



ASX Announcement

24 August 2021

Youfoodz delivers strong FY2021 result

BRISBANE Australia, 24 August 2021: Youfoodz Holdings Limited (ASX:YFZ) (**Youfoodz** or the **Company**), one of Australia's fastest growing consumer food brands, is pleased to release its preliminary full year results for the period ended 24 June 2021 (FY2021). All financial information continued herein is preliminary and based on financials which are in the process of being audited.

Management will present the Company's FY2021 results at 9.00am (Sydney / Melbourne time) today (Tuesday, 24 August 2021). Details for the call are included herein.

HIGHLIGHTS

- **FY2021 gross revenue¹ up 18.8% vs pcp to \$203.8 million and net revenue up 14.9% vs pcp to \$146.4 million**
- **Continued strong momentum in B2C:**
 - **Gross revenue up 34.9% vs pcp**
 - **B2C orders up 27.5% vs pcp to 1.4 million**
 - **Active B2C customers up 28.1% vs pcp to 344,210**
 - **New B2C customers up 34.9% vs pcp to 195,625**
- **B2B gross revenue down 4.4% for the full year vs pcp, with headline results improving in Q4 of FY2021**
- **Gross profit margin² for FY2021 of 32.3%, up 3.0% vs pcp**
- **EBITDA³ for FY2021 of \$1.0 million, vs an EBITDA loss of \$(2.8)million in pcp**
- **Reported Net Loss After Tax for FY2021 of \$(3.5) million, vs a loss of \$(6.4) million in pcp**
- **Following period end, announcement that Youfoodz entered a Scheme Implementation Deed with HelloFresh, which is subject to a shareholder vote amongst other customary conditions**

Commentary

Commenting on the preliminary full-year result, Youfoodz CEO, Lance Giles, *"It is pleasing to see the business deliver strong growth for FY2021. B2C has performed well, delivering a significant uplift in order volumes and revenue vs pcp.*

Our B2B business, which experienced challenging trading conditions during much of FY2021, saw an improvement in order volumes and revenues during Q4 FY2021. This reflected our team's focus on customer engagement and range expansion with key retail customers.

Looking ahead, we continue to see significant tailwinds for the ready-made meal sector in Australia, with Youfoodz playing a leading role in driving ongoing product innovation, customer service and growth."

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

² Gross profit as a % of net revenue.

³ EBITDA (earnings before interest, tax, depreciation and amortisation) is a non-IFRS financial measure. Excludes non-trading income and expenses, and is post application of AASB 16.

FY2021 Financial Results

The following table provides a summary of key financial metrics for Youfoodz.

A\$ million (Preliminary, unaudited)	FY2021	FY2020 (pcp)	Variance (\$m) (vs pcp)	Variance (%) (vs pcp)
Gross revenue	203.8	171.5	↑ 32.3	18.8%
Net revenue	146.4	127.3	↑ 19.0	14.9%
Gross profit	47.3	37.3	↑ 9.9	26.6%
EBITDA (before non-trading income & expenses)	1.0	(2.8)	↑ 3.8	nm
NPAT (reported)	(3.5)	(6.4)	↑ 2.9	nm
% of net revenue				
GP margin	32.3%	29.3%	↑ -	3.0%
EBITDA margin	0.7%	(2.2)%	↑ -	2.9%

Any discrepancies between totals and components in the table are due to rounding.

Youfoodz achieved strong growth in FY2021, with gross revenue up 18.8% vs pcp to \$203.8 million and net revenue up 14.9% vs pcp to \$146.4 million.

This result was driven by rapid growth in our B2C business (with FY2021 gross revenues up 34.9% vs pcp), which was partially offset by a decline in our B2B business (with FY2021 gross revenues down 4.4% vs pcp).

Reflecting a continued focus on production efficiencies and channel mix, gross profit margins for FY2021 increased 3.0% vs pcp to 32.3%. This resulted in Youfoodz reporting a 26.6% improvement in FY2021 gross profit to \$47.3 million.

The Company delivered EBITDA of \$1.0 million for the period, which compared to EBITDA loss of \$(2.8) million in FY2020.

After allowing for depreciation and amortisation, net finance income⁴ and non-trading expenses⁵, the Company reported a net loss after tax of \$(3.5) million vs a loss of \$(6.4) million for pcp.

Segment Performance

B2C (Home Delivery)

Our B2C business delivered an impressive result for the year, with strong growth achieved across key operating metrics, including:

- B2C orders up 27.5% vs pcp to 1,406,462;
- active B2C customers up 28.1% vs pcp to 344,210; and
- new customer acquisitions up 34.9% vs pcp to 195,625.

⁴ Predominantly ATO interest rebate on settlement of indirect tax liabilities

⁵ Predominantly comprising one-off and non-recurring costs associated with the proposed Scheme of Arrangement with HelloFresh incurred to date, legal costs relating to certain litigation, COVID-19 mitigation, new facility build and share based payments, net of Job Keeper benefits received.

These factors combined to support a strong revenue outcome, with gross revenue up an impressive 34.9% vs pcp to \$136.7 million (net revenue up 29.2% to \$105.3 million).

During FY2021, Youfoodz implemented a range of important customer orientated initiatives, including:

- *Next day delivery in NSW:* Currently c.85% of B2C customers are now able to order on a next day delivery basis;
- *Subscription Service on App:* Currently c.20% of B2C orders are now made via subscription, with observed subscription average order frequency per quarter (AOF) of 4.0 plus (versus Youfoodz overall blended AOF of 2.7); and
- *Menu cycling and new menu releases:* During H2 FY2021, Youfoodz added c.80 new items, including inter-seasonal menu refreshes.

B2B (Wholesale)

FY2021 represented a challenging year for our B2B business, with demand from some wholesale customers impacted by uncertainty associated with localised lock-downs and the risk of wastage from stocking fresh/perishable goods. As a result, gross revenues in FY2021 for B2B declined 4.4% relative to pcp to \$67.2 million (net revenue down 10.5% to \$41.1 million).

During the year, Youfoodz focussed on optimising its wholesale relationships and exploring range expansion opportunities with existing customers. Pleasingly, these initiatives have begun to deliver results. During Q4 FY2021, gross revenue from B2B was up 7.2% vs pcp to \$16.2 million. This also reflected an increase of 3.9% vs Q3 FY2021.

Proposed Acquisition by HelloFresh

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

Further details of the transaction, which remains subject to a shareholder vote amongst other customary conditions, will be included in a Scheme Booklet which is expected to be sent to shareholders in early September 2021. A virtual Scheme meeting to vote on the proposed transaction is expected to be held in early October 2021. If the Scheme is approved, it is expected to be implemented in late October 2021.

New Facility Update

The development of the new Youfoodz facility is a significant project for the Company, which is expected to deliver considerable operational and financial benefits to Youfoodz once commissioned.

Under the terms of the Scheme Implementation Deed, HelloFresh has inter alia certain consultation and approval rights in relation to the new facility. Subject to that consultation and approval process, construction is expected to start in Q2 FY2022 with completion and commissioning in Q1 FY2023 in line with expectations and consistent with the timeline set-out at the time of Youfoodz IPO.

Summary and Outlook

Youfoodz delivered significant growth across many of its key metrics in FY2021 vs pcp. The investment in new B2C customer acquisitions and the implementation of B2B focussed initiatives during FY2021 positions Youfoodz well for FY2022.

For the month of July 2021, the Company traded in line with expectations, with both B2C and B2B experiencing strong order volumes vs pcp, notwithstanding continued COVID-19 related lockdowns in NSW, VIC and parts of QLD.

Youfoodz intends to strategically invest in growth in FY2022, including in relation to:

- Continued investment in marketing to drive new B2C customer acquisitions; and
- Expansion of the B2B sales team to support objectives in the retail category and capture further market share.

To facilitate this growth, ready-made meal production, which is currently nearing capacity in our existing facilities, will be supported by third-party manufacturing arrangements ahead of commissioning of Youfoodz new facility (Q1 FY2023). Youfoodz already utilises contract manufacturing to manage peak demand cycles, and has relationships with carefully selected providers.

Investor Update Webinar

Lance Giles, CEO, and John O'Connor, CFO will be hosting an investor briefing at **9.00am (Sydney / Melbourne time) today (Tuesday, 24 August 2021)** to discuss the quarterly business & guidance update and answer any questions.

Participants are invited to join this briefing using the following link:

WEBINAR CONNECTION	
Link:	https://express.vc/conference/join
Code:	1214436

Please note that upon accessing the webinar, participants will be asked for registration details.

Alternatively, should participants wish to dial-in via an audio only facility, conference call details are as follows:

AUDIO ONLY DIAL-IN	
Australia Dial-in Number	1300 254 410
Code:	1214436

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

ENDS

More information

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

Alternatively:

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About Youfoodz

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

Products are marketed and distributed through an omni-channel sales model 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>

APPENDIX A

Key Operating Metrics

	Unit	FY2021	FY2020	Variance (%)	
B2C (Home Delivery)					
Gross revenue	(A\$m)	136.7	101.3	⬆️	34.9%
Gross profit margin	(%)	34.8%	32.1%	⬆️	2.7%
Average order value	(\$ per order)	97.2	91.8	⬆️	5.9%
Number of orders	(#)	1,406,462	1,103,530	⬆️	27.5%
Number of active customers ⁶	(#)	344,210	268,737	⬆️	28.1%
Number of new customers	(#)	195,625	145,014	⬆️	34.9%
B2B (Wholesale)					
Gross revenue	(A\$m)	67.2	70.3	⬇️	4.4%
Gross profit margin	(%)	26.0%	24.4%	⬆️	1.6%
Units sold	(000's)	8,711	8,290	⬇️	4.8%
Average unit price	(\$ per unit)	8.1	8.1	⬆️	0.4%

⁶ Active customers are customers who have ordered through the Company's B2C channel in each reporting period.