



28 April 2023

Yojee March Q3 FY2023 Activity Report

Enterprise Software Platform Repositioned and Cash Runway Extended Through Cost Reduction Initiatives

HIGHLIGHTS

- Record cash receipts of \$578k in the March quarter, up 8% on the prior quarter, up 14% on the same quarter in the prior year and up 53% Q3 YTD compared to Q3 YTD FY2022.
- Net operating cash outflows decreased by 31% compared to the prior quarter as a result of streamlining measures, extending cash runway and aiding a pathway to profitability.
- Revenue (trade) up 15% Q3 YTD compared to Q3 YTD FY2022 though down 3% compared to the prior quarter and down 12% compared to the same quarter in the prior year (due one off revenue of 60k prior year) after shedding unprofitable SME customers and a laser focus on enterprise customer offering.
- With strong enterprise pipeline in advanced and onboarding phases, and recent platform enhancements justifying a 30%-100% increase in transactional pricing, this vastly higher gross margin operating model combined with the strongest ever pipeline creates a modelled, achievable pathway to profitability

Yojee Limited (**Yojee** or the **Company**) (ASX: **YOJ**), is a cloud-based software as a service (**SaaS**) logistics platform that is creating a new world for customers that bridges borders and brings freight forwarders and the road freight community on to a platform focused on sustainable, efficient and predictable delivery is pleased to provide commentary for the quarter ended 31 March 2023.

MANAGING DIRECTOR'S UPDATE AND OUTLOOK

Managing Director Ed Clarke said, "Despite continued tough macro conditions now impacting global supply chains, our customers remained focused on digital transformation for the most part to boost productivity and customer experience. These contracting global freight volumes put more pressure on our customers' buying cycles and decision making speed; however, we work through a discovery and impact demonstration process to ensure customers can see the productivity and return on investment from our platform.

Yojee's redefined enterprise-focused customer offering and go to market process is now building a large pipeline and strong traction. We achieved record cash receipts of \$578k this quarter, up 14% on the same quarter in the prior year and up 53% Q3 YTD compared to Q3 YTD FY2022.

We are fortunate that we saw these macro issues coming and made adjustments to our focus and spend early, shedding unprofitable clients allowing us to focus on our core enterprise customers. We're excited about our progress and remain committed to revenue growth towards profitability and providing exceptional customer experience."

ENTERPRISE STRATEGY UPDATE

Yojee has completed all major steps towards repositioning their business in the enterprise software industry commenced in December 2022 (referenced in December quarterly report) including:

- Revenue has been maintained through existing enterprise growth whilst exiting SME customer base
- Following approaches to First 50+ top tier new enterprises, the Company has had a very successful conversion percentage of logos to pipeline customers, some in advanced stages, including commencing roll out activities
- Recent platform enhancements justifying a 30%-100% increase in transactional pricing, which when combined with the strongest ever pipeline creates a modelled, achievable pathway to profitability

Exit of SME and unprofitable / low transactional volume customers

As a result of the Company's laser focus on high gross margin enterprise revenue, the Company has shed its Small Medium Enterprise customer base who do not fit within the target group. Whilst this has resulted in revenue churn, the profitability of the customer base was the main focus, and this group were not accretive to this strategy due to low value and often high cost to service nature. The churn in this area of the business has been covered by existing enterprise growth at positive gross margins.

Recent commercial discussions validate the business model

An assessment of pathway to breakeven has helped Yojee identify transactional pricing and volume for a required gross margin. With the movements away from Small and Medium Enterprise and the greater focus on Global Top Tier Shipping and Freight Forwarding companies, the pipeline is full of containerised and palletised type transactions, which are much more profitable per transaction.

Enterprise model demonstrates moderate transactional volume increases provide pathways to profitability

Through these discussions, the Company continues to test price points whilst keeping the buying process simple and frictionless. These tests have yet to find resistance, but also enable the Company along with its 'cost to serve' financial modelling to see strong margins that bring a clear pathway to profitability based on conservative growth figures on a usage based commercial model.

Customer pipeline is in its strongest ever position

The business model assessment and subsegment viability identification has led Yojee to take its enterprise ready platform to the top tiers of the shipping and forwarding industry 'ideal customers'. The initial list of 300 Enterprises is being approached in cohorts.

The targeted outbound marketing approach focuses on demonstrating high return on investment across all problems solved and positive impacts created, change management and long term commercial engagements. The Company is four months into this program with a typical enterprise sales cycle taking 6+ months, however there are multiple companies in advanced commercial stages. The Company notes there is pressure on these sales cycles from increased Cyber aware IT teams along with market pressures creating more cautious buyer behaviour, however money is available for digital transformation that increases productivity, supports ESG initiatives and overcomes labour shortages.

With strong signals of market need for the solution the board and leadership team remain very optimistic about the Company's growth trajectory despite market conditions. Calendar 2023 is expected to deliver a continuation of the targeted go to market model, with increased sales, transactional volume with growth coming off a stable cost base.

New Enterprise Customer Pipeline Update

The Company's refined messaging and its impact-based approach directed at the freight forwarder and partner market has demonstrated positive early results, with salespeople utilizing targeted lists of accounts and utilizing a strategic, intensive daily approach with support and monitoring from management.

Through this, over the last 3 months, Yojee has advanced discussions with a number of prospective enterprise clients for deployment of its platform solution as follows:

- American headquartered leading global freight forwarder for a multi country deployment
 - Top global manufacturer moving over 1,000,000 containers (TEU*) per year domestically for full deployment across domestic operations continues to progress
 - Multiple other late stage Enterprise deals
 - Progress through the Yojee reseller partner strategy
- * Twenty-foot equivalent unit as shared by customer

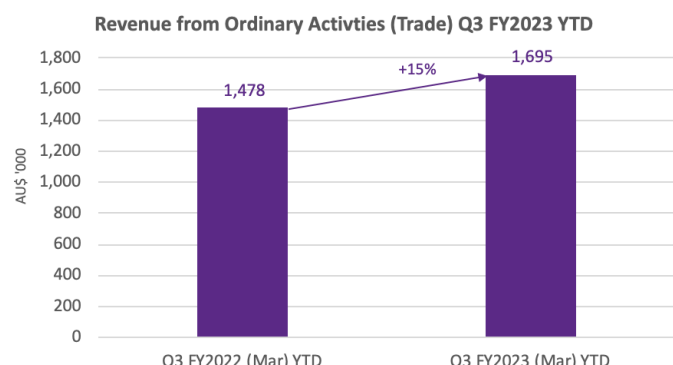
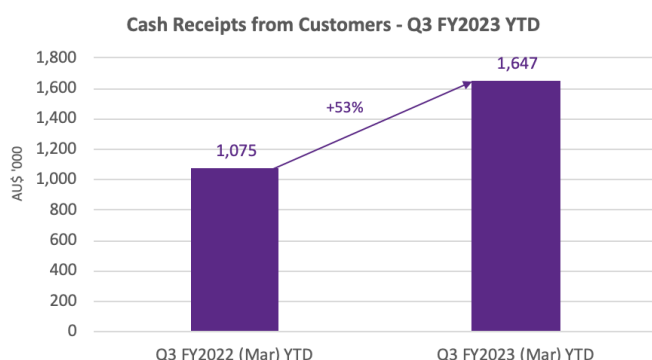
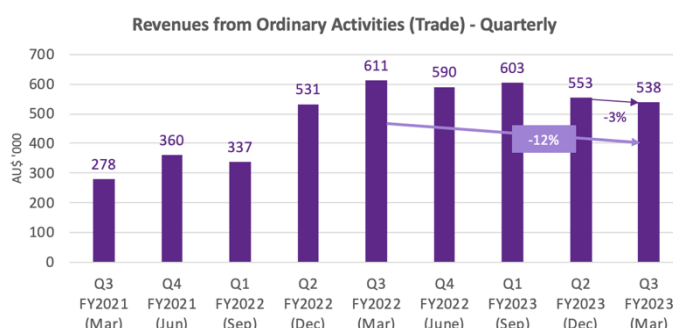
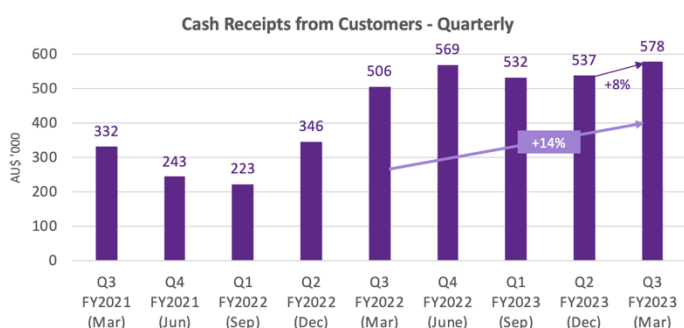
FINANCIAL RESULTS¹

The Company has a cash position of \$4.74 million and zero debt at the end of March 2023. The Company has also seen a significant decrease in its cash burn rate, with a 31% decrease in its monthly net operating cash outflows compared to the prior quarter, December.

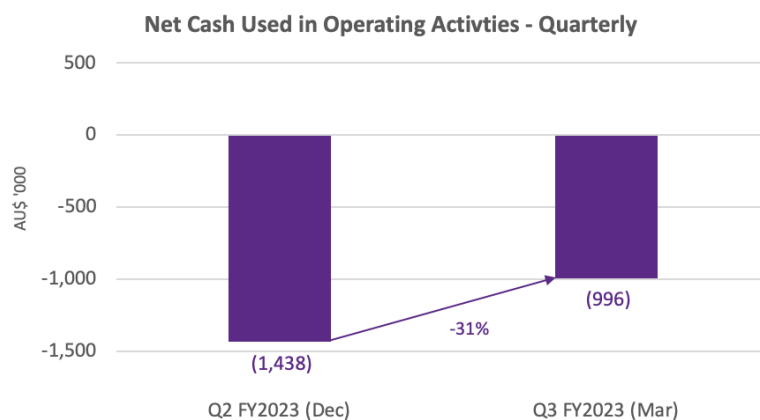
This improving position means our pro forma cash balance and burn rate indicate a longer runway for the Company. Additionally, we have improved our sales pipeline within this period, a positive sign for our future prospects and growth potential.

Revenue (trade) was AU\$538k, down 3% on the prior quarter (Q2 FY2023), and down 12% on the same quarter in the prior year (Q3 FY2022) while for the period Q3 YTD, was up 15% on Q3 FY2022 YTD, noting Q3 in the prior year included one off revenue with an enterprise client of \$60k.

Cash receipts were AU\$578k, up 8% on the prior quarter, and up 14% on the same quarter in the prior year. Cash receipts Q3 YTD were up 53% on Q3 FY2022 YTD.



Net Operating Cashflow Outflows: The Company has seen a significant decrease in its cash burn rate, with a 31% decrease in its monthly net operating cash outflows compared to the December quarter, Q2 FY2023. This has resulted in extending the runway and aiding a pathway to profitability.



CORPORATE

Half year report: The Company released its December ended Half Year Report. View the report [here](#).

Cash position: The Company has a strong cash position of \$4.74 million and zero debt at the end of March 2023. Post quarter end, the Company received a large Singapore GST tax refund of circa \$250k.

Related party payments: As required by ASX Listing Rules, Yojee notes that the amount disclosed in the Appendix 4C under Section 6, Payments to related parties of the entity and their associates, relates solely to the payments during the quarter of salaries and wages to members of the Board of Directors amounting to AU\$152k.

Operating expenditure: Expenditure in the March ended quarter relating to the ongoing roll-out of the Yojee Platform amounted to cash outflows of AU\$1.61m (Section 1.2, Appendix 4C), resulting in a Net Cash from Operating Activities outflow of AU\$996k (Section 1.9, Appendix 4C). Cash outflows related to ongoing operating expenditures to run business operations which include the key items of Product manufacturing and operating costs, Advertising and marketing, Staff costs and Administration and Corporate costs.

This announcement is authorised by the Board of Yojee Limited.

¹ Unaudited

-ENDS-


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About Yojee Limited (ASX: YOJ). Yojee is a company that aims to improve the road freight transportation market in the Asia Pacific region, valued at hundreds of billions of dollars annually. We use technology to connect forwarders and the road freight community on a sustainable, efficient, and transparent platform.



Our customers can now easily and efficiently deliver their products with the lowest emissions and highest visibility to happy and informed customers all at the click of a button.

FORWARD LOOKING STATEMENT AND DISCLAIMER

Please note that images used in the Company's ASX announcements are to illustrate concepts only and are not intended to represent commercial Yojee images. Certain statements contained in this ASX release, including information as to the future financial or operating performance of the Company and its projects, are forward looking statements. Such forward looking statements:

(a) are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies;

(b) involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward looking statements; and

(c) may include, among other things, statements regarding estimates and assumptions in respect of prices, costs, results and capital expenditure, and are or may be based on assumptions and estimates related to future technical, economic, market, political, social and other conditions. The Company disclaims any intent or obligation to publicly update any forward looking statements, whether as a result of new information, future events or results or otherwise. The words "believe", "expect", "contracted", "anticipate", "indicate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "will", "schedule", "planned" and similar expressions identify forward looking statements. All forward looking statements contained in this ASX release are qualified by the foregoing cautionary statements. Recipients are cautioned that forward looking statements are not guarantees of future performance and accordingly recipients are cautioned not to put undue reliance on forward looking statements due to the inherent uncertainty therein.

Appendix 4C

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

Name of entity

YOJEE LIMITED

ABN

52 143 416 531

Quarter ended ("current quarter")

31 March 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	578	1,647
1.2 Payments for		
(a) research and development	(22)	(27)
(b) product manufacturing and operating costs	(719)	(2,375)
(c) advertising and marketing	(314)	(1,025)
(d) leased assets	(9)	(54)
(e) staff costs	(89)	(532)
(f) administration and corporate costs	(454)	(1,939)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	12	57
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(3)	(58)
1.7 Government grants and tax incentives	35	101
1.8 Other (mainly payments for indirect taxes)	(11)	(275)
1.9 Net cash from / (used in) operating activities	(996)	(4,480)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(9)	(32)
(d) investments	-	-
(e) intellectual property	(522)	(1,965)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	4	7
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(527)	(1,990)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(41)	(156)
3.7	Transaction costs related to loans and borrowings	(2)	(7)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(43)	(163)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	6,378	11,442
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(996)	(4,480)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(527)	(1,990)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(43)	(163)
4.5	Effect of movement in exchange rates on cash held	12	15
4.6	Cash and cash equivalents at end of period	4,824	4,824

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4,824	6,378
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,824	6,378

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	152
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

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

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

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(996)
8.2 Cash and cash equivalents at quarter end (item 4.6)	4,824
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	4,824
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	5
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: Not applicable	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: Not applicable	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: Not applicable	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

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

Date:28/4/23.....

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

Notes

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