valuation assessment. Specifically, we have performed the following analysis:

- Conducted high level checks, including limited procedures in relation to the mathematical accuracy of the Internal Model.
- Performed a broad review, critical analysis and benchmarking with the historical performance of Youfoodz and current trends in the industry.
- Held discussions and interviews with Management of the Company and its advisor to discuss the Internal Model and the key underlying assumptions.
- Reviewed and benchmarked revenue growth rates, expenses and earnings margins with listed peers.

The assumptions adopted by Grant Thornton Corporate Finance do not represent projections by Grant Thornton Corporate Finance but are intended to reflect the assumptions that could reasonably be adopted by industry participants in their pricing of similar businesses. We note that the assumptions are inherently

subject to considerable uncertainty and there is significant scope for differences of opinion. It should be noted that the value of Youfoodz could vary materially based on changes to certain key assumptions.

#### 6.1.2 Key valuation assumptions under the Base Case

In our assessment of Youfoodz based on the DCF, we have considered various scenarios which could reasonably be adopted by market participants in their pricing of the Company. Below, we set out the key assumptions adopted in the Base Case.

- B2C revenue growth:** The Company is currently almost fully utilising its current manufacturing facilities and will be required to rely on outsourced manufacturing in FY22 and FY23. Our gross revenue growth assumptions in FY22 and FY23 are substantially in line with broker forecasts over these two years but afterwards with the New Facility becoming operational, we have assumed that the Company will aim to aggressively increase throughput and revenues. Growth will also be derived by the full implementation of the subscription model with a gradual increase in order frequency between FY22 to FY28 from 2.7x per customer per quarter in Q4FY21 to 4.0x per customer quarter in FY28.

**B2B revenue growth:** The Company experienced a 3.9% reduction in B2B revenues in FY21 as a result of a series of rolling lockdowns throughout the country which affected retail operations and in particular the convenience/petrol stores with reduced foot-traffic. We have assumed the level of disruption to the B2B sector from lockdowns will reduce in 2022 and accordingly have allowed for an increase in B2B revenues in FY22 and F23.

Below we present the Company's historical growth rates for the B2C and B2B segments, the forecast gross revenue growth assumptions of the brokers and revenue growth forecasts for the comparable listed companies which we have used to guide our revenue growth assumptions in the DCF:

Revenue growth rate						Historical CAGR	Forecast CAGR
%	FY19	FY20	FY21	FY22	FY23	CAGR (FY18 to FY21)	CAGR (FY21 to FY23)
<b><u>Youfoodz:</u></b>							
YFZ B2C gross revenues	26%	(16%)	33%	na	na	12%	na
YFZ B2B gross revenues	57%	(23%)	(4%)	na	na	5%	na
YFZ total gross revenues	38%	(19%)	19%	na	na	10%	na
Broker 1 gross revenues	na	na	17%	12%	11%	na	12%
Broker 2 gross revenues	na	na	18%	10%	11%	na	11%
<b>Average</b>	<b>na</b>	<b>na</b>	<b>17%</b>	<b>11%</b>	<b>11%</b>	<b>na</b>	<b>11%</b>
<b><u>Comparable company net revenues:</u></b>							
Marley Spoon AG	41%	96%	32%	17%	15%	54%	16%
HelloFresh SE	41%	107%	42%	16%	17%	61%	17%
Blue Apron Holdings, Inc.	(32%)	1%	8%	9%	9%	(9%)	9%
Goodfood Market Corp.	129%	77%	37%	14%	14%	77%	14%
My Food Bag Group Limited	5%	(2%)	24%	(2%)	4%	9%	1%
<b>Average</b>	<b>37%</b>	<b>56%</b>	<b>29%</b>	<b>11%</b>	<b>12%</b>	<b>38%</b>	<b>11%</b>

Sources: S&P Global; GTCF analysis; Youfoodz annual reports.

- Discounts and Rebates:** Discounts and rebates are deducted from gross revenues resulting in net revenues. Discounts are typically applied at the point of purchase and are key to the B2C operations. Discounts and promotions are also used to drive sales of newly introduced products or for sales campaigns. Rebates impact principally the B2B business and are volume driven. Historically,

Youfoodz's discounts and rebates has averaged circa 25% of gross revenue since FY18. We have allowed for a higher level of discounts in FY22 as the Company incentivises customers to sign up under the subscription model. Thereafter we have adopted discounts in line with the historical average. We note that management expects a slight improvement regarding the B2C adopted discounts as a result of the subscription model.

- **COGS and gross margin:** In FY22 and FY23 the Company will outsource a portion of its manufacturing to third parties until it is able to begin operating in the New Facility incurring additional costs in the process. Accordingly, we have kept the Company's gross margin in FY22 and FY23 substantially flat with FY21. Once the New Facility becomes operational, the Company expects to benefit from significant labour, materials and overheads cost savings. We note the Company has engaged an independent third party consultant to benchmark the cost savings from the New Facility. We have been provided access to the report and note that the consultant has concluded that the savings appear realistic and achievable. From FY24 we have assumed c. 75% of the headline cost savings from the New Facility in our valuation which we have cross checked by benchmarking the gross margin with other market participants. At the end of the discrete forecast period, the normalised level of gross margin is c. 39% which is in line with the average gross margin (as % of net revenue) of the listed peers as set out below.

<b>Gross margin (% net revenue)</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>
<b>Company historical</b>						
Gross margin	25%	18%	29%	32%	na	na
<b>Youfoodz broker forecasts:</b>						
Broker 1	na	na	na	34%	34%	37%
Broker 2	nd	nd	nd	nd	nd	nd
<b>Comparable companies:</b>						
Marley Spoon AG	41%	45%	48%	40%	40%	41%
HelloFresh SE <sup>1</sup>	nmf	nmf	nmf	nmf	nmf	nmf
Blue Apron Holdings, Inc.	35%	39%	39%	38%	40%	41%
Goodfood Market Corp.	21%	25%	30%	33%	33%	34%
My Food Bag Group Limited	20%	22%	21%	26%	29%	29%
<b>Average</b>	<b>29%</b>	<b>33%</b>	<b>34%</b>	<b>34%</b>	<b>36%</b>	<b>36%</b>
<b>Median</b>	<b>28%</b>	<b>32%</b>	<b>34%</b>	<b>35%</b>	<b>37%</b>	<b>37%</b>

Sources: S&P Global; GTCF analysis; Youfoodz annual reports.

Note (1): HelloFresh discloses a contribution margin which is not comparable to the gross margin of Youfoodz, or the comparable companies. Accordingly we have excluded it from the above analysis.

- **Marketing expenses:** In FY22 and FY23 we have adopted marketing expenses broadly in line with FY21. From FY24 we have increased marketing expenses over the forecast period partly as the Company aims to increase throughput at the New Facility to achieve efficiencies and improve profitability, but also as a result of growing customer acquisition costs due to the competitive environment. Below we present our benchmarking on the marketing expenses:

Marketing expense (% of net revenue)	FY18	FY19	FY20	FY21
<b>Company historical</b>				
Marketing expense (% of net revenue)	16%	13%	10%	14%
<b>Comparable companies:</b>				
Marley Spoon AG	33%	26%	15%	nd
HelloFresh SE	26%	22%	13%	nd
Blue Apron Holdings, Inc.	18%	11%	11%	nd
Goodfood Market Corp.	nd	nd	nd	nd
My Food Bag Group Limited	4%	5%	2%	2%
<b>Average</b>	<b>20%</b>	<b>16%</b>	<b>10%</b>	<b>2%</b>
<b>Median</b>	<b>22%</b>	<b>16%</b>	<b>12%</b>	<b>2%</b>

Sources: S&P Global; GTCF analysis; Youfoodz annual reports.

- Other overheads and EBITDA margin:** Other overheads consist of corporate employee costs, occupancy costs and general administration costs. We have reflected higher occupancy costs from FY23 in relation to the New Facility in line with the expected lease terms. Employee costs and general administration costs are kept broadly in line with historical levels. We have then benchmarked the normalised EBITDA margin in the GT Model with the broker forecasts and the comparable listed companies. However we note that the comparable companies, and particularly Marley Spoon, have only recently achieved profitability at an EBITDA level, and therefore we have taken a longer term view on the EBITDA margin. We note that Marley Spoon is targeting an EBITDA margin of c. 15% and HelloFresh's EBITDA margin is between 11% and 13%. However, Youfoodz's business model is more labour and capital intensive given the manufacturing requirement compared with meal-kit companies and accordingly our adopted EBITDA margin at the end of the discrete forecast period is lower at c. 9%. Below we present our benchmarking analysis on the EBITDA margin:

EBITDA margin (% of net revenue)	FY18	FY19	FY20	FY21	FY22	FY23
<b>Company historical</b>						
EBITDA margin	(9%)	(17%)	(4%)	(1%)	na	na
<b>Youfoodz broker forecasts:</b>						
Broker 1	(10%)	(17%)	(4%)	0%	1%	4%
Broker 2	(9%)	(17%)	(2%)	1%	1%	4%
<b>Average</b>	<b>(10%)</b>	<b>(17%)</b>	<b>(3%)</b>	<b>1%</b>	<b>1%</b>	<b>4%</b>
<b>Comparable companies:</b>						
Marley Spoon AG	(38%)	(23%)	(0%)	1%	2%	4%
HelloFresh SE	(5%)	1%	13%	11%	11%	12%
Blue Apron Holdings, Inc.	(12%)	(5%)	(3%)	(3%)	1%	3%
Goodfood Market Corp.	(13%)	(11%)	1%	0%	2%	3%
<b>Average</b>	<b>(17%)</b>	<b>(10%)</b>	<b>3%</b>	<b>2%</b>	<b>4%</b>	<b>5%</b>
<b>Median</b>	<b>(12%)</b>	<b>(8%)</b>	<b>0%</b>	<b>1%</b>	<b>2%</b>	<b>3%</b>

Sources: S&P Global; GTCF analysis; Youfoodz annual reports.

- Tax rate:** We have assumed a 30% corporate tax rate. We understand that the company has A\$45.2 million of accumulated tax losses as at 24 June 2021. We have valued this tax losses separately and due to the uncertainty associated with the ability of a pool of potential purchasers to fully realise the associated benefits, we have assumed a 50% probability discount.
- Capital expenditure:** The Company is expected to incur circa A\$15 million in capex in relation to the New Facility to increase capacity to 800,000 meals per week and c. A\$4.6 million for the

development and programming of new IT systems including website and app to develop the subscription model. Thereafter we have assumed maintenance capex of approximately A\$3.5 million per annum.

- *Working capital:* The B2C business benefits from negative working capital whereas the B2B business has positive working capital due to the less favourable payment terms with the retailers, as opposed to B2C customers who pay in advance. In the GT Model, we have allowed for a relatively low level of working capital growth in the forecast period.
- *Synergies* – We have valued the business on a 100%, control basis and accordingly have allowed for certain cost synergies that would be available to a potential purchaser of Youfoodz and one-off implementation costs. These cost synergies, estimated between A\$2 million and A\$2.5 million are mainly associated with corporate costs, such as the gradual elimination of duplicate functions and other costs associated with the Company being publicly listed (i.e. audit fees, share registry, ASX fees and investor relations costs).
- *Terminal growth rate* – We have adopted a terminal growth rate of 2.0%
- *Discount rate* – We have assessed the discount rate between 10.8% and 12.9% based on the WACC. Refer to Appendix B for details.

#### 6.1.3 Other scenarios developed in the GT Model

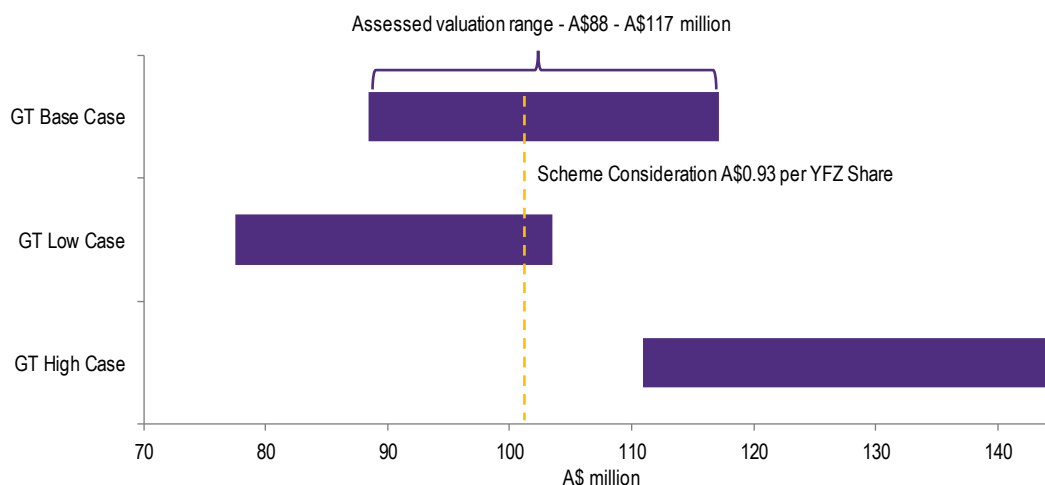
As mentioned in Section 6.1, in our valuation assessment we have considered other alternative scenarios:

- *Low Case* – We have made the following changes compared with the Base Case:
  - *New Facility cost savings:* Given the uncertainties in relation to the realisation of the cost savings in connection with the New Facility, we have partially scaled back the quantum of the cost savings and accordingly reduced the gross profit and EBITDA margins,
  - *EBITDA margin:* As a result of the reduced cost savings, our terminal year EBITDA margin is circa 8.5%.
- *High Case* – We have made the following changes compared with the Base Case:
  - *Average Order Frequency:* We have assumed the Company achieves an AOF in the High Case of 4.0x per customer per quarter one year earlier than the Base Case and the revenue growth is accelerated at the beginning of the discrete forecast period.
  - *Discounts* – We have allowed for an improvement in the B2C adopted discounts in line with Management expectations.
  - *New Facility cost savings:* The Company is able to achieve 100% of the cost savings identified and validated by the external consultant.
  - *EBITDA margin:* As a result of the higher cost savings, our terminal year EBITDA margin is circa 10%.

#### 6.1.4 Summary of the selected enterprise value

We have set out below a summary of our valuation assessment under the various scenarios.

##### Assessed enterprise value of YFZ



Source: GT Model, GTCF analysis

Based on the above, we have selected an enterprise value for the purpose of our assessment between A\$88 million and 117 million.

#### 6.1.5 Net debt

The following is the pro forma net debt as at 24 June 2021 which we have adopted for the purpose of our valuation assessment.

Net Debt as at 24 June 2021	
A\$	
External debt	1,921,837
Less: Cash Balance	(27,397,000)
<b>Net Debt/(cash balance) as at 24 June 2021</b>	<b>(25,475,163)</b>

Source: Youfoodz pro forma FY21 financial report.

We note that a large component of the cash balance cannot be considered as surplus cash as it is allocated to the New Facility, this situation is not inconsistent with the listed peers with most of them running with large cash balances to fund future growth, including to increase their manufacturing capabilities.

#### 6.1.6 Number of shares outstanding

The following is the number of shares on issue as at 24 June 2021.

Number of ordinary shares as at 24 June 2021	Section Reference	Number of shares
Fully paid ordinary share on issue	4.8	134,547,468
Deferred Shares Awards	4.8	214,051
<b>Total number of ordinary outstanding shares</b>		<b>134,761,519</b>

Source: Management information

The total number of shares on issue considered above includes the Deferred Award Shares but excluded the Options given they have an exercise price of A\$1.50 per share and the holders have indicated that they do not intend to exercise them before the Scheme becomes effective.

#### 6.1.7 Summary of the value per share

We have set out below our assessment of the fair market value of YFZ on a 100% control basis.

DCF Method - valuation summary A\$ '000 (except where stated otherwise)	Section Reference	Low	High
Enterprise value on a control basis	6.1	88,426,629	117,158,268
Add: Net cash balance	6.1.6	25,475,163	25,475,163
<b>Equity Value (control basis)</b>		<b>113,901,792</b>	<b>142,633,431</b>
Number of outstanding shares ('000s) (fully diluted)	6.1.7	134,761,519	134,761,519
<b>Value per share (control basis) (A\$ per Share)</b>		<b>0.85</b>	<b>1.06</b>

Source: GT Model, GTCF analysis

#### 6.1.8 Sensitivity analysis

It should be noted that the equity value of Youfoodz could vary materially based on changes to certain key assumptions. Accordingly, we have undertaken certain sensitivity analyses below to highlight the impact on the value of Youfoodz's equity value under the DCF Method caused by movements in certain key assumptions. The following table summarises our results.



Sensitivity analysis			Low	High
A\$ per share	Low	High	% Change	% Change
<b>Assessed value of YFZ per share</b>	0.85	1.06		
<b>Discount rate</b>				
+1.0%	0.77	0.95	(8.6%)	(10.5%)
-1.0%	0.93	1.20	10.4%	13.2%
<b>Terminal growth rate</b>				
+1.0%	0.90	1.15	6.2%	8.6%
-1.0%	0.80	0.99	(5.2%)	(6.9%)
<b>Gross Margin</b>				
+1.0%	0.96	1.20	13.0%	12.9%
-1.0%	0.73	0.92	(13.0%)	(12.9%)
<b>EBITDA Margin</b>				
+1.0%	0.90	1.15	6.2%	8.6%
-1.0%	0.80	0.99	(5.2%)	(6.9%)

Source: GTCF analysis

## 6.2 Revenue Multiple

In order to provide a cross check of our valuation conclusions under the DCF methodology, we have considered the Revenue Multiples of comparable listed companies and recent transactions involving ready-made meals and meal-kit companies. Below we present the Revenue Multiples of Youfoodz implied in our valuation assessment based on the DCF, the Scheme Consideration to be received by the Shareholders and in the IPO Price.

Implied Net Revenue Multiple	DCF Method <sup>1</sup>		IPO	Scheme Consideration
	Low	High		
<b>Enterprise value (control basis)</b>	<b>91,302,994</b>	<b>120,034,632</b>	<b>179,543,480</b>	<b>108,078,380</b>
FY21 Net Revenue Pro forma as at 30 June 2021	146,357,583		146,357,583	146,357,583
FY22 Net Revenue Broker Consensus	158,350,000		158,350,000	158,350,000
<b>FY21 EV/Net Revenue</b>	<b>0.6x</b>	<b>0.8x</b>	<b>1.1x</b>	<b>0.7x</b>
<b>FY22 EV/Net Revenue</b>	<b>0.6x</b>	<b>0.8x</b>	<b>1.1x</b>	<b>0.7x</b>

Source: GTCF analysis

Notes: (1) Enterprise value computed as the enterprise value from the DCF method (section 6.1) plus the right to use liabilities to be consistent with the peers (2) FY22 Net revenue based on most recent broker consensus.

In our valuation assessment, we have mainly relied on both the FY21 and FY22 Revenue Multiples due to the following:

- FY21 Revenue Multiple is based on the actual results recently announced by the Company and the other listed peers with a 30 June year end.
- The other listed peers have a different year-end with Marley Spoon and HelloFresh closing the year at 31 December. Accordingly the 2021 consensus forecasts for them includes six months of actual and six months of forecast.

For the purpose of cross checking the implied Revenue Multiple range of Youfoodz, we have had regard to the current trading multiples of broadly comparable companies (“Trading Multiples”) and acquisitions of companies with broadly similar operations (“Transaction Multiples”).

### 6.2.1 Trading multiples

In selecting the listed comparable companies, we have considered the following:

- Companies listed on the ASX and other exchanges around the world given the limited number of peers specifically operating in the sector. We have relied on both ready-made meals companies and meal-kit companies as they are broadly assessed as one category by investors and they are subject to similar industry trends.
- YFZ is characterised by historical and forecast high-growth in revenues. As a result, we have focused on those companies with significant growth prospects.
- The listed companies have differing year-end and accordingly there is some misalignment in the forecast period.
- The Revenue Multiples of listed peers reflect the value of the underlying companies on a minority basis and do not include a premium for control.

Summarised below are the Revenue Multiples of the selected companies.

Revenue Multiple analysis			Market	EV/Revenue <sup>2,3</sup>	
Company	Country	Financial Year end	Cap <sup>1</sup> \$A m	FY21 Projected	FY22 Projected
<b>Tier 1 - Business comparable companies</b>					
Marley Spoon AG	Germany	31 Dec xx	499	0.9x	0.8x
HelloFresh SE	Germany	31 Dec xx	22,648	2.4x	2.1x
Blue Apron Holdings, Inc.	United States	31 Dec xx	141	0.2x	0.2x
Goodfood Market Corp.	Canada	31 Aug xx	823	1.6x	1.4x
My Food Bag Group Limited	New Zealand	31 Mar xx	299	1.8x	1.8x
<b>Median - Tier 1</b>				<b>1.6x</b>	<b>1.4x</b>
<b>Average - Tier 1</b>				<b>1.4x</b>	<b>1.3x</b>

Sources: S&P Global, GTCF Analysis, Management

Notes: (1) Revenue multiples as at 11 August 2021; (2) Enterprise Value (EV) includes net debt (interest-bearing liabilities less non-restricted cash), non-controlling interests and AASB16 liabilities. (3) Forecast trading multiples are based on the median of broker consensus estimates. (4) My Food Bag has a 31 March year end. Accordingly the FY21 EV/Revenue for My Food Bag is derived from audited revenue for the year ending 31 March 2021

In order to provide greater insights into the selected comparable companies, we have also analysed below certain KPIs such as AOV, AOF, gross margin, marketing expenditure and historical and forecast revenue growth rate.

KPIs - Peer analysis			Marketing exp.		Marketing exp.	Net Revenue	Net Revenue
			Gross Margin	% net revenue	% net revenue	CAGR	CAGR
	AOV <sup>1</sup>	AOF <sup>2</sup>	Avg 3 Yrs H	Avg FY18-FY20	Latest Yr	FY18-FY21	FY21-FY23
YouFoodz	97.8	2.7x	26%	12%	14%	6%	6%
Marley Spoon AG	44.5	4.3x	44%	25%	15%	54%	16%
HelloFresh SE	49.3	4.0x	64%	20%	13%	61%	17%
Blue Apron Holdings, Inc.	61.6	5.4x	37%	13%	11%	(9%)	9%
Goodfood Market Corp.	Na	Na	25%	Na	Na	77%	14%
My Food Bag Group Limited	125	5.5x	21%	4%	2.4%	9%	1%
<b>Average (Excl. YouFoodz)</b>		<b>4.8</b>	<b>39%</b>	<b>15%</b>	<b>10%</b>	<b>38%</b>	<b>11%</b>
<b>Median (Excl. YouFoodz)</b>		<b>4.9</b>	<b>37%</b>	<b>17%</b>	<b>12%</b>	<b>54%</b>	<b>14%</b>

Sources: S&P Global, GTCF Analysis, Company Filings

Notes: (1) Average Order Value presented in local currency; (2) Average Order Frequency. Both Average Order Value and Average Order Frequency are reported on a quarterly basis. Accordingly the figures presented are all based on the latest quarterly data.

We have set out below some observations on the listed peers.

### Marley Spoon

It is listed on the ASX with a market capitalisation of c. A\$500 million and it operates in the meal-kit segment under the Marley Spoon and Dinnerly brands. The company has operations in Australia, the US and Europe and it generated revenue in the first half of 2021 of €158 million. It is in a similar growth cycle to YFZ with large investments in marketing and capital expenditure. Marley Spoon has secured an external debt facility of up to €55 million and it has a cash balance of c. €46 million as at 30 June 2021.

It expects revenue to grow by 30% to 35% in CY21 with this trend to continue in the foreseeable future. Notwithstanding the significant revenue growth, the company experienced some compression in the gross margin due to supply chain issues, labour shortages and cost inflation predominantly in the US, however the situation seems to have now improved.

In comparison with the Company, Marley Spoon has an established footprint in three jurisdictions, with the total addressable market in Europe, the US and Australia of c. 190 million households, it has a consolidated subscription based model with an average order frequency of 4.3x per customer per quarter and circa 70% of the H1CY21 revenue generated by customers with order frequency between 6 and 30 orders for the period. In addition, Marley Spoon has significant availability of funds to support the growth of its business and notwithstanding the significant investment in marketing and promotions across all the jurisdictions, it is close to generate a break-even at operating cash flow level.

### HelloFresh

It is a large global business listed on the Frankfurt Stock Exchange with a market capitalisation of c. €14.6 billion and 2020 revenue of €4.3 billion. It is focused on both the meal-kit and the ready-meal segments. The business has a market share of the meal kit market of c. 60% in the US, 50% in the UK and 55% in Canada<sup>30</sup>. It generated consolidated revenue in Q2 2021 of c. €1.5 billion compared with €972 million pcp or a growth of 54% with adjusted<sup>31</sup> EBITDA for the same period of €158 million. The company is forecasting for the recent growth to continue driven by new customer and continued high order rates. As a result, management has increased the Company's full year 2021 revenue growth outlook for the

<sup>30</sup> HelloFresh presentation.

<sup>31</sup> Adjusted EBITDA is defined as EBITDA excluding share-based payments and restructuring costs. Adjusted EBITDA margin is defined as the percentage of adjusted EBITDA to revenues. EBITDA, adjusted EBITDA, and adjusted EBITDA margin are non-IFRS financial measures.

HelloFresh Group on a constant currency basis from previously between 35% and 45% to now between 45% and 55%. The company recently launched the EveryPlate ready-made meal brand which reached US\$200 million of revenue in only 2.5 years leveraging off consolidated operations, geographic footprint and integrated marketing of the group. Based on the above discussions, whilst we have included it in our list of peers, we have not relied on it for the purpose of our valuation assessment. The market positioning, historical and future growth and the strength of the brands are reflected in the FY21 Revenue Multiple of 2.6x.

#### Blue Apron

Blue Apron is a USA based meal-kit company offering fresh, chef-designed recipes to households, which was launched in 2012 and listed on the NYSE in June 2017. Recently, the company has experienced flat or negative growth with the customer base declining from its early pandemic surge. In February 2021, the company reported a net revenue increase between 2020 and 2019 of just 1% leading to a loss of US\$46.2 million and that in Q2 2021 customer numbers were 16,000 down from the previous quarter and 21,000 from the previous year. As a result, net revenue has also stagnated, declining by 5.4% yoy as at Q2 2021. The company also invests significantly less in marketing expenses, which averaged 13% over the last 3 years compared with 24.8% and 20.2% for Marley Spoon and HelloFresh respectively.

Overall, we note the company's underperformance and decrease in revenue is reflected in the subdued share price which has declined by approximately 60% since January 2021 and in the low Revenue Multiple.

#### Goodfood Market Corp. ("Goodfood")

Goodfood Market Corp. is a Canadian online grocery, home meal and meal kit company, based in Montreal, Quebec. It has consistently grown and evolved to capture a larger share of customers grocery spend and expanding its target addressable market. As a result, revenue has been growing exponentially from C\$70 million in CY18 to C\$384 million in the LTM. The business generates a strong gross margin of c. 33% and positive adjusted EBITDA of c. C\$9 million LTM. The company has a large cash balance of C\$128 million to continue to fund future growth. Similarly to YFZ, the company has invested heavily in technology and data analytics to assist in tracking the origins of its produce, customers demand and preferences. It offers same day/next day delivery in key urban markets and it operates out of 7 purpose built manufacturing facilities in North America.

#### My Food Bag Group Limited ("MFB")

MFB is a NZ-based and operated company which has been offering meal kit products since 2013 and it recently launched a range of ready-made meals under the brand MADE which are offered on a weekly subscription basis. The company operates out of three assembly centres and it delivers its products to customers within 24 hours. Similarly to YFZ, it has a scalable e-commerce infrastructure which provides the business with the ability to quickly bring new products into the market, data integrity and greater margin visibility. Whilst we have included MFB in our listed peers, we note differently from YFZ and the other listed peers, it is not categorised as a growth stock and its operations are confined to NZ which is a relatively small market. Revenue was substantially flat between FY19 and FY20 and the recent IPO Prospectus included FY22 revenue forecast lower than FY21. The company was recently listed as mature income generating business seeking to provide returns to shareholders via regular distributions. Due to the more advanced business operations stage of MFB compared with YFZ, being MFB already profitable, we have put limited reliance of MFB trading multiple.

## 6.2.2 Transaction multiples

We have also considered multiples implied by historical transactions involving companies comparable to YFZ. Notwithstanding that several relevant transactions completed over the past few years, several of them involved private companies being acquired by private equity firms, and hence the transaction metrics were not disclosed or only partially disclosed, in particular in relation to earn-out components of the consideration. The table below summarises our comparable transaction analysis:

Transactions analysis		Target	Bidder		Deal Value	Implied
Date	Status	Company	Country	Company	Stake (%)	(A\$m) EV/Revenue
31-Dec-20	Completed	Factor75 <sup>1</sup>	United States	HelloFresh	100%	202 1.8x
06-Nov-20	Completed	Mindful Chef	United Kingdom	Nestle	Na	Na Na
30-Oct-20	Completed	Freshly <sup>2</sup>	United States	Nestle	100%	1,055 2.2x
27-Oct-20	Completed	My Muscle Chef <sup>3</sup>	Australia	Quadrant	Na	Na Na
01-Jul-20	Completed	Matpartner AS	Norway	Grilstad Fabrikker AS	49%	Na Na
21-May-19	Completed	Three Limes, Inc <sup>4</sup>	United States	Oisix ra daichi Inc.	100%	19 0.3x
22-Jun-18	Completed	Home Chef <sup>5</sup>	United States	The Kroger Co.	100%	265 0.8x
31-Mar-18	Completed	Green Chef Corporation	United States	HelloFresh	100%	Na Na
15-Mar-18	Completed	QuiToque SA	France	Carrefour SA	100%	Na Na
20-Sep-17	Completed	DineInFresh <sup>6</sup>	United States	Albertsons Companies	100%	273 0.9x
<b>Average</b>						<b>1.2x</b>
<b>Median</b>						<b>0.9x</b>

Source: S&P Global, GTCF analysis, Mergermarket

Notes: (1) Deal value excludes potential earnouts of up to USD \$100m; (2) Deal value excludes potential earnouts of up to USD \$550m; (3) Investment of A\$100m based on publicly available information (4) Deal value excludes potential earnouts of up to USD \$17m; (5) Deal value excludes potential earnouts of up to USD \$500m; (6) Deal value excludes potential earnouts of up to USD \$175m

The comparable transactions observed took place during the period between September 2017 and December 2020. Most of these transactions involved the acquisition of controlling interests, and the EV/Revenue multiples have been determined having regard to the historical and forecast (when available) financial performance. We have set out below some relevant observations.

### Factor75

In 2020, HelloFresh SE entered into an agreement to acquire all of the outstanding equity interests of Factor75 Inc. which is a fully-prepared meal delivery service in the cost bracket between ~US\$12 to US\$13 per meal depending on the plan selected. Factor75 focuses on gourmet and health meals with every meal free of refined sugars, gluten, soy, hormones, antibiotics, and GMOs. Factor was founded in 2013 and it operates out of four production and fulfilment facilities. In addition, a new facility capable of producing more than US\$500 million in prepared meals a year was set to begin operations shortly after the acquisition. The total purchase price for the acquisition is up to US\$277 million, of which up to US\$100 million is in the form of an earn-out and management incentives. Factor's full year revenue for 2020 was expected to reach around US\$100 million which implies a Revenue Multiple of 1.77x based on the cash upfront consideration. Due to the complementary nature in product offerings, the acquisition of Factor was expected to drive supply chain and operational synergies for both companies.

### Mindful Chef

Nestlé bought a majority stake in the healthy recipe box and prepared frozen meals company, Mindful Chef, to grow its food and direct-to-consumer offerings in the UK and Ireland. Mindful Chef was founded in

2015. Since its launch, the business has delivered over 9.5 million meals to households across the UK and consumers can choose from 16 healthy recipes each week. Mindful Chef was expected to generate over £50 million in revenue in 2020.

#### Freshly

Freshly is a weekly subscription service delivering fresh, chef-cooked meals that can be heated and served in 3 minutes. Freshly's products are targeted at health-conscious consumers with less sugar and less processing with all meals being gluten-free. Freshly was shipping more than 1 million meals per week across 48 states in the US. Freshly is a large business with a significant footprint across the US and it has been growing at over 80% between 2017 and 2020 (sales have grown from US\$70mn in 2017 to an expected US\$430mn in 2020) and it is expected to grow at a CAGR of 20% between 2019 and 2025. The company had close to half a million active subscribers in Q3 2020 and Nestlé expected it to be EBITDA positive in the first full year of consolidation.

The deal values Freshly at US\$950 million up-front, with potential earn-out up to US\$550 million contingent on the successful growth of the business. We understand that Freshly was expected to record US\$430 million in sales in 2020 which implies a Revenue Multiple of 2.2 times based on the upfront consideration only as the terms of the earn-out are not known. Nestle had already acquired a 16% stake in Freshly in 2017.

#### My Muscle Chef

My Muscle Chef, an Australian supplier of prepared meals and protein shakes, has recently secured an investment from Quadrant Private Equity to provide capital to support and accelerate the growth of the business. Limited information is available in relation to the terms of the transaction. The company seems to be of a similar size to YFZ delivering c. 400,000 meals per week with the majority of them directly to its customer base of c. 100,000 and revenue of c. A\$150 million<sup>32</sup>. My Muscle Chef is a direct competitor of the Company and similarly also sells into the B2B segment (IGA, Romeo's and FoodWorks) and convenience/petrol stores such as Caltex/Ampol. However details on the terms of the transaction and financial performance are limited.

#### Home Chef

The Kroger Group acquired Home Chef, one the largest privately held meal kit company in the U.S. Home Chef was founded in 2013 and it delivered over 3 million meals each month from three distribution centres in Chicago, Atlanta and Los Angeles to reach c. 98% of US households within a 2-day delivery window. Home Chef experienced a revenue growth of 150% in the year prior to the acquisition to reach US\$250 million in revenue.

Kroger paid an upfront consideration of US\$200 million plus the potential for an incremental US\$500 million over five years contingent upon achieving certain milestones. Home Chef was profitable at an EBITDA level. The implied Revenue Multiple is 0.8x however we are of the opinion that it should be considered with caution given that it reflects an early entry into the sector and the total consideration was heavily skewed towards the contingent consideration, however some of the milestones may have been easy to achieve.

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<sup>32</sup> Based on public available information released in the press.

*Three Limes trading as Purple Carrot*

Purple Carrot is a plant-based meal kit focused on healthy meals. Purple Carrot offers breakfast, lunch and dinner options every week, sending subscribers pre-portioned ingredients and step-by-step instructions. Purple Carrot was founded in 2014 and is based in Needham, Massachusetts and it recorded US\$43 million revenue in 2018. It was acquired by Japanese online organic food retailer Oisix ra daichi Inc which paid an up-front amount of US\$12.8 million plus earnout potential of US\$17.2 million until 2021.

6.2.3 Conclusion on the Revenue Multiples

Refer to the executive summary for details.

6.3 Quoted Security Pricing Method

In our assessment of the fair market value of YFZ shares, we have also had regard to the trading price of the listed securities on the ASX in the period prior to 13 July 2021, when the Company announced to the market that it had entered into the SID.

The assessed value per share based on the trading price is an exercise in professional judgement that takes into consideration the depth of the market for listed securities, the volatility of the trading price, and whether or not the trading price is likely to represent the underlying value of YFZ. The following sections detail the analysis undertaken in selecting the share price range.

6.3.1 Liquidity analysis

In accordance with the requirements of RG 111, we have analysed the liquidity of YFZ Shares before relying on them for the purpose of our valuation assessment. We have set out below the trading volume from December 2020 to July 2021<sup>33</sup> as a percentage of the total shares outstanding as well as free float shares outstanding.

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<sup>33</sup> We have excluded the trading volumes after the announcement of the SID

Youfoodz - Liquidity analysis							
Month end	Volume traded ('000)	Monthly VWAP (\$)	Total value of shares traded (\$'000)	Volume traded as % of total shares	Cumulative Volume traded as % of total shares	Volume traded as % of free float shares	Cumulative Volume traded as % of free float shares
Dec 2020	8,216	1.1324	9,304	6.1%	6.1%	23.4%	23.4%
Jan 2021	2,233	1.0485	2,341	1.7%	7.8%	6.4%	29.8%
Feb 2021	3,235	0.9814	3,175	2.4%	10.2%	9.2%	39.0%
Mar 2021	3,420	0.7238	2,475	2.5%	12.7%	9.8%	48.8%
Apr 2021	5,209	0.6246	3,254	3.9%	16.6%	14.9%	63.6%
May 2021	3,783	0.4671	1,767	2.8%	19.4%	10.8%	74.4%
Jun 2021	5,052	0.4368	2,207	3.8%	23.2%	14.4%	88.8%
Jul 2021	12,846	0.8884	11,412	9.5%	32.7%	36.6%	125.4%
<b>Min</b>				<b>1.7%</b>		<b>6.4%</b>	
<b>Average</b>				<b>4.1%</b>		<b>15.7%</b>	
<b>Median</b>				<b>3.3%</b>		<b>12.6%</b>	
<b>Max</b>				<b>9.5%</b>		<b>36.6%</b>	

Sources: S&P Global and GTCF Analysis

With regard to the above analysis, we note that:

- The level of free float for YFZ is low given that RGT Capital and founding shareholders and other management team hold 57.5% and 15.2% respectively of the issued capital.
- The shares held by RGT were recently released from escrow after the release of the FY21 accounts where the shares held by the founding shareholders and other management team are escrowed until the release of the FY22 results.
- 66.6% of the IPO proceeds<sup>34</sup> were raised from institutional investors which are less likely to trade the shares on a regular basis and are usually considered long-term holders of the shares.
- Between listing and the announcement of the SID, only 23.6% of the issued capital were traded which reduces to 19.4% if the first two days of trading on the ASX are excluded when the trading price of the Company reduced materially on large volumes.
- The free-float shares % of the Company is materially lower than all the other listed peers as set out in the table below.

<sup>34</sup> A\$31.6 million raised in the Institutional Offer and A\$15 million raised from RGT Capital.

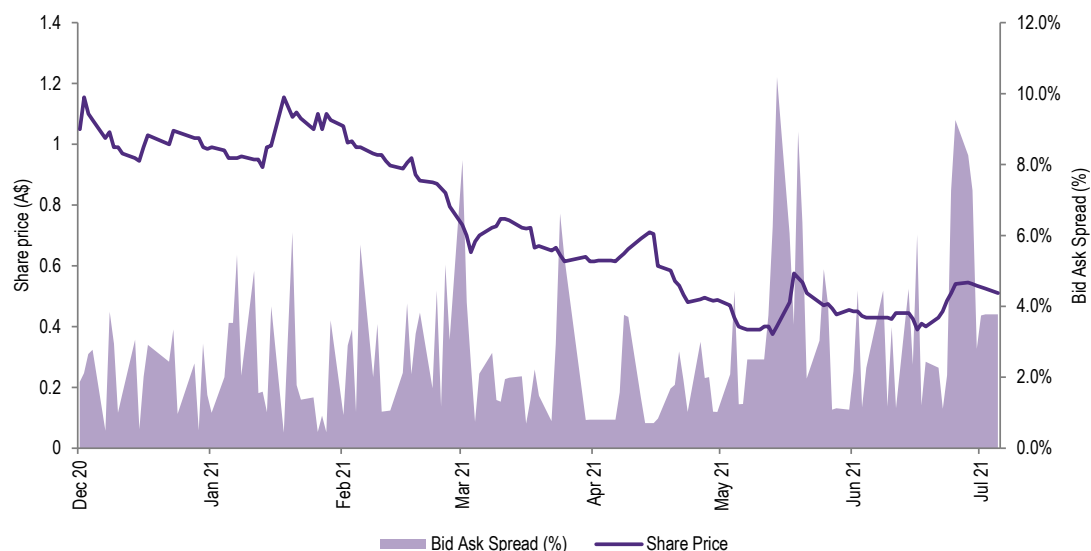


Liquidity analysis			Average	Average	Cumulative	Cumulative
			volume traded	volume traded	volume traded	volume traded
			as a % of	as a % of free	as a % of	as a % of free
Company	Country	Free float (%)	total shares	float shares	total shares	float shares
Youfoodz Holdings Limited	Australia	26.0%	3.7%	14.2%	25.9%	99.2%
<b>Tier 1 Comparables</b>						
Marley Spoon AG	Germany	43.4%	4.9%	12.1%	34.5%	84.6%
HelloFresh SE	Germany	90.7%	7.5%	9.8%	52.4%	68.3%
Goodfood Market Corp.	Canada	63.1%	11.5%	23.5%	80.5%	164.4%
Blue Apron Holdings, Inc.	United States	68.7%	79.3%	164.8%	554.8%	1153.5%
My Food Bag Group Limited	New Zealand	75.1%	3.1%	4.2%	15.6%	20.8%
<b>Low - Tier 1</b>		<b>43.4%</b>	<b>3.1%</b>	<b>4.2%</b>	<b>15.6%</b>	<b>20.8%</b>
<b>Average - Tier 1</b>		<b>68.2%</b>	<b>21.3%</b>	<b>42.9%</b>	<b>147.6%</b>	<b>298.3%</b>
<b>Median - Tier 1</b>		<b>68.7%</b>	<b>7.5%</b>	<b>12.1%</b>	<b>52.4%</b>	<b>84.6%</b>
<b>High - Tier 1</b>		<b>90.7%</b>	<b>79.3%</b>	<b>164.8%</b>	<b>554.8%</b>	<b>1153.5%</b>

Source: S&P Global; GTCF analysis

- In the absence of a takeover or alternative transactions, the trading price represents the value at which minority shareholders could realise their investment.
- YFZ complies with the full disclosure regime required by the ASX. As a result, the market is fully informed about the performance of YFZ. YFZ provides updates to the market on a regular basis with information regarding the investment strategy and performance. As a result, there is extensive analysis provided to the market not only about the YFZ's performance and market standing, but also regarding industry trends. In addition, the stock is covered by two investments' analysts which provide regular update on the performance of the business.
- Where a company's stock is not heavily traded or is relatively illiquid, the market typically observes a difference between the 'bid' and 'ask' price for the stock as there may be a difference in opinion between the buyer and seller on the value of the stock. We have set out below the bid and ask price since listing.

#### YFZ – Bid/Ask Spread 8 December 2020 to 12 July 2021



Sources: S&P Global and GTCF Analysis

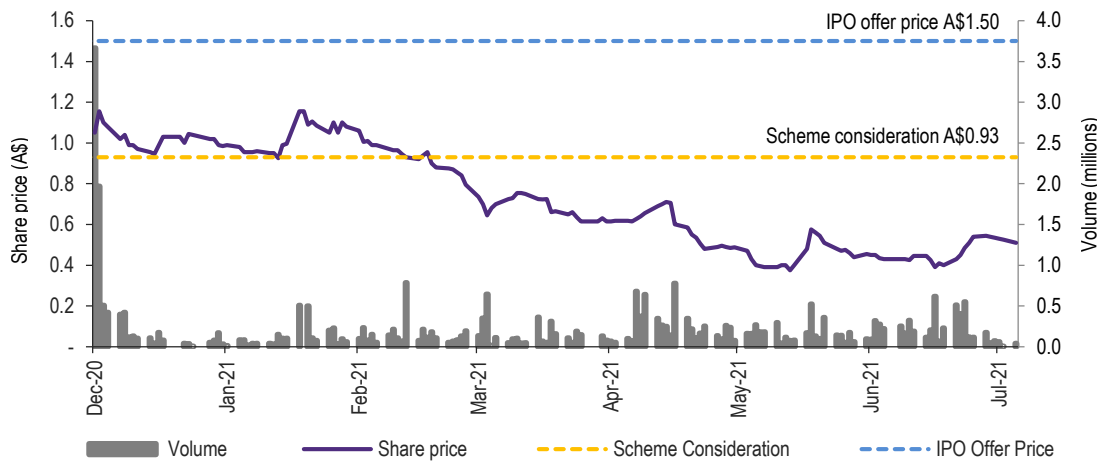
As set out in the graph above, we note that the historical average and median bid-ask spread has been 2.7% and 2.1% respectively since December 2020 with spikes above 8% in conjunction with large movements in the trading price.

Based on the analysis above, we conclude that there is limited liquidity in YFZ's trading price.

### 6.3.2 Analysis of the trading price

We have analysed below YFZ's share price from 8 December 2020 to 13 July 2021 compared with the Scheme Consideration and the IPO Price.

#### YFZ – Historical share trading price and volume



Sources: S&P Global and GTCF Analysis

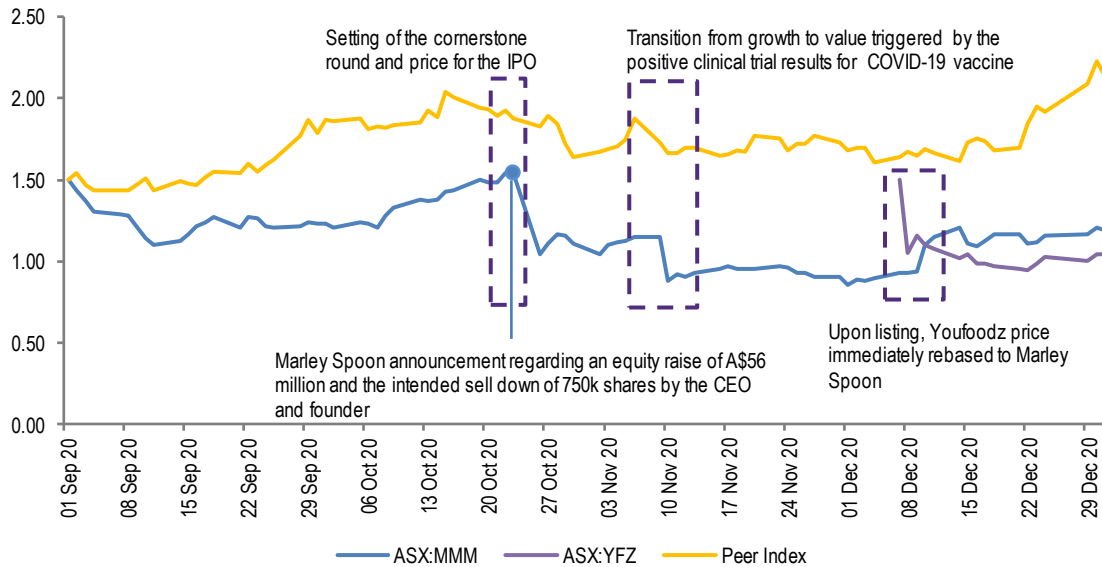
As discussed in the executive summary, whilst the Scheme Consideration is at a significant premium to the trading price before the announcement, it represents a c. 38% discount to the IPO Price.

As set out in the graph above, the trading price fell immediately to A\$1.16 per share at opening and closed the first day of trading at A\$1.05, c. 30% below the IPO Price.

In the lead up to setting the IPO Price and once trading commenced, Marley Spoon was considered a relevant reference point for the valuation of YFZ. Accordingly, we have set out below a comparison between the trading price of Marley Spoon, YFZ and the Peer Index<sup>35</sup> between 1 September 2020 and 31 December 2020 to cover the period before the IPO and after.

<sup>35</sup> Comprising Marley Spoon, HelloFresh, Blue Apron, Goodfood Basket and MFB.

**Share price comparison (rebased to IPO Price of A\$1.50)**



Source: S&P Global, GTCF Analysis

Based on the graph above, we note the following:

- The trading price of Marley Spoon increased significantly between 1 September 2020 and the end of October 2020 when the IPO price of A\$1.50 was set.
- The Peer Index over the same period was volatile but trending upward.
- All the stocks were adversely affected by the announcement on 9 November 2020 of successful interim clinical trial results from COVID-19 vaccine candidate from Pfizer which signalled a potential re-opening of the economies around the world and an exit from protracted period of lockdowns and the subsequent rotation from growth to value stocks also in conjunction with the removal of the uncertainty in relation to the US election at the same time.

The downwards trend continued in the following months due to specific announcements from the Company in relation to FY21 Revenue and EBITDA below market expectations. As a result, YFZ Shares traded on or around A\$0.40 per share between mid-May and end of June to then slight recover to A\$0.51 just before the announcement of the Scheme.

As discussed extensively in the executive summary, we are of the opinion that between the time the IPO price was set and the announcement of the Scheme, several factors, both business specific and market related, have changed, which make the comparison between the Scheme Consideration and the IPO Price not necessarily relevant. Refer to the executive summary for further details.

Set out below is a summary of the VWAP of YFZ shares over the last three months before the announcement of the SID.

Youfoodz VWAP analysis		Low	High	VWAP
Up to	12 Jul 2021			
5 day		0.490	0.550	0.523
10 day		0.405	0.550	0.469
1 month		0.375	0.550	0.445
2 month		0.375	0.580	0.450
3 month		0.375	0.710	0.511

Source: S&P Global and GTCF calculations

The trading prices presented above reflect the value of YFZ on a minority basis and thus do not include a premium for control. Evidence from studies suggests that successful takeovers in Australia have completed based on premium for control in the range of 20% to 40% (Refer to Appendix D for an overview of this control premium study).

## 7 Sources of information, disclaimer and consents

### 7.1 Sources of information

In preparing this report Grant Thornton Corporate Finance has used various sources of information, including:

- Annual reports/consolidated accounts of YFZ for FY19, FY20, and 1H21.
- IPO Prospectus
- Scheme Booklet
- Management accounts in FY18 to YTD FY21.
- Management presentations and CFO reports.
- Management Projection Scenarios FY22 to FY24
- Minutes of Board meetings.
- Access to other relevant documents in the Data Room.
- Transaction databases such as S&P Global Capital IQ and Mergermarket
- IBISWorld
- Other industry reports provided by the Company.
- Various broker reports for the Company and for the listed peers.
- Other publicly available information.

In preparing this report, Grant Thornton Corporate Finance has also held discussions with, and obtained information from, Management of YFZ and its advisers.

### 7.2 Limitations and reliance on information

This report and opinion is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

Grant Thornton Corporate Finance has prepared this report on the basis of financial and other information provided by the Company, and publicly available information. Grant Thornton Corporate Finance has considered and relied upon this information. Grant Thornton Corporate Finance has no reason to believe that any information supplied was false or that any material information has been withheld. Grant Thornton Corporate Finance has evaluated the information provided by the Company through inquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially misstated or would not afford reasonable grounds upon which to base our report. Nothing in this report should be taken to imply that Grant Thornton Corporate Finance has audited any information supplied to us, or has in any way carried out an audit on the books of accounts or other records of the Company.

This Report has been prepared to assist the Directors of YFZ in advising the Company's shareholders in relation to the Scheme. This Report should not be used for any other purpose. In particular, it is not intended that this Report should be used for any purpose other than as an expression of Grant Thornton Corporate Finance's opinion as to whether the Scheme is in the best interest of the Company's shareholders.

YFZ has indemnified Grant Thornton Corporate Finance, its affiliated companies and their respective officers and employees, who may be involved in or in any way associated with the performance of services contemplated by our engagement letter, against any and all losses, claims, damages and liabilities arising out of or related to the performance of those services whether by reason of their negligence or otherwise, excepting gross negligence and wilful misconduct, and which arise from reliance on information provided by the Company, which the Company knew or should have known to be false and/or reliance on information, which was material information the Company had in its possession and which the Company knew or should have known to be material and which did not provide to Grant Thornton Corporate Finance. The Company will reimburse any indemnified party for all expenses (including without limitation, legal expenses) on a full indemnity basis as they are incurred.

### 7.3 Consents

Grant Thornton Corporate Finance consents to the issuing of this report in the form and context in which it is included in the Scheme Booklet to be sent to YFZ shareholders. Neither the whole nor part of this report nor any reference thereto may be included in or with or attached to any other document, resolution, letter or statement without the prior written consent of Grant Thornton Corporate Finance as to the form and context in which it appears.

## Appendix A – Valuation methodologies

### Capitalisation of future maintainable earnings

The capitalisation of future maintainable earnings multiplied by appropriate earnings multiple is a suitable valuation method for businesses that are expected to trade profitably into the foreseeable future.

Maintainable earnings are the assessed sustainable profits that can be derived by a company's business and excludes any abnormal or "one off" profits or losses. This approach involves a review of the multiples at which shares in listed companies in the same industry sector trade on the share market. These multiples give an indication of the price payable by portfolio investors for the acquisition of a parcel shareholding in the company.

### Discounted future cash flows

An analysis of the net present value of forecast cash flows or DCF is a valuation technique based on the premise that the value of the business is the present value of its future cash flows. This technique is particularly suited to a business with a finite life. In applying this method, the expected level of future cash flows are discounted by an appropriate discount rate based on the weighted average cost of capital. The cost of equity capital, being a component of the WACC, is estimated using the Capital Asset Pricing Model. Predicting future cash flows is a complex exercise requiring assumptions as to the future direction of the company, growth rates, operating and capital expenditure and numerous other factors. An application of this method generally requires cash flow forecasts for a minimum of five years.

### Orderly realisation of assets

The amount that would be distributed to shareholders on an orderly realisation of assets is based on the assumption that a company is liquidated with the funds realised from the sale of its assets, after payment of all liabilities, including realisation costs and taxation charges that arise, being distributed to shareholders.

### Market value of quoted securities

Market value is the price per issued share as quoted on the ASX or other recognised securities exchange. The share market price would, prima facie, constitute the market value of the shares of a publicly traded company, although such market price usually reflects the price paid for a minority holding or small parcel of shares, and does not reflect the market value offering control to the acquirer.

### Comparable market transactions

The comparable transactions method is the value of similar assets established through comparative transactions to which is added the realisable value of surplus assets. The comparable transactions method uses similar or comparative transactions to establish a value for the current transaction. Comparable transactions methodology involves applying multiples extracted from the market transaction price of similar assets to the equivalent assets and earnings of the company. The risk attached to this valuation methodology is that in many cases, the relevant transactions contain features that are unique to that transaction and it is often difficult to establish sufficient detail of all the material factors that contributed to the transaction price.

## Appendix B – Discount rate

### Introduction

The cash flow assumptions underlying the DCF approach are on a nominal, ungeared and post-tax basis. Accordingly, we have assessed a range of nominal post-tax discount rates for the purpose of calculating the net present value of the cash flows.

The discount rates were determined using the WACC formula. The WACC represents the average of the rates of return required by providers of debt and equity capital to compensate for the time value of money and the perceived risk or uncertainty of the cash flows, weighted in proportion to the market value of the debt and equity capital provided. However, we note that the selection of an appropriate discount rate is ultimately a matter of professional judgment.

Under a classical tax system, the nominal WACC is calculated as follows:

$$\text{WACC} = R_d \times \frac{D}{D + E} \times (1 - t) + R_e \times \frac{E}{D + E}$$

Where:

- $R_e$  = the required rate of return on equity capital;
- $E$  = the market value of equity capital;
- $D$  = the market value of debt capital;
- $R_d$  = the required rate of return on debt capital; and
- $t$  = the statutory corporate tax rate.

### *Required rate of return on equity capital*

We have used the CAPM, which is commonly used by practitioners, to calculate the required return on equity capital.

The CAPM assumes that an investor holds a large portfolio comprising risk-free and risky investments. The total risk of an investment comprises systematic risk and unsystematic risk. Systematic risk is the variability in an investment's expected return that relates to general movements in capital markets (such as the share market) while unsystematic risk is the variability that relates to matters that are unsystematic to the investment being valued.

The CAPM assumes that unsystematic risk can be avoided by holding investments as part of a large and well-diversified portfolio and that the investor will only require a rate of return sufficient to compensate for the additional, non-diversifiable systematic risk that the investment brings to the portfolio. Diversification cannot eliminate the systematic risk due to economy-wide factors that are assumed to affect all securities in a similar fashion.

Accordingly, whilst investors can eliminate unsystematic risk by diversifying their portfolio, they will seek to be compensated for the non-diversifiable systematic risk by way of a risk premium on the expected return. The extent of this compensation depends on the extent to which the company's returns are correlated with



the market as a whole. The greater the systematic risk faced by investors, the larger the required return on capital will be demanded by investors.

The systematic risk is measured by the investment's beta. The beta is a measure of the co-variance of the expected returns of the investment with the expected returns on a hypothetical portfolio comprising all investments in the market - it is a measure of the investment's relative risk.

A risk-free investment has a beta of zero and the market portfolio has a beta of one. The greater the systematic risk of an investment the higher the beta of the investment.

The CAPM assumes that the return required by an investor in respect of an investment will be a combination of the risk-free rate of return and a premium for systematic risk, which is measured by multiplying the beta of the investment by the return earned on the market portfolio in excess of the risk-free rate.

Under the CAPM, the required nominal rate of return on equity (Re) is estimated as follows:

$$R_e = R_f + \beta_e (R_m - R_f)$$

Where:

- Rf = risk free rate
- $\beta_e$  = expected equity beta of the investment
- (Rm – Rf) = market risk premium

**Risk-free rate – 3.0%**

In the absence of an official risk free rate, the yield on government bonds (in an appropriate jurisdiction) is commonly used as a proxy. Accordingly, we have we have observed the yield on the 10-year Australian Government bond over several intervals from a period of 5 trading days to 10 trading years. The following table sets out the average yield on 10-year Australian Government Bond over the last 10 years.

Australia Government Debt - 10 Year as at 7 August 2021	Range		Daily average	
				Nominal
Previous 5 trading days	1.12%	-	1.16%	1.13%
Previous 10 trading days	1.12%	-	1.18%	1.14%
Previous 20 trading days	1.12%	-	1.31%	1.18%
Previous 30 trading days	1.12%	-	1.50%	1.25%
Previous 60 trading days	1.12%	-	1.72%	1.42%
Previous 1 year trading	0.73%	-	1.88%	1.23%
Previous 2 years trading	0.60%	-	1.88%	1.11%
Previous 3 years trading	0.60%	-	2.79%	1.45%
Previous 5 years trading	0.60%	-	2.99%	1.91%
Previous 10 years trading	0.60%	-	4.62%	2.62%

Source: S&P Global

Given the current volatility in the global financial markets in conjunction with COVID-19, quantitative easing by central banks, as well as the longer investment period on infrastructure investments, we have placed more emphasis on the average risk free rate observed over a longer period of time. Accordingly, our adopted risk-free rate of 3.0% is based on the long-term real yield on Australian 10-year government bonds.

#### **Market risk premium – 6.0%**

The market risk premium represents the additional return an investor expects to receive to compensate for additional risk associated with investing in equities as opposed to assets on which a risk free rate of return is earned. However, given the inherent high volatility of realised rates of return, especially for equities, the market risk premium can only be meaningfully estimated over long periods of time. In this regard, Grant Thornton studies of the historical risk premium over periods of 20 to 80 years suggest a risk premium between 5.5% and 6.0% for the Australia markets.

For the purpose of the WACC assessment, Grant Thornton Corporate Finance has adopted a market risk premium of 6.0%.

#### **Equity beta – 1.20 to 1.40**

The beta measures the expected relative risk of the equity in a company. The choice of the beta requires judgement and necessarily involves subjective assessment as it is subject to measurement issues and a high degree of variation.

An equity beta includes the effect of gearing on equity returns and reflects the riskiness of returns to equity holders. However, an asset beta excludes the impact of gearing and reflects the riskiness of returns on the asset, rather than returns to equity holders. Asset betas can be compared across asset classes independent of the impact of the financial structure adopted by the owners of the business.

Equity betas are typically calculated from historical data. These are then used as a proxy for the future which assumes that the relative risk of the past will continue into the future. Therefore, there is no right equity beta and it is important not to simply apply historical equity betas when calculating the cost of equity. For the purpose of the report, we would normally have regard to the observed betas (equity betas) of listed companies operating in the ready-made meal industry. As shown in the table below, we note that the betas of the comparable companies are negative or with almost nil R-squared. Accordingly, we have put limited reliance on them.

Beta analysis			2 years weekly betas					5 years monthly betas				
			Equity Beta	R sq	Gearing Ratio	Regeared Beta	Adopted Beta	Equity Beta	R sq	Gearing Ratio	Regeared Beta	Adopted Beta
Company	Country	Mkt cap A\$m										
Youfoodz	Australia	123	1.36	0.01	(23.6%)	1.41	Nmf	(14.74)	0.14	(23.6%)	(15.29)	Nmf
Marley Spoon AG	Germany	525	(1.10)	0.03	4.7%	(1.10)	Nmf	(3.48)	0.16	11.4%	(3.34)	Nmf
HelloFresh SE	Germany	21,134	0.21	0.01	(4.4%)	0.22	Nmf	0.14	0.00	(6.6%)	0.14	Nmf
Blue Apron	United States	139	(1.14)	0.02	21.8%	(1.02)	Nmf	(4.04)	0.13	22.2%	(3.60)	Nmf
Goodfood Market	Canada	854	0.44	0.02	(6.0%)	0.45	Nmf	(0.02)	0.00	(6.9%)	(0.02)	Nmf
My Food Bag	New Zealand	300	(1.23)	0.27	7.8%	(1.21)	Nmf	(0.27)	0.08	7.8%	(0.26)	Nmf

Source: S&P Global and GTCF calculations

Note (1): Equity betas are calculated using data provided by S&P Global as at 11 August 2021. The betas are based on a five-year period with monthly observations based on the local index. Betas have been ungeared based on the average gearing ratio (i.e. net debt divided by shareholders' equity based on market values). Betas have been regeared based on the assumed regearing ratio of 0% as YFZ does not currently have any debt outstanding, which is expected to continue in the forecast period.

It should be noted that the above betas are drawn from the actual and observed historical relationship between risk and returns. From these actual results, the expected relationship is estimated generally on the basis of extrapolating past results. Despite the arbitrary nature of the calculations it is important to assess their commercial reasonableness. That is to assess how closely the observed relationship is likely to deviate from the expected relationship.

Consequently, while measured equity betas of the listed comparable companies provide useful benchmarks against which the equity beta used in estimating the cost of equity for the predevelopment assets, the selection of an unsystematic equity beta requires a level of judgement.

The asset betas of the selected companies are calculated by adjusting the equity betas for the effect of gearing to obtain an estimate of the business risk of the comparable companies, a process commonly referred as de-gearing. We have then recalculated the equity beta based on an assumed 'optimal' capital structure deemed appropriate for the business (re-gearing). This is a subjective exercise, which carries a significant possibility of estimation error.

We used the following formula to undertake the de-gearing and re-gearing exercise:

$$\beta_e = \beta_a \left[ 1 + \frac{D}{E} \times (1 - t) \right]$$

Where:

- $\beta_e$  = Equity beta
- $\beta_a$  = Asset beta
- $t$  = corporate tax rate

The betas are de-gearred using the average historical gearing levels of those respective companies over several years. We note that most comparable companies had net cash positions. We then re-gearred based on a gearing ratio of 0% debt (see Capital Structure Section below for further discussions).

As part our procedures, we have reviewed the brokers reports and we note that they have selected a beta between 1.2 and 1.3 in their valuation assessments. In addition, we note that the industry beta for consumer discretionary is at 1.3 as at December 2020. We categorised the market in which Youfoodz operate as consumer discretionary as customers have many other options available other the ready meals.

As a result, for the purposes of our valuation, we have selected a beta range of between 1.2 and 1.4 to calculate the required rate of return on equity capital. In our beta assessment we had regards to brokers and the beta of the consumer discretionary segment.

#### *Specific risk premium*

The specific risk premium represents the additional return an investor expects to receive to compensate for country, size and project related risk not reflected in the beta of observed comparable companies. We have applied a specific risk premium of 1% and 2% to reflect the risk associated with the development of the New Facility and achieving the related cost savings, as well as the company achieving the growth targets in terms of new customer and order frequency.

We note that the selection of the specific risk premium involves a certain level of professional judgement and as a result, the total specific risk premium is not fully quantifiable with analytical data.

*Cost of debt – 5.0% - 6.0%*

For the purpose of estimating the cost of debt applicable to YFZ, Grant Thornton Corporate Finance has considered the following:

- The weighted average interest rate on credit outstanding for large businesses over the last one to five years as published by the Reserve Bank of Australia.
- The historical and current cost of debt for YFZ and the comparable companies.
- Expectations of the yield curve.

Based on the above, Grant Thornton Corporate Finance has adopted a cost of debt between 5.0% and 6.0% on a pre-tax basis. However, we note that since YFZ has nil gearing, the assumption does not impact the assessment of the WACC.

*Capital Structure*

The appropriate level of gearing that is utilised in determining WACC for a particular company should be the “target” gearing ratio, rather than the actual level of gearing, which may fluctuate over the life of a company. The target or optimal gearing level can therefore be derived based on the trade-off theory which stipulates that the target level of gearing for a project is one at which the present value of the tax benefits from the deductibility of interest are offset by present value of costs of financial distress. In practice, the target level of gearing is evaluated based on the quality and variability of cash flows. These are determined by:

- the quality and life cycle of a company;
- the quality and variability of earnings and cash flows;
- working capital;
- level of capital expenditure; and
- the risk profile of the assets.

For the purpose of the valuation, Grant Thornton Corporate Finance has adopted a capital structure based on 5% debt and 95% equity. In determining the appropriate capital structure, we have had regard to the current capital structure of YFZ with the Company having no debt outstanding but also having regard to the comparable companies such as Hellofresh and Marley Spoon.

*Tax rate – 30%*

For the purpose of our valuation assessment we have assumed the Australian corporate tax rate of 30%.

*Discount rate summary*

WACC calculation	Low	High
<b>Cost of equity</b>		
Risk free rate	3.0%	3.0%
Beta	1.20	1.40
Market risk premium	6.0%	6.0%
Specific risk premium	1.0%	2.0%
<b>Cost of equity</b>	<b>11.2%</b>	<b>13.4%</b>
<b>Cost of debt</b>		
Cost of debt (pre tax)	5.0%	6.0%
Tax	30.0%	30.0%
<b>Cost of debt (post tax)</b>	<b>3.5%</b>	<b>4.2%</b>
<b>Capital structure</b>		
Proportion of debt	5%	5%
Proportion of equity	95%	95%
	100%	100%
<b>WACC (post tax)</b>	<b>10.8%</b>	<b>12.9%</b>

Source: GTCF Analysis

## Appendix C – Comparable companies descriptions

Company	Description
Youfoodz Holdings Limited	Youfoodz Holdings Limited engages in the preparation, delivery, and distribution of ready-made meals, protein-packed snacks, and cold-pressed juices direct to households and to stockists in Australia. Its products include various meals, snacks, and drinks. Youfoodz Holdings Limited was founded in 2012 and is based in Virginia, Australia.
Marley Spoon AG	Marley Spoon AG provides subscription-based weekly meal kit services in Australia, the United States, Austria, Belgium, Denmark, Sweden, Germany, and the Netherlands. The company creates original recipes and delivers ingredients directly to customers for them to prepare and cook. As of December 31, 2020, it had approximately 327,000 active customers across the Marley Spoon and Dinnerly brands. The company was founded in 2014 and is headquartered in Berlin, Germany.
HelloFresh SE	HelloFresh SE delivers meal kit solutions to prepare home-cooked meals using its recipes. The company offers premium meals, double portions, and others, as well as add-ons, such as soups, snacks, fruit boxes, desserts, ready-made meals, and seasonal boxes. It also sells meal-kits through vending machines. The company has operations in the United States, Australia, Austria, Belgium, Canada, Germany, France, Luxembourg, the Netherlands, New Zealand, Switzerland, Sweden, Denmark, and the United Kingdom. It operates under the HelloFresh brand. The company was founded in 2011 and is headquartered in Berlin, Germany.
Goodfood Market Corp.	Goodfood Market Corp., an online grocery company, delivers fresh meals and grocery products in Canada. The company offers ready-to-eat and breakfast meals, which include ready-to-blend smoothies and other breakfast items, prepared meals, cooked meats and sides, and salads and soups; and private-label grocery items in various categories, such as bakery, dessert, meat and seafood, drinks, pantry, produce, snacks, dairy, and kitchen essentials, as well as olive oil, juice, and chocolate cookies. It also offers Yumm, a value meal kit for cost-focused customers. The company offers its products through makegoodfood.ca and goodfoodmarket.ca domain names. As of August 31, 2020, it had approximately 280,000 active subscribers. Goodfood Market Corp. is headquartered in Saint-Laurent, Canada.
Blue Apron Holdings, Inc.	Blue Apron Holdings, Inc. operates direct-to-consumer platform that delivers original recipes, and fresh and seasonal ingredients. It also operates Blue Apron Market, an e-commerce market that provides cooking tools, utensils, pantry items, and other products. In addition, the company offers Blue Apron Wine, a direct-to-consumer wine delivery service that sells wines, which can be paired with its meals; and supplies poultry, beef, and lamb. It serves college graduates, young couples, families, singles, and empty nesters. The company offers its services through order selections on Website or mobile application primarily in the United States. Blue Apron Holdings, Inc. was founded in 2012 and is headquartered in New York, New York.
My Food Bag Group Limited	My Food Bag Group Limited engages in online meal kit and pre-prepared ready to heat meal delivery business in New Zealand. It offers a range of meal kit bags under the My Food Bag, Bargain Box, Fresh Start, and MADE by My Food Bag brands. The company was formerly known as MFB Group Limited and changed its name My Food Bag Group Limited in January 2021. The company was founded in 2013 and is based in Auckland, New Zealand.

Source: S&P Global

## Appendix D – Comparable transaction targets descriptions

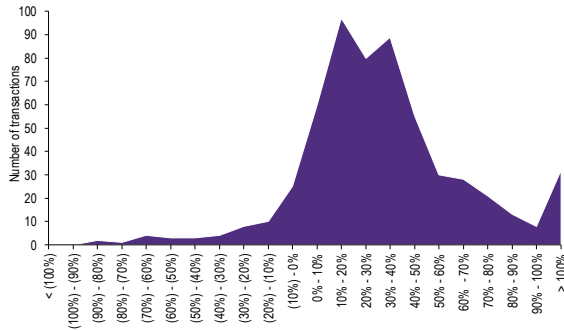
Target Company	Description
Factor75 LLC	Factor75, LLC prepares and delivers organic meals to homes and offices. The company offers organic and non-GMO meal plans, which include Paleo Plan, Keto Plan, and Gluten Free diet. Further, the company offers meals for breakfast, lunch, and dinner, including grass-fed and pastured meats with low-glycemic carbohydrates, which are free of gluten, soy, antibiotics, and hormones, with no added sugar or artificial sweeteners. Additionally, the company offers subscription plans for its customer through which the orders are placed on an automated recurring basis, every Wednesday. In addition, the company offers nutritional supplements and diet consulting services. It also offers its products at health clubs and fitness centers. Factor75, LLC was formerly known as Optimal Performance LLC. The company was founded in 2011 and is based in Batavia, Illinois with additional operations in Chicago, Illinois.
Mindful Chef Ltd	Mindful Chef Ltd. provides recipe box services to households in the United Kingdom and Scotland. It enables users to choose new healthy recipes listed in its website; and sources and delivers the required ingredients from farms to cook the recipes. The company was incorporated in 2014 and is based in London, United Kingdom. As of November 9, 2020, Mindful Chef Ltd operates as a subsidiary of Nestlé UK Ltd.
Freshly Inc	Freshly Inc. produces and delivers freshly prepared meals online. The company's meals menu includes entrees and breakfasts with dairy products, eggs, pork, tree nuts, chicken, beef, turkey, fish, soy, shellfish, and others. It offers monthly and weekly subscriptions. Freshly Inc. was formerly known as F3 Foods of Arizona, Inc. and changed its name to Freshly Inc. in December 2014. The company was founded in 2012 and is based in New York, New York. It has operations in Phoenix, Arizona; Savage, Maryland; Linden, New Jersey; Commerce, California; and Austell, Georgia. As of October 30, 2020, Freshly Inc. operates as a subsidiary of Nestlé USA, Inc.
My Muscle Chef Pty Ltd	My Muscle Chef Pty Ltd. delivers freshly prepared high protein meals in Australia. It also supplies a range of protein types, including chicken, beef, lamb, seafood, and plant-based protein options. Its custom services include selection of meal plans and pre-selected sets for different dietary requirements. The company was founded in 2013 and is based in Yennora, Australia.
Matpartner AS	Matpartner AS is a Norway-based supplier of ready-made meals for retail and catering.
Three Limes, Inc	Three Limes, Inc., doing business as The Purple Carrot, sells plant-based meals online. It also offers breakfast, lunch, and packaged snacks. The company was incorporated in 2014 and is based in Needham, Massachusetts. As of April 2019, Three Limes, Inc. operates as a subsidiary of Oisix ra daichi Inc.
Home Chef	Relish Labs LLC, doing business as Home Chef, provides a fresh ingredient and recipe delivery service. It offers a meal delivery service that includes fresh ingredients and instructions needed to cook restaurant quality meals for two, four, or six people in the home kitchen. The company is based in Chicago, Illinois. As of June 22, 2018, Relish Labs LLC operates as a subsidiary of The Kroger Co.
Green Chef Corporation	Green Chef Corporation offers organic ingredients for cooking healthy and flavorful meals in the Western and Central United States. It delivers its products primarily to Arizona, California, Colorado, Idaho, Iowa, Missouri, Montana, Nebraska, Nevada, New Mexico, Oklahoma, South Dakota, Texas, Utah, and Wyoming, as well as to small areas of Arkansas, Illinois, North Dakota, and Oregon. The company was incorporated in 2014 and is based in Denver, Colorado. As of March 31, 2018, Green Chef Corporation operates as a subsidiary of Grocery Delivery E-Services USA INC.
QuiToque SA	QuiToque delivers and markets packed recipes to homes in France. The company was formerly known as SAS Cookin'theworld. The company was incorporated in 2012 and is based in Paris, France. As of March 15, 2018, QuiToque operates as a subsidiary of Carrefour SA.
DineInFresh, Inc.	DineInFresh, Inc., doing business as Plated, retails chef-designed recipes and ingredients online in the continental United States. It offers meat and fish, and vegetarian dishes, as well as divided shallots, garlic, divided scallions, mints, basils, divided limes, ground pork, mayonnaises, fish sauces, sugar, baguettes, and shredded carrots. The company was founded in 2012 and is based in New York, New York. It has fulfillment centers in New York, San Francisco, and Chicago. As of September 20, 2017, DineInFresh, Inc. operates as a subsidiary of AB Acquisition LLC.

Source: S&P Global

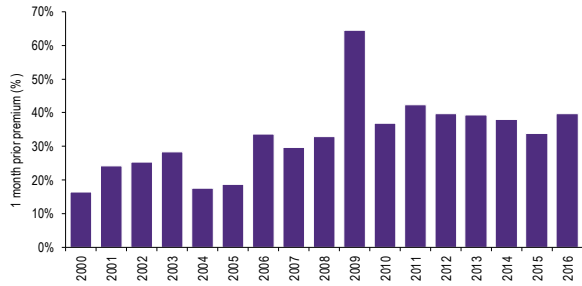
## Appendix E – Control Premium study

Evidence from studies indicates that the premium for control on successful takeovers has frequently been in the range of 20% to 40% in Australia, and that the premium can vary significantly for each transaction.

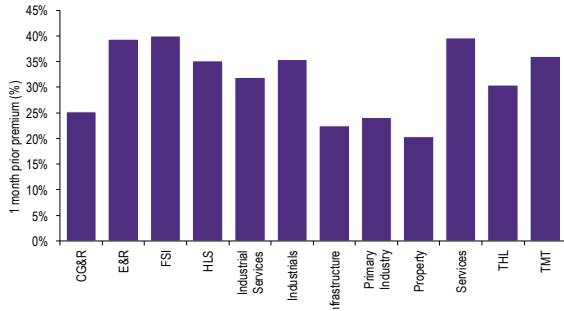
**1 Month Prior Control Premium**



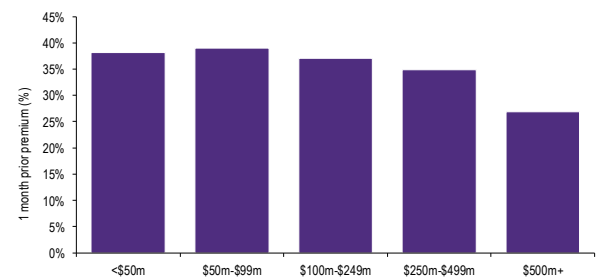
**Control premium per completion date**



**Control premium per industry**



**Control premium and size**



	Control premium
Average	34.33%
Median	29.34%

Source: GTCF Analysis



## Appendix F – Glossary

\$ or A\$	Australian Dollar
AOF	Average Order Frequency measured per customer per quarter
AOV	Average Order Value
APES 225	Accounting Professional and Ethical Standard 225 "Valuation Services"
ASIC	Australian Securities Investments Commission
ASX	Australian Securities Exchange
B2B	Business to Business
B2C	Business to Consumer
Base Case	The central case used in the valuation assessment of YFZ based on the DCF Method
Corporations Act	Corporations Act 2001
DC	Distribution Centre
DCF Method	Discounted Cash Flows Methodology
Exchange Rate	The exchange rate of €1:A\$1.60 as at 10 August 2021
Fresh Four	Fresh Four Pty Ltd
FSG	Financial Services Guide
Goodfood	Goodfood Market Corp.
GT Model	Financial model prepared by GTCF, projecting the post-tax free cash flows of Youfoodz Holdings Limited
GTCF, Grant Thornton, or Grant Thornton Corporate Finance	Grant Thornton Corporate Finance Pty Ltd (CAN 003 265 987)
HelloFresh	HelloFresh SE
IER	Independent Expert's Report
Internal Model	Youfoodz Holdings Limited management forecast up to 30 June 2024
IPO	Initial Public Offering
IPO Price	The IPO Price of A\$1.50 per share
Management Projections	High level management projections for FY22 to FY24
Marley Spoon	Marley Spoon AG
MFB	My Food Bag Group Limited
New Facility	The new manufacturing facility
Pcp	Prior corresponding period
Restructure	The restructuring of Youfoodz Holdings Limited in September 2019
Revenue Multiple	Enterprise value divided by total forecasted revenue
RG 111	ASIC Regulatory Guide 111 "Contents of expert reports"
RG 112	ASIC Regulatory Guide 112 "Independence of experts"
RG60	ASIC Regulatory Guide 60 "Scheme of Arrangement"
RGT Capital	RGT Capital Fund No. 6 (YF)
Scheme	Scheme of Arrangement
Scheme Consideration	The consideration of A\$0.93 per YFZ Share that HelloFresh agrees to pay
Shareholder Loan	Shareholder Loan from RGT Capital
Shareholders	YFZ shareholders
SID	Scheme Implementation Deed
SKUs	Stock Keeping Units
Strategic Reset	The strategic reset of Youfoodz Holdings Limited
Trading Multiples	Current trading multiples of comparable companies
YFZ Directors	The Directors of YFZ
YFZ Shares	The issued shares of Youfoodz Holdings Limited
YFZ, Youfoodz, or the Company	Youfoodz Holdings Limited
Youjuice	Youjuice Pty Ltd
YoY	Year on Year



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# ANNEXURE B

## SCHEME

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## **Scheme of Arrangement**

**Youfoodz Holdings Limited**

**The holders of fully paid ordinary shares in  
Youfoodz Holdings Limited as at the  
Scheme Record Date**

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## Scheme of Arrangement pursuant to section 411 of the *Corporations Act 2001* (Cth)

**Parties**            **Youfoodz Holdings Limited** (ABN 38 635 434 801) of 4, 52 Pritchard Road, Virginia QLD 4014 (**Youfoodz**)

**Scheme Shareholders**, each person who is registered as the holder of Youfoodz Shares recorded in the Youfoodz Register as at the Scheme Record Date (**Scheme Shareholders**)

## Operative provisions

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### 1. Definitions and interpretation

#### Definitions

1.1 In this Scheme, unless the context otherwise requires:

**ASIC** means Australian Securities and Investments Commission.

**ASX** means ASX Limited (ABN 98 008 624 691) and, where the context requires, the financial market that it operates.

**Business Day** means a day that is not a Saturday, Sunday or a public holiday or bank holiday in Brisbane, Queensland, Sydney, New South Wales and Berlin, Germany.

**CHESS** means the Clearing House Electronic Subregister System operated by ASX Settlement Pty Ltd and ASX Clear Pty Limited.

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

**Court** means the Federal Court of Australia (Victorian Registry), or such other court of competent jurisdiction under the Corporations Act agreed to in writing by Youfoodz and HelloFresh.

**Deed Poll** means the deed poll executed by HelloFresh and HelloFresh Nominee on 24 August 2021 under which HelloFresh and HelloFresh Nominee each covenants in favour of the Scheme Shareholders to perform the obligations attributed to HelloFresh and HelloFresh Nominee under this Scheme.

**Effective** means when used in relation to this Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the Court order made under section 411(4)(b) of the Corporations Act in relation to this Scheme.

**Effective Date** means the date on which this Scheme becomes Effective.

**End Date** means 31 December 2021, or such other date as agreed in writing by the parties.

**Government Agency** means, whether foreign or domestic:

- (a) a government, whether federal, state, territorial or local or a department, office or minister of a government acting in that capacity; or
- (b) a commission, delegate, instrumentality, agency, board, or other government, semi-government, judicial, administrative, monetary or fiscal body, department, tribunal,

entity or authority, whether statutory or not, and includes any self-regulatory organisation established under statute or any stock exchange.

**HelloFresh** means HelloFresh SE of Saarbrücker Straße 37a, 10405 Berlin.

**HelloFresh Nominee** means Cook E Services Australia Pty Ltd (ACN 652 473 240) of Level 3, 5-13 Queen Street, Chippendale NSW 2008, being a wholly-owned Subsidiary of HelloFresh.

**Implementation Date** means the fifth Business Day after the Scheme Record Date.

**Operating Rules** means the official operating rules of the ASX.

**Registered Address** means in relation to a Youfoodz Shareholder, the address shown in the Youfoodz Register as at the Scheme Record Date.

**Scheme** means this scheme of arrangement under Part 5.1 of the Corporations Act between Youfoodz and the Scheme Shareholders subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to by Youfoodz and HelloFresh.

**Scheme Consideration** means the consideration to be provided by HelloFresh Nominee in consideration for the transfer of the Youfoodz Shares held by a Scheme Shareholder to HelloFresh Nominee, being, in respect of each Scheme Share, \$0.93 cash.

**Scheme Implementation Deed** means the scheme implementation deed dated 13 July 2021 between Youfoodz and HelloFresh relating to the implementation of this Scheme.

**Scheme Meeting** means the meeting of Youfoodz Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and vote on this Scheme and includes any meeting convened following any adjournment or postponement of that meeting.

**Scheme Record Date** means 7.00 pm (Sydney time) on the fifth Business Day after the Effective Date.

**Scheme Share** means a Youfoodz Share held by a Scheme Shareholder.

**Scheme Shareholder** means a Youfoodz Shareholder recorded in the Youfoodz Register as at the Scheme Record Date.

**Scheme Transfer** means a duly completed and executed proper instrument of transfer in respect of the Scheme Shares for the purposes of section 1071B of the Corporations Act, in favour of HelloFresh Nominee as transferee, which may be a master transfer of all or part of the Scheme Shares.

**Second Court Date** means the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving this Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the first day on which the adjourned application or appeal is heard.

**Subsidiary** has the meaning set out in the Corporations Act.

**Youfoodz** means Youfoodz Holdings Limited (ABN 38 635 434 801).

**Youfoodz Register** means the register of members of Youfoodz maintained in accordance with the Corporations Act.

**Youfoodz Registry** means Boardroom Pty Limited (ACN 003 209 836).

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

**Youfoodz Shareholder** means each person who is registered as the holder of a Youfoodz Share in the Youfoodz Register.

## **Interpretation**

1.2 In this document:

- (a) unless the context requires otherwise, a reference:
  - (i) to the singular includes the plural and vice versa;
  - (ii) to a gender includes all genders;
  - (iii) to a document or instrument is a reference to that document or instrument as amended, consolidated, supplemented, novated or replaced;
  - (iv) to a clause is to a clause of this document;
  - (v) to a law includes any legislation, judgment, rule of common law or equity or rule of any applicable stock exchange, and is a reference to that law as amended, consolidated, supplemented or replaced and includes a reference to any regulation, by-law or other subordinate legislation;
  - (vi) to any time is to Sydney time;
  - (vii) to \$ is to the lawful currency of Australia;
- (b) the words "including" or "includes" mean "including, but not limited to" or "includes, without limitation" respectively;
- (c) where a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (d) headings are for convenience only and do not affect interpretation of this document;
- (e) if a payment or other act must (but for this clause) be made or done on a day that is not a Business Day, then it must be made or done on the next Business Day; and
- (f) if a period must be calculated from, after or before a day or the day of an act or event, it must be calculated excluding that day.

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## **2. Preliminary**

### **Youfoodz**

- 2.1 Youfoodz is a public company limited by shares, incorporated in Australia and taken to be registered in New South Wales. Its registered office is at 4, 52 Pritchard Road, Virginia QLD 4014.
- 2.2 Youfoodz has been admitted to the official list of the ASX and the Youfoodz Shares are quoted on the ASX.
- 2.3 As at the date of the Scheme Implementation Deed, there were on issue:



- (a) 134,547,468 Youfoodz Shares, which are quoted for trading on the ASX; and
- (b) 53,332 options to subscribe for Youfoodz Shares, which are not quoted for trading on any stock exchange.

### **HelloFresh and HelloFresh Nominee**

- 2.4 HelloFresh is a European corporation (*Societas Europaea*), incorporated and validly existing under the laws of Germany and registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg (Berlin) under docket number HRB 182382 B. Its entire share capital is listed on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (ISIN DE 000A161408). Its registered office is at Saarbrücker Straße 37a, 10405 Berlin, Federal Republic of Germany.
- 2.5 HelloFresh Nominee is a wholly-owned Subsidiary of HelloFresh and is a company limited by shares incorporated in Australia.

### **Effect of Scheme**

- 2.6 If this Scheme becomes Effective:
- (a) HelloFresh Nominee must provide, and HelloFresh must procure that HelloFresh Nominee provides, the Scheme Consideration to the Scheme Shareholders in accordance with the terms of this Scheme and the Deed Poll;
  - (b) all of the Scheme Shares, together with all the rights and entitlements attaching to the Scheme Shares at the Implementation Date, must be transferred to HelloFresh Nominee and Youfoodz will enter the name of HelloFresh Nominee in the Youfoodz Register as the holder of the Scheme Shares on the Implementation Date; and
  - (c) in consideration of the transfer of the Scheme Shares, Youfoodz must pay, or procure the payment of, the Scheme Consideration to each Scheme Shareholder in accordance with this Scheme and the Deed Poll.

### **Scheme Implementation Deed**

- 2.7 Youfoodz and HelloFresh have entered into the Scheme Implementation Deed which sets out the terms and conditions on which HelloFresh and Youfoodz have agreed to implement this Scheme.

### **Deed Poll**

- 2.8 This Scheme attributes actions to HelloFresh and HelloFresh Nominee but does not itself impose an obligation on them to perform those actions. HelloFresh and HelloFresh Nominee have executed the Deed Poll in favour of each Scheme Shareholder under which they have covenanted, subject to this Scheme becoming Effective, to perform certain steps attributed to them under this Scheme and to do all things necessary to implement this Scheme, including to pay or procure the payment of the Scheme Consideration to the Scheme Shareholders.

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### **3. Conditions precedent**

#### **Conditions precedent to Scheme**

- 3.1 This Scheme is conditional on and will have no force or effect until, the satisfaction of each of the following conditions precedent:
- (a) all the conditions in clause 3.1 of the Scheme Implementation Deed, other than the condition in the Scheme Implementation Deed relating to Court approval of this Scheme, having been satisfied or waived in accordance with the terms of the Scheme Implementation Deed before 8.00 am on the Second Court Date;
  - (b) neither the Scheme Implementation Deed nor the Deed Poll having been terminated in accordance with their terms before 8.00 am on the Second Court Date;
  - (c) approval of this Scheme by the Court under paragraph 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by HelloFresh and Youfoodz;
  - (d) any other conditions made or required by the Court under subsection 411(6) of the Corporations Act in relation to this Scheme, and which are agreed to in writing by HelloFresh and Youfoodz, having been satisfied; and
  - (e) the orders of the Court made under paragraph 411(4)(b) (and, if applicable, subsection 411(6)) of the Corporations Act approving this Scheme coming into effect, under section 411(10) of the Corporations Act on or before the End Date (or any later date Youfoodz and HelloFresh agree in writing).

#### **Certificate in relation to conditions precedent**

- 3.2 Youfoodz and HelloFresh will each provide to the Court on the Second Court Date a certificate, or such other evidence as the Court requests, confirming (in respect of matters within their knowledge) whether or not all of the conditions precedent in clauses 3.1(a) and 3.1(b) have been satisfied or waived in accordance with the terms of the Scheme Implementation Deed as at 8.00 am on the Second Court Date.
- 3.3 The certificate referred to in clause 3.2 constitutes conclusive evidence of the satisfaction or waiver of the conditions precedent referred to in the relevant certificate.

#### **Termination**

- 3.4 Without limiting any rights under the Scheme Implementation Deed, if the Scheme Implementation Deed is terminated in accordance with its terms before this Scheme becomes Effective, each of Youfoodz, HelloFresh and HelloFresh Nominee are released from:
- (a) any further obligation to take steps to implement this Scheme; and
  - (b) any liability with respect to this Scheme.

#### **End Date**

- 3.5 This Scheme will lapse and have no further force or effect if the Effective Date has not occurred on or before the End Date unless Youfoodz and HelloFresh otherwise agree in writing.

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## 4. Implementation of Scheme

### Lodgement of Court orders

- 4.1 Youfoodz must lodge with ASIC in accordance with section 411(10) of the Corporations Act an office copy of the Court order approving this Scheme by 5.00 pm on the Business Day on which such office copy is received (or such later date as agreed in writing by HelloFresh).

### Transfer of Scheme Shares

- 4.2 On the Implementation Date:
- (a) subject to this Scheme becoming Effective and the payment of the Scheme Consideration in accordance with clauses 5.1 to 5.4, the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, must be transferred to HelloFresh Nominee, without the need for any further act by any Scheme Shareholder (other than acts performed by Youfoodz as attorney and agent for Scheme Shareholders under clause 8.8), by:
    - (i) Youfoodz delivering to HelloFresh Nominee a duly completed Scheme Transfer, executed on behalf of the Scheme Shareholders by Youfoodz, for registration; and
    - (ii) HelloFresh Nominee duly executing the Scheme Transfer, attending to the stamping of the Scheme Transfer (if required) and delivering it to Youfoodz for registration; and
  - (b) immediately following receipt of the Scheme Transfer in accordance with clause 4.2(a)(ii), but subject to the stamping of the Scheme Transfer (if required), Youfoodz must enter, or procure the entry of, the name and address of HelloFresh Nominee in the Youfoodz Register as the holder of all the Scheme Shares.

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## 5. Scheme Consideration

### Provision of Scheme Consideration

- 5.1 HelloFresh Nominee must, and HelloFresh must procure that HelloFresh Nominee does, by no later than the Business Day before the Implementation Date, deposit in cleared funds an amount equal to the aggregate amount of the Scheme Consideration payable to each Scheme Shareholder, in an Australian dollar denominated trust account operated by Youfoodz as trustee for the Scheme Shareholders (**Trust Account**) and notified to HelloFresh and HelloFresh Nominee at least five Business Days prior to Implementation Date. Any interest on the amounts deposited (less bank fees and other charges) will be credited to HelloFresh or HelloFresh Nominee's account.
- 5.2 On the Implementation Date, subject to funds having been deposited in accordance with clause 5.1, Youfoodz must pay or procure the payment from the Trust Account to each Scheme Shareholder based on the number of Scheme Shares held by such Scheme Shareholder as set out in the Youfoodz Register on the Scheme Record Date.
- 5.3 The obligations of Youfoodz under clause 5.2 will be satisfied by Youfoodz (in its absolute discretion):
- (a) making or procuring a deposit into an account with an ADI in Australia notified by the Scheme Shareholder to Youfoodz and recorded in or for the purposes of payments

of dividends in the Youfoodz Register as at the Scheme Record Date (**Registered Account**); or

- (b) if Youfoodz has not been notified by the Scheme Shareholder of a Registered Account, despatching or procuring the despatch to the Scheme Shareholder of a cheque, pre-paid ordinary post (or, if the Registered Address of the Scheme Shareholder is outside Australia, by pre-paid airmail post) in an envelope addressed to the Registered Address as at the Scheme Record Date.

5.4 To the extent that, following satisfaction of Youfoodz' obligations under clause 5.2, there is a surplus in the amount held by Youfoodz as trustee for the Scheme Shareholders in the Trust Account, that surplus will be paid by Youfoodz to HelloFresh or HelloFresh Nominee.

### **Joint holders**

5.5 In the case of Scheme Shares held in joint names:

- (a) subject to clause 5.3, the Scheme Consideration is payable to the joint holders and any cheque required to be sent under this Scheme will be made payable to the joint holders and sent to either, at the sole discretion of Youfoodz, the holder whose name appears first in the Youfoodz Register as at the Scheme Record Date or to the joint holders; and
- (b) any other document required to be sent under this Scheme, will be forwarded to either, at the sole discretion of Youfoodz, the holder whose name appears first in the Youfoodz Register as at the Scheme Record Date or to the joint holders.

### **Unclaimed monies**

5.6 Youfoodz may cancel a cheque issued under this clause 5 if the cheque:

- (a) is returned to Youfoodz (or its agents); or
- (b) has not been presented by a Scheme Shareholder within six months after the Implementation Date.

5.7 During the period of one year commencing on the Implementation Date, on request in writing from a Scheme Shareholder to Youfoodz (or the Youfoodz Registry) (which request may not be made until the date which is 10 Business Days after the Implementation Date), Youfoodz must reissue a cheque that was previously cancelled under clause 5.6.

5.8 The *Unclaimed Money Act* 1995 (NSW) will apply in relation to any Scheme Consideration which becomes 'unclaimed money' (as defined in section 7 of the *Unclaimed Money Act* 1995 (NSW)).

### **Orders of a court or Government Agency**

5.9 If written notice is given to Youfoodz (or the Youfoodz Registry) of an order or direction made by a court of competent jurisdiction or by a Government Agency that:

- (a) requires consideration to be provided to a third party (either through payment of a sum or the issuance of a security) in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable or required to be issued to that Scheme Shareholder by Youfoodz in accordance with this clause 5, then Youfoodz will be entitled to procure that provision of that consideration is made in accordance with that order or direction; or

- (b) prevents Youfoodz from providing consideration to any particular Scheme Shareholder in accordance with this clause 5, or the payment or issuance of such consideration is otherwise prohibited by applicable law, Youfoodz will be entitled to (as applicable) retain an amount, in Australian dollars, equal to the number of Scheme Shares held by that Scheme Shareholder multiplied by the Scheme Consideration until such time as provision of the Scheme Consideration in accordance with this clause 5 is permitted by that order or direction or otherwise by law.
- 5.10 To the extent that amounts are so deducted or withheld in accordance with clause 5.9, such deducted or withheld amounts will be treated for all purposes under this Scheme as having been paid to the person in respect of which such deduction and withholding was made, provided that such deducted or withheld amounts are actually remitted as required.
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## **6. Dealings in Youfoodz Shares**

### **Determination of Scheme Shareholders**

- 6.1 Each Scheme Shareholder will be entitled to participate in this Scheme.
- 6.2 To establish the identity of the Scheme Shareholders, dealings in Youfoodz Shares will only be recognised if:
- (a) in the case of dealings of the type to be effected by CHESS, the transferee is registered in the Youfoodz Register as the holder of the relevant Youfoodz Shares before the Scheme Record Date; and
  - (b) in all other cases, share transfer forms in registrable form or transmission applications in respect of those dealings are received by the Youfoodz Registry before the Scheme Record Date,

and Youfoodz must not accept for registration, nor recognise for any purposes (except a transfer to HelloFresh Nominee pursuant to this Scheme and any subsequent transfer by HelloFresh Nominee or its successors in title), any transfer or transmission application or other request received after such time, or received prior to such times but not in registrable or actionable form, as appropriate.

### **Youfoodz' obligation to register**

- 6.3 Youfoodz must register any registrable transfers or transmission applications of the Scheme Shares in accordance with clause 6.2(b) before the Scheme Record Date provided that, for the avoidance of doubt, nothing in this clause 6.3 requires Youfoodz to register a transfer that would result in a Youfoodz Shareholder holding a parcel of Youfoodz Shares that is less than a 'marketable parcel' (for the purposes of this clause 6.3 'marketable parcel' has the meaning given in the Operating Rules).

### **Transfers after the Scheme Record Date**

- 6.4 If this Scheme becomes Effective, a Scheme Shareholder (and any person claiming through that holder) must not dispose of, or purport or agree to dispose of, any Scheme Shares or any interest in them on or after the Scheme Record Date, other than in accordance with this Scheme, and any attempt to do so will have no effect and Youfoodz will be entitled to disregard any such disposal.

## **Maintenance of Youfoodz Register**

- 6.5 For the purpose of determining entitlements to the Scheme Consideration, Youfoodz must, until the Scheme Consideration has been paid to the Scheme Shareholders, maintain the Youfoodz Register in accordance with this clause 6. The Youfoodz Register in this form will solely determine entitlements to the Scheme Consideration.

## **Effect of holding statements**

- 6.6 All statements of holding for Youfoodz Shares (other than statements of holding in favour of HelloFresh Nominee) will cease to have effect after the Scheme Record Date as a document of title in respect of those shares.
- 6.7 Each entry on the Youfoodz Register as at the Scheme Record Date (other than entries on the Youfoodz Register in respect of HelloFresh Nominee) will cease to have any effect except other than as evidence of the entitlements of the Scheme Shareholders to the Scheme Consideration in respect of the Youfoodz Shares relating to that entry.

## **Information to be made available to HelloFresh**

- 6.8 As soon as practicable on or after the Scheme Record Date, and in any event within two Business Days after the Scheme Record Date, Youfoodz will ensure that details of the names, Registered Addresses, Registered Accounts and holdings of Youfoodz Shares for each Scheme Shareholder as shown in the Youfoodz Register are available to HelloFresh in the form HelloFresh reasonably requires.

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## **7. Quotation of Youfoodz Shares**

- 7.1 Youfoodz must apply to ASX to suspend trading of Youfoodz Shares on the ASX with effect from the close of trading on the Effective Date.
- 7.2 On a date after the Implementation Date to be determined by HelloFresh, Youfoodz must take all steps reasonably necessary and within its power (including by applying to ASX and satisfying any conditions reasonably required by ASX) to procure:
- (a) the termination of the official quotation of Youfoodz Shares on the ASX; and
  - (b) the removal of Youfoodz from the official list of the ASX.

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## **8. General Scheme provisions**

### **Consent to amendments to this Scheme**

- 8.1 If the Court proposes to approve this Scheme subject to any alterations or conditions under section 411(6) of the Corporations Act:
- (a) Youfoodz may by its counsel, and with the consent of HelloFresh, consent to those alterations or conditions on behalf of all persons concerned including, for the avoidance of doubt, all Scheme Shareholders; and
  - (b) each Scheme Shareholder agrees to any such alterations or conditions which counsel for Youfoodz has consented to.

### **Scheme Shareholders' agreements and warranties**

- 8.2 Each Scheme Shareholder irrevocably:

- (a) agrees to the transfer of their Youfoodz Shares together with all rights and entitlements attaching to those Youfoodz Shares to HelloFresh Nominee in accordance with the terms of this Scheme;
- (b) agrees to the variation, cancellation or modification of the rights attached to their Youfoodz Shares constituted by or resulting from this Scheme;
- (c) acknowledges and agrees that this Scheme binds Youfoodz and all Scheme Shareholders (including those who do not attend the Scheme Meeting and those who do not vote, or vote against this Scheme, at the Scheme Meeting) and, to the extent of any inconsistency, overrides the constitution of Youfoodz; and
- (d) consents to Youfoodz, HelloFresh and HelloFresh Nominee doing all things and executing all deeds, instruments, transfers or other documents as may be necessary, incidental or expedient to the implementation and performance of this Scheme,

without the need for any further act by that Scheme Shareholder.

8.3 Each Scheme Shareholder is taken to have warranted to Youfoodz, HelloFresh and HelloFresh Nominee on the Implementation Date, and appointed and authorised Youfoodz as its attorney and agent to warrant to HelloFresh and HelloFresh Nominee on the Implementation Date, that:

- (a) all of its Youfoodz Shares (including any rights and entitlements attaching to those shares) which are transferred under this Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind;
- (b) it has full power and capacity to transfer its Youfoodz Shares to HelloFresh Nominee together with any rights and entitlements attaching to those shares; and
- (c) it has no existing right to be issued any Youfoodz Shares, options exercisable into Youfoodz Shares, Youfoodz performance rights, Youfoodz convertible notes or any other Youfoodz securities.

8.4 Youfoodz undertakes in favour of each Scheme Shareholder that it will provide the warranties in clause 8.3, to the extent enforceable, to HelloFresh and HelloFresh Nominee on behalf of that Scheme Shareholder.

### **Title to and rights in Scheme Shares**

8.5 To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme to HelloFresh Nominee will, at the time of transfer of them to HelloFresh Nominee, vest in HelloFresh Nominee free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise and free from any restrictions on transfer of any kind.

8.6 On and from the Implementation Date, subject to the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clause 5, and pending registration by Youfoodz of HelloFresh Nominee as the holder of all Scheme Shares in the Youfoodz Register, HelloFresh Nominee will be beneficially entitled to the Scheme Shares.

## **Appointment of sole proxy**

- 8.7 Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clause 5, and until registration by Youfoodz of HelloFresh Nominee as the holder of all Scheme Shares in the Youfoodz Register, each Scheme Shareholder:
- (a) is deemed to have appointed HelloFresh Nominee as attorney and agent (and directed HelloFresh Nominee in each such capacity) to appoint any director, officer, secretary or agent nominated by HelloFresh Nominee as its sole proxy and, where applicable or appropriate, corporate representative to:
    - (i) attend shareholders' meetings;
    - (ii) exercise the votes attaching to the Scheme Shares registered in their name; and
    - (iii) sign any shareholders' resolution;
  - (b) must not attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to clause 8.7(a));
  - (c) must take all other actions in the capacity of a registered holder of Scheme Shares as HelloFresh Nominee reasonably directs; and
  - (d) acknowledges and agrees that in exercising the powers referred to in clause 8.7(a), HelloFresh Nominee and any director, officer, secretary or agent nominated by HelloFresh Nominee under clause 8.7(a) may act in the best interests of HelloFresh Nominee as the intended registered holder of the Scheme Shares.

## **Authority given to Youfoodz**

- 8.8 Each Scheme Shareholder, without the need for any further act:
- (a) on the Effective Date, irrevocably appoints Youfoodz and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of enforcing the Deed Poll against HelloFresh and HelloFresh Nominee, and Youfoodz undertakes in favour of each Scheme Shareholder that it will enforce the Deed Poll against HelloFresh and HelloFresh Nominee on behalf of and as agent and attorney for each Scheme Shareholder; and
  - (b) on the Implementation Date, irrevocably appoints Youfoodz and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of executing any document or doing or taking any other act necessary, desirable or expedient to give effect to this Scheme and the transactions contemplated by it, including (without limitation) executing the Scheme Transfer.
- 8.9 Youfoodz accepts each such appointment contemplated by clause 8.8. Youfoodz as attorney and agent of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under clause 8.8 to all or any of its directors, officers, secretaries or employees (jointly, severally or jointly and severally).

## **Binding effect of Scheme**

- 8.10 This Scheme binds Youfoodz and all of the Scheme Shareholders (including those who do not attend the Scheme Meeting, do not vote on this Scheme, do not vote at the Scheme Meeting,



or vote against this Scheme at the Scheme Meeting) and, to the extent of any inconsistency and to the extent permitted by law, overrides the constitution of Youfoodz.

### **Costs and stamp duty**

- 8.11 HelloFresh Nominee will, and HelloFresh must procure that HelloFresh Nominee will:
- (a) pay all stamp duty and any related fines and penalties in respect of this Scheme and the Deed Poll, the performance of the Deed Poll and each transaction effected by or made under this Scheme and the Deed Poll; and
  - (b) indemnify each Scheme Shareholder against any liability arising from failure to comply with clause 8.11(a).

### **Consent**

- 8.12 Each of the Scheme Shareholders consents to Youfoodz doing all things necessary or incidental to, or to give effect to, the implementation of this Scheme, whether on behalf of the Scheme Shareholders, Youfoodz or otherwise.

### **No liability when acting in good faith**

- 8.13 Neither Youfoodz, HelloFresh nor HelloFresh Nominee, nor any of their respective directors, officers, agents or employees will be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.

### **Notices**

- 8.14 Where a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Youfoodz, it will not be deemed to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Youfoodz' registered office or at the office of the Youfoodz Registry.
- 8.15 The accidental omission to give notice of the Scheme Meeting or the non-receipt of such a notice by any Youfoodz Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

### **Further assurances**

- 8.16 Each party must, at its own expense, whenever requested by the other party, promptly do or, to the extent reasonably practicable, arrange for others to do everything, including executing any documents, reasonably necessary to give full effect to this Scheme and the transactions contemplated by this Scheme.

### **Governing law and jurisdiction**

- 8.17 This Scheme is governed by the laws of New South Wales. Each party irrevocably and unconditionally:
- (a) submits to the non-exclusive jurisdiction of the courts of New South Wales; and
  - (b) waives, without limitation, any claim or objection based on absence of jurisdiction or inconvenient forum.

**ANNEXURE C**

**DEED POLL**

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## **Deed Poll**

**HelloFresh SE**

**HelloFresh Nominee**

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**Title**                    **Deed Poll**

**Date**                        24 August 2021

**Parties**                    **HelloFresh SE** of Saarbrücker Straße 37a, 10405 Berlin (**HelloFresh**)

**Cook E Services Australia Pty Ltd** (ACN 652 473 240) of Level 3, 5-13  
Queen Street, Chippendale NSW 2008 (**HelloFresh Nominee**)

**In favour of each person registered as a holder of fully paid ordinary  
shares in Youfoodz in the Youfoodz Register as at the Scheme  
Record Date.**

## Recitals

- A     Youfoodz and HelloFresh entered into the Scheme Implementation Deed.
- B     In the Scheme Implementation Deed, HelloFresh agreed to enter into, and agreed to procure that HelloFresh Nominee enter into, this Deed Poll.
- C     HelloFresh and HelloFresh Nominee are entering into this Deed Poll for the purpose of covenanting in favour of the Scheme Shareholders to perform their obligations under the Scheme Implementation Deed and the Scheme.

## Operative provisions

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### 1. Definitions and interpretation

- 1.1     The meanings of the terms used in this Deed Poll are set out below.

**First Court Date** means the first day on which an application made to the Court for an order under section 411(1) of the Corporations Act convening the Scheme Meeting to consider the Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard.

**Scheme** means the scheme of arrangement under Part 5.1 of the Corporations Act between Youfoodz and the Scheme Shareholders, the form of which is set out in Schedule 2 to the Scheme Implementation Deed, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to in writing by HelloFresh and Youfoodz.

**Scheme Implementation Deed** means the scheme implementation deed entered into between Youfoodz and HelloFresh dated 13 July 2021.

- 1.2     Unless the context otherwise requires, terms defined in the Scheme have the same meaning when used in this Deed Poll.
- 1.3     Section 1.2 of the Scheme applies to the interpretation of this Deed Poll, except that references to 'this document' are to be read as references to 'this Deed Poll'.

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## **2. Nature of Deed Poll**

- 2.1 Each of HelloFresh and HelloFresh Nominee acknowledge that:
- (a) this Deed Poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not party to it; and
  - (b) under the Scheme, each Scheme Shareholder irrevocably appoints Youfoodz and each of its directors and officers (jointly and each of them severally) as its agent and attorney to enforce this Deed Poll against HelloFresh and HelloFresh Nominee.

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## **3. Conditions precedent and termination**

### **Conditions precedent**

- 3.1 The obligations of HelloFresh and HelloFresh Nominee under this Deed Poll are subject to the Scheme becoming Effective.

### **Termination**

- 3.2 The obligations of HelloFresh and HelloFresh Nominee under this Deed Poll will automatically terminate and the terms of this Deed Poll will be of no force or effect if:
- (a) the Scheme Implementation Deed is terminated in accordance with its terms; or
  - (b) the Scheme is not Effective on or before the End Date,
- unless HelloFresh and Youfoodz otherwise agree in writing (and, if required, as approved by the Court).

### **Consequences of termination**

- 3.3 If this Deed Poll terminates under clause 3.2, then, in addition and without prejudice to any other rights, powers or remedies available to it:
- (a) HelloFresh and HelloFresh Nominee are released from their obligations to further perform this Deed Poll; and
  - (b) each Scheme Shareholder retains the rights they have against HelloFresh and HelloFresh Nominee in respect of any breach of this Deed Poll which occurred before it was terminated.

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## **4. Payment of Scheme Consideration**

- 4.1 Subject to clause 3, HelloFresh Nominee undertakes, and HelloFresh undertakes to procure HelloFresh Nominee, to:
- (a) by no later than one Business Day before the Implementation Date, deposit, in cleared funds an amount equal to the aggregate amount of the Scheme Consideration payable to all Scheme Shareholders under the Scheme into an Australian dollar denominated trust account operated by Youfoodz as trustee for the Scheme Shareholders, except that any interest on the amounts deposited (less bank fees and other charges) will be credited to HelloFresh or HelloFresh Nominee's account; and

(b) undertake all other actions attributed to it under the Scheme, subject to and in accordance with the terms of the Scheme and in favour of each Scheme Shareholder.

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## 5. Representations and warranties

Each of HelloFresh and HelloFresh Nominee represents and warrants in favour of each Scheme Shareholder, in respect of itself, that:

- (a) it is a validly existing corporation registered under the laws of its place of incorporation;
  - (b) it has the legal right and corporate power to enter into and perform its obligations under this Deed Poll and to carry out the transactions contemplated by this Deed Poll;
  - (c) it has taken all necessary corporate action to authorise its entry into this Deed Poll and has taken or will take all necessary corporate action to authorise the performance of this Deed Poll and to carry out the transactions contemplated by this Deed Poll;
  - (d) this Deed Poll is valid and binding on it and enforceable against it in accordance with its terms; and
  - (e) this Deed Poll does not conflict with, or result in the breach of or default under, any provision of its constitution, or any writ, order or injunction, judgment, law, rule or regulation to which it is a party or subject or by which it is bound.
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## 6. Continuing obligations

This Deed Poll is irrevocable and, subject to clause 3, remains in full force and effect until:

- (a) HelloFresh and HelloFresh Nominee have fully performed their obligations under this Deed Poll; or
  - (b) the earlier termination of this Deed Poll under clause 3.
- 

## 7. Notices

7.1 Any notice (including any other communication) given to HelloFresh or HelloFresh Nominee under or in connection with this Deed Poll must be:

- (a) in writing and in English;
- (b) addressed to HelloFresh and HelloFresh Nominee at the address or email address set out below:

Address: Saarbrücker Straße 37a, 10405 Berlin

Attention: Christian Gärtner and Dr. Christian Ries

Email: cg@hellofresh.com and cr@hellofresh.com

With a copy to: rmoriarty@claytonutz.com  
kgrellinger@claytonutz.com

- (c) signed by or on behalf of the person giving the notice. If the notice is sent by email and does not contain a signature, it is deemed to be signed by the person identified as the sender of the email;
- (d) sent to HelloFresh and HelloFresh Nominee by hand, prepaid post (airmail if to or from a place outside Australia) or email; and
- (e) if sent by email, in a form which:
  - (i) identifies the sender; and
  - (ii) clearly indicates the subject matter of the notice in the subject heading of the email.

7.2 Without limiting any other means by which a person may prove that a notice has been received by HelloFresh or HelloFresh Nominee, a notice is deemed to be received:

- (a) if sent by hand, when left at the address of HelloFresh and HelloFresh Nominee;
- (b) if sent by prepaid post, five Business Days (if posted within Australia to an address in Australia) or 10 Business Days (if posted from one country to another) after the date of posting; or
- (c) if sent by email:
  - (i) at the time the email was delivered to the recipient's email server or the recipient read the email, as stated in an automated message received by the sender; or
  - (ii) one hour after the email was sent (as recorded on the device from which it was sent), unless within 24 hours of sending the email the sender receives an automated message that it was not delivered,

whichever is earlier, but any notice or other communication that, pursuant to this clause 7.2, would be considered to have been received by HelloFresh or HelloFresh Nominee if a notice would otherwise be deemed to be received by HelloFresh or HelloFresh Nominee on a day that is not a Business Day, or after 5.00 pm (HelloFresh and HelloFresh Nominee's local time) on a Business Day, the notice is deemed to be received by HelloFresh and HelloFresh Nominee at 9.00 am (HelloFresh and HelloFresh Nominee's local time) on the next Business Day.

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## 8. General

### Stamp duty

8.1 HelloFresh and HelloFresh Nominee will:

- (a) pay all stamp duty and any related fines and penalties in respect of the Scheme and this Deed Poll, the performance of this Deed Poll and each transaction effected by or made under the Scheme and this Deed Poll; and
- (b) indemnify each Scheme Shareholder against any liability arising from failure to comply with clause 8.1(a).

## **Waiver**

- 8.2 A waiver by a person of a provision of, or of a right under, this Deed Poll is only binding on the person granting the waiver if it is given in writing and is signed by the person or an authorised officer of the person granting the waiver.
- 8.3 A waiver is effective only in the specific instance and for the specific purpose for which it is given.
- 8.4 A single or partial exercise of a right by a person does not preclude another exercise of that right or the exercise of another right.
- 8.5 The failure to exercise, or the delay in exercising, a right does not operate as a waiver or prevent the person so failing or exercising its right from later doing so.

## **Variation**

- 8.6 A provision of this Deed Poll may not be varied unless the variation is agreed to by HelloFresh and HelloFresh Nominee and:
- (a) if before the First Court Date, the variation is agreed to by Youfoodz; or
  - (b) if on or after the First Court Date, the variation is agreed to by Youfoodz and the Court indicates that the variation would not of itself preclude approval of the Scheme,
- in which event HelloFresh and HelloFresh Nominee will enter into a further deed poll in favour of the Scheme Shareholders giving effect to the variation.

## **Rights cumulative**

- 8.7 The rights, powers and remedies of HelloFresh, HelloFresh Nominee and the Scheme Shareholders under this Deed Poll are cumulative and do not exclude any other rights, powers or remedies provided by law independently of this Deed Poll.

## **Assignment**

- 8.8 The rights created by this Deed Poll are personal to HelloFresh, HelloFresh Nominee and each Scheme Shareholder and must not be dealt with at law or in equity without the prior written consent of HelloFresh or HelloFresh Nominee.
- 8.9 Any purported dealing in contravention of clause 8.8 is invalid.

## **Joint and several obligations**

- 8.10 HelloFresh and HelloFresh Nominee are jointly and severally liable for each obligation imposed on both of them by the terms of this Deed Poll.

## **Further assurances**

- 8.11 HelloFresh and HelloFresh Nominee must, at their own expense, do all things and execute all documents necessary to give full effect to this Deed Poll and the transactions contemplated by it.

## **Governing law and jurisdiction**

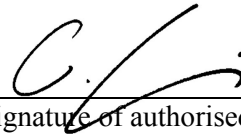
- 8.12 This Deed Poll is governed by the laws of New South Wales.
- 8.13 HelloFresh and HelloFresh Nominee irrevocably and unconditionally submit to the non-exclusive jurisdiction of the courts of New South Wales.



## Execution

Executed as a deed poll.

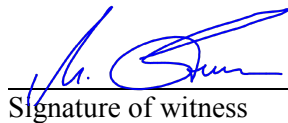
Signed, sealed and delivered for and on behalf of  
**HelloFresh SE** by its duly authorised  
representatives in the presence of:



\_\_\_\_\_  
Signature of authorised representative

Christian Gärtner

\_\_\_\_\_  
Full name of authorised representative



\_\_\_\_\_  
Signature of witness

Michael Sturm

\_\_\_\_\_  
Full name of witness



\_\_\_\_\_  
Signature of authorised representative

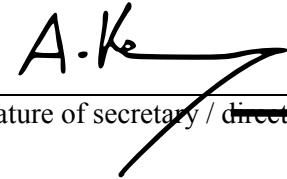
Dr. Christian Ries

\_\_\_\_\_  
Full name of authorised representative

**Signed sealed and delivered**  
by **Cook E Services Australia Pty Ltd**  
in accordance with section 127 of the  
*Corporations Act 2001* by a director and  
secretary/director:

  
\_\_\_\_\_  
Signature of director

**THOMAS RUTLEDGE**  
\_\_\_\_\_  
Name of director (please print)

  
\_\_\_\_\_  
Signature of secretary / ~~director~~

**Alan Kearney**  
\_\_\_\_\_  
Name of secretary / ~~director~~ (please print)

# ANNEXURE D

## NOTICE OF SCHEME MEETING

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YOUFOODZ HOLDINGS LIMITED ABN 38 635 434 801

### NOTICE OF SCHEME MEETING

Notice is hereby given that, by an order of the Federal Court of Australia made on 2 September 2021, pursuant to section 411(1) of the *Corporations Act 2001* (Cth) (**Corporations Act**), a meeting of Youfoodz Holdings Limited (**Youfoodz**) Shareholders will be held at 10.00 am (Sydney time) on 8 October 2021 (**Scheme Meeting**).

In order to minimise the public health risks associated with the COVID-19 pandemic, and in accordance with restrictions imposed by Australian Federal and State governments in response to it, Youfoodz Shareholders will not be able to attend the Scheme Meeting in person. There will be no physical meeting.

Youfoodz Shareholders and their authorised proxies, attorneys and corporate representatives may participate in the Scheme Meeting virtually via videoconference <https://web.lumiagm.com/367699865>. The online platform will allow Youfoodz Shareholders to view the Scheme Meeting, ask written questions during the Scheme Meeting, and vote during the Scheme Meeting.

Further details on how to participate in the Scheme Meeting virtually via videoconference are set out in the explanatory notes that accompany, and form part of, this Notice of Scheme Meeting and in the Scheme Meeting Online Guide.

### PURPOSE OF THE SCHEME MEETING

The purpose of the Scheme Meeting is to consider and, if thought fit, to agree to a scheme of arrangement (with or without amendment, or any alterations or conditions required by the Court to which Youfoodz and HelloFresh agree) proposed to be made between Youfoodz and Youfoodz Shareholders (**Scheme**).

A copy of the Scheme and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Scheme are contained in the Scheme Booklet, of which this Notice of Scheme Meeting forms part. Additional information about the Scheme Meeting is set out in the explanatory notes that accompany and form part of this Notice of Scheme Meeting. Capitalised terms used but not defined in this Notice of Scheme Meeting have the defined meanings set out in section 10 of the Scheme Booklet, unless the context otherwise requires.

### SCHEME RESOLUTION

The Scheme Meeting will be asked to consider and, if thought fit, to pass (with or without amendment) the following resolution (**Scheme Resolution**):

'That, pursuant to and in accordance with the provisions of section 411 of the Corporations Act, the scheme of arrangement proposed between Youfoodz Holdings Limited and the holders of its ordinary shares, as contained in and more particularly described in the Scheme Booklet of which the notice convening this Scheme Meeting forms part, is agreed to, with or without amendment, or any alterations or conditions as approved by the Federal Court of Australia to which Youfoodz Holdings Limited and HelloFresh SE agree.'

## SCHEME MEETING FORMAT

Youfoodz Shareholders and their authorised proxies, attorneys and corporate representatives may participate in the Scheme Meeting virtually via the videoconference at <https://web.lumiagm.com/367699865>.

Further details on how to participate in the Scheme Meeting are set out in the explanatory notes that accompany, and form part of, this Notice of Scheme Meeting and in the Scheme Meeting Online Guide which has been released to the ASX and will be made available on the Youfoodz website ([www.investors.youfoodz.com](http://www.investors.youfoodz.com)).

Youfoodz Shareholders who are unable to, or do not wish to, attend the Scheme Meeting, or will not have access to a device or the internet, are encouraged to submit a directed proxy vote as early as possible, and in any event by 10.00 am (Sydney time) on 6 October 2021 by completing and submitting the proxy form in accordance with the instructions on that form.

By order of the Court and the Board of Youfoodz Holdings Limited.



**JOHN O'CONNOR**  
Company Secretary  
Dated 2 September 2021

# EXPLANATORY NOTES

## 1. GENERAL

These explanatory notes relate to the Scheme, and should be read in conjunction with the Scheme Booklet dated 2 September 2021 (**Scheme Booklet**) and the Notice of Scheme Meeting. These explanatory notes and the Scheme Booklet form part of the Notice of Scheme Meeting. The Scheme Booklet contains important information to assist you in determining how to vote on the Scheme Resolution.

A copy of the Scheme is set out in Annexure B of the Scheme Booklet.

Terms used in these explanatory notes, unless otherwise defined, have the same meaning as set out in the Glossary in section 10 of the Scheme Booklet.

## 2. CHAIR

The Court has directed that Neil Kearney is to act as chair of the Scheme Meeting and that if Neil Kearney is unable or willing to act, Andrew Duff is to act as chair of the Scheme Meeting.

## 3. REQUIRED VOTING MAJORITY

For the proposed Scheme to be binding in accordance with section 411 of the Corporations Act, the Scheme Resolution must be passed by:

- unless the Court orders otherwise, a majority in number of Youfoodz Shareholders present and voting (either online or by proxy, attorney or, in the case of corporate Youfoodz Shareholders, body corporate representative) at the Scheme Meeting; and
- at least 75% of the votes cast on the Scheme Resolution at the Scheme Meeting by Youfoodz Shareholders present and voting (either online or by proxy, attorney or, in the case of corporate Youfoodz Shareholders, body corporate representative).

## 4. COURT APPROVAL

In accordance with section 411(4)(b) of the Corporations Act, to become Effective, the Scheme (with or without amendment, or any alterations or conditions required by the Court to which Youfoodz and HelloFresh agree) is subject to approval by the Court. If the Scheme Resolution is passed by the requisite majorities set out above, and the other conditions to the Scheme (other than approval by the Court) are satisfied or waived (where capable of waiver) by the time required under the Scheme, Youfoodz will apply to the Court for the necessary orders to give effect to the Scheme.

In order for the Scheme to become Effective, it must be approved by the Court and an office copy of the orders of the Court approving the Scheme must be lodged with ASIC.

## 5. ENTITLEMENT TO VOTE

For the purposes of the Scheme Meeting, Youfoodz Shares will be taken to be held by the persons who are registered as members at 7.00 pm (Sydney time) on 6 October 2021. Only those Youfoodz Shareholders entered on the Youfoodz Share Register at that time will be entitled to participate in and vote at the Scheme Meeting online, by proxy or attorney, or in the case of a corporate Youfoodz Shareholder, by a body corporate representative. Accordingly, registrable transmission applications to transfers registered after this time will be disregarded in determining entitlements to vote at the Scheme Meeting. The remaining comments in these explanatory notes are addressed to Youfoodz Shareholders entitled to participate in and vote at the Scheme Meeting.

## 6. PARTICIPATION IN THE SCHEME MEETING

Youfoodz Shareholders and their authorised proxies, attorneys and corporate representatives can participate in and vote at the Scheme Meeting virtually via videoconference at <https://web.lumiagm.com/367699865>.

The online platform may be accessed via a computer or mobile or tablet device with internet access. The online platform will allow Youfoodz Shareholders and their authorised proxies, attorneys and corporate representatives to listen to the Scheme Meeting, cast an online vote and ask written questions.

To participate and vote online, Youfoodz Shareholders will need their Voter Access Code (which is shown on the front of their proxy form), and the postcode of their registered address (or country code if their registered address is outside Australia). Instructions on how to login to the Scheme Meeting are included on the proxy form posted to the Youfoodz Shareholder (or emailed if the Youfoodz Shareholder has selected an electronic communication preference). Attorneys and corporate representatives can log in to the online platform using the Voter Access Code and postcode of the registered address of the relevant Youfoodz Shareholder.

It is recommended that Youfoodz Shareholders login to the online platform at least 15 minutes prior to the scheduled start time for the Scheme Meeting. The Scheme Meeting Online Guide provides details about how to ensure your browser is compatible with the online platform as well as a step-by-step guide to successfully log in and navigate the site. The Scheme Meeting Online Guide has been released to the ASX and will be made available on the Youfoodz website ([www.investors.youfoodz.com](http://www.investors.youfoodz.com)).

Please monitor the Youfoodz website and ASX announcements, where updates will be provided if it becomes necessary or appropriate to make alternative arrangements for the holding or conduct of the Scheme Meeting.

## 7. HOW TO VOTE

Voting will be conducted by poll.

If you are a Youfoodz Shareholder entitled to attend and vote at the Scheme Meeting, you may vote:

- **(online)** in the Scheme Meeting and voting virtually via videoconference at <https://web.lumiagm.com/367699865>;
- **(by proxy)** by lodging a proxy form online at [www.votingonline.com.au/youfoodzscheme](http://www.votingonline.com.au/youfoodzscheme) or by completing, signing and lodging a proxy form for the Scheme Meeting in accordance with the instructions set out on the form. To be valid, your proxy form must be received by the Share Registry by 10.00 am (Sydney time) on 6 October 2021;
- **(by attorney)** by appointing an attorney to attend the Scheme Meeting on your behalf and providing a duly executed power of attorney to the Share Registry by 10.00 am (Sydney time) on 6 October 2021; or
- **(by corporate representative)** in the case of a body corporate which is a Youfoodz Shareholder, by appointing a corporate representative to vote at the Scheme Meeting on behalf of that Youfoodz Shareholder and providing a duly executed appointment of corporate representative (in accordance with sections 250D and 253B of the Corporations Act) prior to the Scheme Meeting.

## 8. JOINTLY HELD SECURITIES

If you hold the Youfoodz Shares with one or more persons, only one of you may vote. If more than one of you attempts to vote at the Scheme Meeting, only the vote of the shareholder whose name appears first on the Youfoodz Share Register will be counted.

## 9. VOTING

### 9.1. VOTING ONLINE

To vote only at the Scheme Meeting, you must attend the Scheme Meeting via the online platform, which will be available via videoconference at <https://web.lumiagm.com/367699865>.

Online voting will be open between the start of the Scheme Meeting and the close of voting as announced by the chair during the Scheme Meeting.

### 9.2. VOTING BY PROXY

A Youfoodz Shareholder entitled to participate in and vote at the Scheme Meeting may appoint a person to participate in and vote at the Scheme Meeting as their proxy. To do so, either they should mark the box 'Appoint a Proxy' in step 1 of the proxy form to appoint the chair of the Scheme Meeting as their proxy, or insert the name and email address of their alternative proxy in the space provided. Please refer to section 9.5 of this Notice of Scheme Meeting below for further details in relation to how to submit a proxy form.

The following applies to proxy appointments:

- a proxy need not be another Youfoodz Shareholder, and may be an individual or a body corporate. If a body corporate is appointed as a proxy, it must ensure that it appoints an individual as its corporate representative in accordance with sections 250D and 253B of the Corporations Act to exercise its powers as proxy at the Scheme Meeting;
- a Youfoodz Shareholder who is entitled to cast two or more votes at the Scheme Meeting may appoint one or two proxies. If you wish to appoint a second proxy, a second hard copy proxy form should be used, and you should clearly indicate on the second proxy form that it is a second proxy and not a revocation of your first proxy. Both proxy forms should be returned together in the same envelope. If you wish to appoint two proxies using hard copy proxy forms, you may obtain a second proxy form by contacting the Share Registry on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) on Monday to Friday between 9.00 am to 5.00 pm (Sydney time) or online ([www.boardroomlimited.com.au/investor-forms/](http://www.boardroomlimited.com.au/investor-forms/)), or by copying the proxy form. You cannot appoint a second proxy using the online platform. Where two proxies are appointed, each proxy should be appointed to represent a specified proportion of the Youfoodz Shareholder's voting rights. If a Youfoodz Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Youfoodz Shareholder's votes, each proxy may exercise half of that Youfoodz Shareholder's votes with any fractions of votes disregarded;
- if you hold Youfoodz Shares jointly with one or more other persons, in order for your proxy appointment to be valid, either Youfoodz Shareholder may sign the proxy form; and
- each proxy will have the right to vote and ask written questions at the Scheme Meeting.

A proxy cannot be appointed electronically if they are appointed under a power of attorney or similar authority.

If you have appointed a proxy and participate in the Scheme Meeting and vote on the Scheme Resolution, the authority of your proxy to participate and vote, on your behalf, is automatically revoked. However, if you take part in the Scheme Meeting but do not vote on the Scheme Resolution, you will not revoke your proxy appointment.

A vote given in accordance with the terms of a proxy appointment is valid despite the revocation of that appointment, unless notice in writing of the revocation has been received by the Share Registry before the start of the Scheme Meeting (or, if the Scheme Meeting is adjourned or postponed, before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting) in any of the ways in section 9.5 below.

You should consider how you wish your proxy to vote. That is, whether you want your proxy to vote 'for' or 'against', or abstain from voting on, the Scheme Resolution, or whether to leave the decision to the proxy after he or she has considered the matters discussed at the Scheme Meeting.

If you do not direct your proxy how to vote on the Scheme Resolution, the proxy may vote, or abstain from voting, as he or she thinks fit. If you instruct your proxy to abstain from voting on an item of business, he or she is directed not to vote on your behalf, and the shares the subject of the proxy appointment will not be counted in computing the required majority.

If you return your proxy form:

- without identifying a proxy on it, you will be taken to have appointed the chair of the Scheme Meeting as your proxy to vote on your behalf; or
- with a proxy identified on it, but your proxy does not participate in the Scheme Meeting, the chair of the Scheme Meeting will act in place of your nominated proxy and vote in accordance with any directions on your proxy form.

The chair of the Scheme Meeting intends to vote all available undirected proxies in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Youfoodz Shareholders.

### **9.3. VOTING BY ATTORNEY**

You may appoint an attorney to participate in and vote at the Scheme Meeting on your behalf. Your attorney need not be another Youfoodz Shareholder. Each attorney will have the right to vote and ask written questions at the Scheme Meeting.

The power of attorney appointing your attorney to participate in and vote at the Scheme Meeting must be duly executed by you, and specify your name, the company (being, Youfoodz), and the attorney, and also specify the meeting(s) at which the appointment may be used. The appointment may be a standing one.

The power of attorney, or a certified copy of the power of attorney, should be received by the Share Registry before 10.00 am (Sydney time) on 6 October 2021 (or, if the Scheme Meeting is adjourned or postponed, no later than 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting) in any of the ways specified for proxy forms in section 9.5 below, except that the power of attorney or a certified copy of the power of attorney cannot be lodged online or by mobile device.

A validly appointed attorney wishing to participate in and vote at the Scheme Meeting virtually via the online platform will require the appointing Youfoodz Shareholder's name, Voter Access Code and postcode in order to access the online platform.

### **9.4. VOTING BY CORPORATE REPRESENTATIVE**

A body corporate that is a Youfoodz Shareholder, or that has been appointed as a proxy, must appoint an individual to act as its corporate representative at the Scheme Meeting. The appointment must comply with the requirements of section 250D and 253B of the Corporations Act. An appointment of corporate representative may be downloaded via [www.boardroomlimited.com.au/investor-forms/](http://www.boardroomlimited.com.au/investor-forms/) or obtained from the Share Registry by calling 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) on Monday to Friday between 9.00 am to 5.00 pm (Sydney time).

The appointment of corporate representative may set out restrictions on the corporate representative's powers. The appointment of corporate representative must be received by the Share Registry prior to the Scheme Meeting. Youfoodz Shareholders may submit the appointment of corporate representative:

- via email, by sending it to [enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au); or
- in any of the ways specified for proxy forms in section 9.5 of this Notice of Scheme Meeting, except that an appointment of corporate representative cannot be lodged online or by mobile device.

If an appointment of corporate representative is completed by an individual or corporation under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed



appointment of corporate representative unless the power of attorney or other authority has previously been received by the Share Registry.

A validly appointed corporate representative wishing to participate in and vote at the Scheme Meeting virtually via the online platform will require the appointing Youfoodz Shareholder's name, Voter Access Code and postcode in order to access the online platform.

## 9.5. HOW TO SUBMIT A PROXY FORM

To appoint a proxy, you should complete and submit the proxy form in accordance with the instructions on that form.

To be effective, proxy appointments must be received by way of completed proxy forms by the Share Registry by 10.00 am (Sydney time) on 6 October 2021 (or, if the Scheme Meeting is adjourned or postponed, no later than 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting) in any of the following ways:

- **online:**  
At [www.votingonline.com.au/youfoodzscheme](http://www.votingonline.com.au/youfoodzscheme).
- **by mobile device:**  
If you have a smart phone, you can now lodge your vote via the videoconference [www.votingonline.com.au/youfoodzscheme](http://www.votingonline.com.au/youfoodzscheme) or by scanning the QR code on the proxy form. To scan the code you will need a QR code reader application, which can be downloaded for free on your mobile device. Log-in using the Voter Access Code and postcode of the registered address for your shareholding.
- **by post in the provided reply paid envelope to the Share Registry at the following address:**  
Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001
- **by hand delivery (during normal business hours) to the Share Registry at the following address:**  
Boardroom Pty Limited  
Level 12, 225 George Street  
Sydney NSW 2000
- **by fax to the Share Registry:**  
+61 2 9290 9655 (within and outside Australia)

Proxy forms received after this time will be invalid.

If a proxy form is completed by an individual or corporation under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed proxy form unless the power of attorney or other authority has previously been received by the Share Registry.

For more information concerning the appointment of proxies and ways to lodge the proxy form, please refer to the proxy form.

## 10. QUESTIONS

Youfoodz Shareholders will have a reasonable opportunity to ask questions during the Scheme Meeting virtually via the online platform. Youfoodz Shareholders can submit written questions via the videoconference.

Youfoodz Shareholders who prefer to register questions in advance of the Scheme Meeting are also invited to do so by submitting questions online by clicking 'Ask The Board' on the right hand side of the page when lodging an online proxy vote at [www.votingonline.com.au/youfoodzscheme](http://www.votingonline.com.au/youfoodzscheme). Alternatively, questions can be sent by email to [enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au). The chair of the Scheme Meeting will endeavour to address as many of the more frequently raised relevant questions as possible during the course of the Scheme Meeting. However, there may not be sufficient time available during the Scheme

Meeting to address all of the questions raised. Please note that individual responses will not be sent to Youfoodz Shareholders.

Questions must be submitted to Boardroom by 10.00 am (Sydney time) on 6 October 2021.

## **11. TECHNICAL DIFFICULTIES**

Technical difficulties may arise during the course of the Scheme Meeting. The chair has discretion as to whether and how the Scheme Meeting should proceed in the event that a technical difficulty arises. In exercising this discretion, the chair will have regard to the number of Youfoodz Shareholders impacted, and the extent to which participation in the business of the Scheme Meeting is affected. Where the chair considers it appropriate, the chair may continue to hold the Scheme Meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions.

## **12. ADVERTISEMENT**

Where this Notice of Scheme Meeting is advertised unaccompanied by the Scheme Booklet, a copy of the Scheme Booklet can be obtained by anyone from the ASX website ([www.asx.com.au](http://www.asx.com.au)), from the Youfoodz website ([www.investors.youfoodz.com](http://www.investors.youfoodz.com)) or by contacting the Share Registry.

# CORPORATE DIRECTORY

## **YOUFOODZ HOLDINGS LIMITED**

Unit 4, 52 Pritchard Road  
Virginia QLD 4014

## **FINANCIAL ADVISER**

Greenhill & Co. Australia Pty Limited  
Level 43, Governor Phillip Tower  
1 Farrer Place  
Sydney NSW 2000

## **LEGAL ADVISER**

Baker McKenzie  
Level 19, 181 William Street  
Melbourne VIC 3000

## **TAX ADVISER**

Sovereign Private Pty Ltd  
Level 26, 6 O'Connell Street  
Sydney NSW 2000

## **INDEPENDENT EXPERT**

Grant Thornton Corporate Finance Pty Ltd  
Level 17, 383 Kent Street  
Sydney NSW 2000

## **SHARE REGISTRY**

Boardroom Pty Limited  
Level 12, 225 George Street  
Sydney NSW 2000  
Telephone: 1300 737 760 (within Australia) and +61 2 9290 9600 (outside Australia)  
Fax: +61 2 9290 9655  
Email: [enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au)

## **SHAREHOLDER INFORMATION LINE**

1300 737 760 (within Australia)  
+61 2 9290 9600 (outside Australia)



youfoodz



#### All Correspondence to:

-  **By Mail** Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia
-  **By Fax:** +61 2 9290 9655
-  **Online:** [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)
-  **By Phone:** (within Australia) 1300 737 760  
(outside Australia) +61 2 9290 9600
-  **In Person** Boardroom Pty Limited  
Level 12, 225 George Street  
Sydney NSW 2000 Australia

## YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10.00 am (Sydney time) on Wednesday, 6 October 2021.**

### TO VOTE ONLINE

### BY SMARTPHONE

- STEP 1: VISIT** <https://www.votingonline.com.au/youfoodzscheme>
- STEP 2: Enter your Postcode OR Country Code (if outside Australia)**
- STEP 3: Enter your Voter Access Code (VAC):**



Scan QR Code using smartphone  
QR Reader App

### TO VOTE BY COMPLETING THE PROXY FORM

#### STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your proxy. If you wish to appoint the Chair of the Scheme Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair as your proxy, please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the Scheme Meeting, the Chair will be your proxy. A proxy need not be a shareholder of the company. Do not write the name of the issuer company or the registered shareholder in the space.

##### Appointment of a second proxy

You are entitled to appoint up to two proxies to attend the Scheme Meeting and vote. If you wish to appoint a second proxy, an additional proxy form may be obtained by contacting the company's share registry or you may copy this form.

To appoint a second proxy you must:

- complete two proxy forms. On each proxy form, state the percentage of your voting rights or the number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together in the same envelope.

#### STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of shares are to be voted on any item, by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your shares your vote on that item will be invalid.

##### Proxy which is a body corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the Scheme Meeting must have provided an "Appointment of Corporate Representative" prior to admission. An "Appointment of Corporate Representative" form can be obtained from the company's share registry.

#### STEP 3 SIGN THE FORM

The form **must** be signed as follows:

**Individual:** this form must be signed by the shareholder.

**Joint holding:** where the holding is in more than one name, either shareholder may sign. **Power of attorney:** to sign under a power of attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the power of attorney to this form when you return it.

**Companies:** this form must be signed by a director jointly with either another director or a company secretary. Where the company has a sole director who is also the sole company secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

#### STEP 4 LODGEMENT

Proxy forms (and any powers of attorney under which they are signed) must be received no later than 48 hours before the commencement of the Scheme Meeting, therefore by **10.00 am (Sydney time) on Wednesday, 6 October 2021.** Any proxy form received after that time will not be valid for the scheduled Scheme Meeting.

**Proxy forms may be lodged using the enclosed Reply Paid Envelope or:**

-  **Online** <https://www.votingonline.com.au/youfoodzscheme>
-  **By Fax** + 61 2 9290 9655
-  **By Mail** Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia
-  **In Person** Boardroom Pty Limited  
Level 12, 225 George Street  
Sydney NSW 2000 Australia

#### Attending the Meeting in person

Due to potential restrictions related to the COVID-19 pandemic, no physical attendance will be permitted at the Scheme Meeting. Please refer to the Scheme Meeting Online Guide for information on participating in the virtual meeting.

# Youfoodz Holdings Limited

ABN 38 635 434 801

## Your Address

This is your address as it appears on the Company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Shareholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your shares using this form.**

## PROXY FORM

### STEP 1 APPOINT A PROXY

I/We being a member/s of **Youfoodz Holdings Limited** (ASX code: YFZ) and entitled to attend and vote hereby appoint:

the **Chair of the Scheme Meeting** (mark box)

**OR** if you are **NOT** appointing the Chair as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below.

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair as my/our proxy at the Scheme Meeting of shareholders of Youfoodz Holdings Limited to be held **as a virtual meeting via <https://web.lumiagm.com/367699865> on Friday, 8 October 2021 at 10.00 am (Sydney time)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

The Chair will vote all undirected proxies in favour of all Items of business. If you wish to appoint the Chair as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that item.

### STEP 2 VOTING DIRECTIONS

\* If you mark the 'Abstain' box for a particular item, you are directing your proxy not to vote on your behalf on a poll and your vote will not be counted in calculating the required majority if a poll is called.

**Resolution 1** 'That, pursuant to and in accordance with the provisions of section 411 of the Corporations Act, the scheme of arrangement proposed between Youfoodz Holdings Limited and the holders of its ordinary shares, as contained in and more particularly described in the Scheme Booklet of which the notice convening this Scheme Meeting forms part, is agreed to, with or without amendment, or any alterations or conditions as approved by the Federal Court of Australia to which Youfoodz Holdings Limited and HelloFresh SE agree.'

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### STEP 3 SIGNATURE OF SHAREHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2021

# Online Voting User Guide

## Getting Started

In order to participate in the meeting, please go to <https://web.lumiagm.com> on a computer, laptop, smartphone, tablet or other smart device. You will need the following information:

Meeting ID: 367-699-865

**Australian Residents** Username – Voting Access Code (VAC\*) and Password (postcode of your registered address).  
\*Voting Access Code (VAC) can be located on the first page of your proxy form or on your notice of meeting email)

**Overseas Residents** Username – Voting Access Code (VAC\*) and Password (three-character country code e.g. New Zealand – NZL. A full list of country codes can be found at the end of this guide.)  
\*Voting Access Code (VAC) can be located on the first page of your proxy form or on your notice of meeting email)

**Appointed Proxy** To receive your Username and Password, please contact our share registry, Boardroom Pty Ltd on **1300 737 760** or **+61 2 9290 9600** between 8:30am to 5:30pm (Sydney time) Monday to Friday.

To join the meeting, you will be required to enter the above unique 9-digit meeting ID above and select 'Join'. To proceed to registration, you will be asked to read and accept the terms and conditions.



If you are a **Shareholder**, select 'I have a login' and enter your Username VAC (Voting Access Code) and Password (postcode or country code). If you are a **Proxy holder** you will need to enter the unique Username and Password provided by Boardroom and select 'Login'.

If you are not a Shareholder, select 'I am a guest'. You will be asked to enter your name and email details, then select 'Enter'. Please note, guests are not able to ask questions at the meeting.



## Navigating

Once you have registered, you will be taken to the **homepage** which displays your name and meeting information.



To **activate the webcast**, please click on the **Broadcast bar** at the bottom of the screen. If prompted, you may have to click the play button in the window to initiate the broadcast.

Once you select to view view the webcast it can take up to approximately 30 seconds for the live feed to appear on some devices.



NOTE: We recommend once you have logged in, you keep your browser open for the duration of the meeting. If you close your browser you will be asked to repeat the log in process.





# To ask a Question

If you would like to ask a question:

1. Select the question icon 
2. Compose your question.
3. Select the send icon 
4. You will receive confirmation that your question has been received.

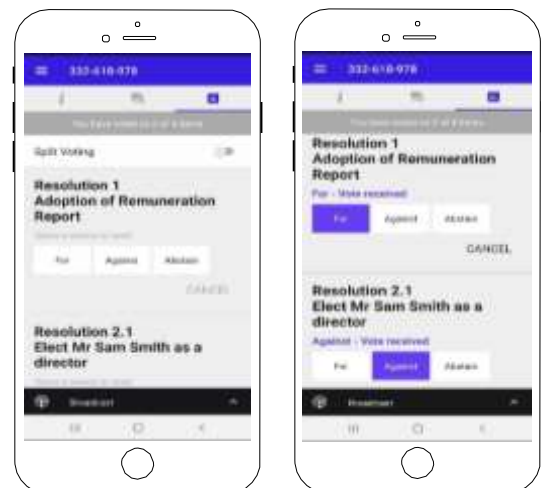


The Chair will give all Shareholders a reasonable opportunity to ask questions and will endeavor to answer all questions at the Meeting.

# To Vote

If you would like to cast a vote:

1. When the Chair declares the polls open, the resolutions and voting choices will appear.
2. Press the option corresponding with the way in which you wish to vote.
3. Once the option has been selected, the vote will appear in blue.
4. If you change your mind and wish to change your vote, you can simply press the new vote or cancel your vote at any time before the Chair closes the polls.
5. Upon conclusion of the meeting the home screen will be updated to state that the meeting is now closed.



**Need help?** If you require any help using this system prior to or during the Meeting, please call **1300 737 760** or **+61 2 9290 9600** so we can assist you.

# Country Codes

For overseas shareholders, select your country code from the list below and enter it into the password field.

<b>ABW</b>	Aruba
<b>AFG</b>	Afghanistan
<b>AGO</b>	Angola
<b>AIA</b>	Anguilla
<b>ALA</b>	Aland Islands
<b>ALB</b>	Albania
<b>AND</b>	Andorra
<b>ANT</b>	Netherlands Antilles
<b>ARE</b>	United Arab Emirates
<b>ARG</b>	Argentina
<b>ARM</b>	Armenia
<b>ASM</b>	American Samoa
<b>ATA</b>	Antarctica
<b>ATF</b>	French Southern
<b>ATG</b>	Antigua & Barbuda
<b>AUS</b>	Australia
<b>AUT</b>	Austria
<b>AZE</b>	Azerbaijan
<b>BDI</b>	Burundi
<b>BEL</b>	Belgium
<b>BEN</b>	Benin
<b>BFA</b>	Burkina Faso
<b>BGD</b>	Bangladesh
<b>BGR</b>	Bulgaria
<b>BHR</b>	Bahrain
<b>BHS</b>	Bahamas
<b>BIH</b>	Bosnia & Herzegovina
<b>BLM</b>	St Barthelemy
<b>BLR</b>	Belarus
<b>BLZ</b>	Belize
<b>BMU</b>	Bermuda
<b>BOL</b>	Bolivia
<b>BRA</b>	Brazil
<b>BRB</b>	Barbados
<b>BRN</b>	Brunei Darussalam
<b>BTN</b>	Bhutan
<b>BUR</b>	Burma
<b>BVT</b>	Bouvet Island
<b>BWA</b>	Botswana
<b>CAF</b>	Central African Republic
<b>CAN</b>	Canada
<b>CCK</b>	Cocos (Keeling) Islands
<b>CHE</b>	Switzerland
<b>CHL</b>	Chile
<b>CHN</b>	China
<b>CIV</b>	Cote D'ivoire
<b>CMR</b>	Cameroon
<b>COD</b>	Democratic Republic of Congo
<b>COK</b>	Cook Islands
<b>COL</b>	Colombia
<b>COM</b>	Comoros
<b>CPV</b>	Cape Verde
<b>CRI</b>	Costa Rica
<b>CUB</b>	Cuba
<b>CYM</b>	Cayman Islands
<b>CYP</b>	Cyprus
<b>CXR</b>	Christmas Island
<b>CZE</b>	Czech Republic
<b>DEU</b>	Germany
<b>DJI</b>	Djibouti
<b>DMA</b>	Dominica
<b>DNK</b>	Denmark
<b>DOM</b>	Dominican Republic

<b>DZA</b>	Algeria
<b>ECU</b>	Ecuador
<b>EGY</b>	Egypt
<b>ERI</b>	Eritrea
<b>ESH</b>	Western Sahara
<b>ESP</b>	Spain
<b>EST</b>	Estonia
<b>ETH</b>	Ethiopia
<b>FIN</b>	Finland
<b>FJI</b>	Fiji
<b>FLK</b>	Falkland Islands (Malvinas)
<b>FRA</b>	France
<b>FRO</b>	Faroe Islands
<b>FSM</b>	Micronesia
<b>GAB</b>	Gabon
<b>GBR</b>	United Kingdom
<b>GEO</b>	Georgia
<b>GGY</b>	Guernsey
<b>GHA</b>	Ghana
<b>GIB</b>	Gibraltar
<b>GIN</b>	Guinea
<b>GLP</b>	Guadeloupe
<b>GMB</b>	Gambia
<b>GNB</b>	Guinea-Bissau
<b>GNQ</b>	Equatorial Guinea
<b>GRC</b>	Greece
<b>GRD</b>	Grenada
<b>GRL</b>	Greenland
<b>GTM</b>	Guatemala
<b>GUF</b>	French Guiana
<b>GUM</b>	Guam
<b>GUY</b>	Guyana
<b>HKG</b>	Hong Kong
<b>HMD</b>	Heard & Mcdonald Islands
<b>HND</b>	Honduras
<b>HRV</b>	Croatia
<b>HTI</b>	Haiti
<b>HUN</b>	Hungary
<b>IDN</b>	Indonesia
<b>IMN</b>	Isle Of Man
<b>IND</b>	India
<b>IOT</b>	British Indian Ocean Territory
<b>IRL</b>	Ireland
<b>IRN</b>	Iran Islamic Republic of
<b>IRQ</b>	Iraq
<b>ISM</b>	Isle of Man
<b>ISL</b>	Iceland
<b>ISR</b>	Israel
<b>ITA</b>	Italy
<b>JAM</b>	Jamaica
<b>JEY</b>	Jersey
<b>JOR</b>	Jordan
<b>JPN</b>	Japan
<b>KAZ</b>	Kazakhstan
<b>KEN</b>	Kenya
<b>KGZ</b>	Kyrgyzstan
<b>KHM</b>	Cambodia
<b>KIR</b>	Kiribati
<b>KNA</b>	St Kitts And Nevis
<b>KOR</b>	Korea Republic of
<b>KWT</b>	Kuwait
<b>LAO</b>	Laos
<b>LBN</b>	Lebanon

<b>LBR</b>	Liberia
<b>LBY</b>	Libyan Arab Jamahiriya
<b>LCA</b>	St Lucia
<b>LIE</b>	Liechtenstein
<b>LKA</b>	Sri Lanka
<b>LSO</b>	Lesotho
<b>LTU</b>	Lithuania
<b>LUX</b>	Luxembourg
<b>LVA</b>	Latvia
<b>MAC</b>	Macao
<b>MAF</b>	St Martin
<b>MAR</b>	Morocco
<b>MCO</b>	Monaco
<b>MDA</b>	Republic Of Moldova
<b>MDG</b>	Madagascar
<b>MDV</b>	Maldives
<b>MEX</b>	Mexico
<b>MHL</b>	Marshall Islands
<b>MKD</b>	Macedonia Former Yugoslav Rep
<b>MLI</b>	Mali
<b>MLT</b>	Mauritania
<b>MMR</b>	Myanmar
<b>MNE</b>	Montenegro
<b>MNG</b>	Mongolia
<b>MNP</b>	Northern Mariana Islands
<b>MOZ</b>	Mozambique
<b>MRT</b>	Mauritania
<b>MSR</b>	Montserrat
<b>MTQ</b>	Martinique
<b>MUS</b>	Mauritius
<b>MWI</b>	Malawi
<b>MYS</b>	Malaysia
<b>MYT</b>	Mayotte
<b>NAM</b>	Namibia
<b>NCL</b>	New Caledonia
<b>NER</b>	Niger
<b>NFK</b>	Norfolk Island
<b>NGA</b>	Nigeria
<b>NIC</b>	Nicaragua
<b>NIU</b>	Niue
<b>NLD</b>	Netherlands
<b>NOR</b>	Norway Montenegro
<b>NPL</b>	Nepal
<b>NRU</b>	Nauru
<b>NZL</b>	New Zealand
<b>OMN</b>	Oman
<b>PAK</b>	Pakistan
<b>PAN</b>	Panama
<b>PCN</b>	Pitcairn Islands
<b>PER</b>	Peru
<b>PHL</b>	Philippines
<b>PLW</b>	Palau
<b>PNG</b>	Papua New Guinea
<b>POL</b>	Poland
<b>PRI</b>	Puerto Rico
<b>PRK</b>	Korea Dem Peoples Republic of
<b>PRT</b>	Portugal
<b>PRY</b>	Paraguay
<b>PSE</b>	Palestinian Territory Occupied
<b>PYF</b>	French Polynesia
<b>QAT</b>	Qatar
<b>REU</b>	Reunion

<b>ROU</b>	Romania
<b>RUS</b>	Russian Federation
<b>RWA</b>	Rwanda
<b>SAU</b>	Saudi Arabia Kingdom Of
<b>SDN</b>	Sudan
<b>SEN</b>	Senegal
<b>SGP</b>	Singapore
<b>SGS</b>	Sth Georgia & Sth Sandwich Isl
<b>SHN</b>	St Helena
<b>SJM</b>	Svalbard & Jan Mayen
<b>SLB</b>	Solomon Islands
<b>SCG</b>	Serbia & Outlying
<b>SLE</b>	Sierra Leone
<b>SLV</b>	El Salvador
<b>SMR</b>	San Marino
<b>SOM</b>	Somalia
<b>SPM</b>	St Pierre And Miquelon
<b>SRB</b>	Serbia
<b>STP</b>	Sao Tome And Principe
<b>SUR</b>	Suriname
<b>SVK</b>	Slovakia
<b>SVN</b>	Slovenia
<b>SWE</b>	Sweden
<b>SWZ</b>	Swaziland
<b>SYC</b>	Seychelles
<b>SYR</b>	Syrian Arab Republic
<b>TCA</b>	Turks & Caicos Islands
<b>TCD</b>	Chad
<b>TGO</b>	Togo
<b>THA</b>	Thailand
<b>TJK</b>	Tajikistan
<b>TKL</b>	Tokelau
<b>TKM</b>	Turkmenistan
<b>TLS</b>	Timor-Leste
<b>TMP</b>	East Timor
<b>TON</b>	Tonga
<b>TTO</b>	Trinidad & Tobago
<b>TUN</b>	Tunisia
<b>TUR</b>	Turkey
<b>TUV</b>	Tuvalu
<b>TWN</b>	Taiwan
<b>TZA</b>	Tanzania United Republic of
<b>UGA</b>	Uganda
<b>UKR</b>	Ukraine
<b>UMI</b>	United States Minor
<b>URY</b>	Uruguay
<b>USA</b>	United States of America
<b>UZB</b>	Uzbekistan
<b>VNM</b>	Vietnam
<b>VUT</b>	Vanuatu
<b>WLF</b>	Wallis & Futuna
<b>WSM</b>	Samoa
<b>YEM</b>	Yemen
<b>YMD</b>	Yemen Democratic
<b>YUG</b>	Yugoslavia Socialist Fed Rep
<b>ZAF</b>	South Africa
<b>ZAR</b>	Zaire
<b>ZMB</b>	Zambia
<b>ZWE</b>	Zimbabwe