

# MARLEY SPOON

## Appendix 4C – Q3 2021 & Business Activity Report

### CONTINUED GROWTH AND MARGIN IMPROVEMENT IN Q3 2021

Berlin, Sydney, 28 October 2021: Marley Spoon AG (“Marley Spoon” or the “Company” ASX: MMM), a leading global subscription-based meal kit provider, is pleased to share with investors its highlights from the quarter ended 30 September 2021 (“Q3 2021”).

#### Conference Call

Management will present a business update to investors on a conference call at 6.00 pm AEDT on 28 October, the details of which have been released separately to ASX.

#### Highlights

- Q3 2021 net revenue at €79.2m, +14% versus the prior corresponding period (PCP) resulting in a 2-year Compound Annual Growth Rate (CAGR) of 55% on a reported basis.
- Globally, Q3 Contribution Margin (CM) is 28%, up ~1.5pts compared to the previous quarter and in line with the PCP. Operational improvements in the US delivering margin gains.
- Q3 Operating EBITDA of ~€(13m) driven by investment in growth, capacity and talent.
- Finished Q3 with a total cash balance of €33m, up ~€17m vs. the PCP.
- Full year net revenue guidance revised given volatile consumer behaviour: now expected to grow between 26-28% (revised from prior guidance 30-35%)
- CM guidance maintained at ~29%, in line with CY 2020

---

#### COMPANY INFORMATION:

Fabian Siegel, Marley Spoon CEO  
fabian@marleyspoon.com

#### INVESTOR QUERIES:

Michael Brown, Pegasus  
0400 248 080  
mbrown@pegasusadvisory.com.au

#### REGISTERED ADDRESS:

Paul-Lincke-Ufer 39/40  
10999 Berlin  
Germany

Marley Spoon CEO, Fabian Siegel, highlighted, "Q3 net revenue growth is broadly in line with our expectations and an acceleration vs. the last quarter. Nevertheless, volatile customer behaviour during the Northern Hemisphere summer resulted in higher-than-normal skip rates and a higher cost acquisition environment. In order to maintain attractive unit economics, we reduced customer acquisitions, which will impact Q4 and therefore require us to revise our 2021 net revenue growth to 26-28%.

We have since seen a recovery in base behaviour and improved customer acquisition costs. Given these factors, Q4 net revenue growth is trending higher than Q3 2021 and the PCP. The overall structural growth trend for online groceries remains intact and gives us confidence that we will continue to sustain high growth rates at attractive unit economics.

We are also encouraged by our margin trajectory, having improved operational contribution margin quarter over quarter, with progressive improvement within Q3. These gains are driven primarily by improvements in our US operations and the successful implementation of price increases toward the end of Q3. This positive trajectory is expected to continue in Q4.

In Q3 2021 we continued to invest in people, processes, and infrastructure that were necessary after doubling our business in 2020 and that will lay the foundation for further growth in 2022. These investments were balanced with disciplined investment in marketing, but also resulted in negative Operating EBITDA of €(13m).

In Q4 we expect continued revenue growth and expanded margins to lead to a significantly lower level of Operating EBITDA losses vs. Q3.

I would like to thank our teams that are working hard every day to build manufacturing excellence at scale and to delight our customers globally, even while facing a volatile operating environment."

### **Q3 2021 BUSINESS UPDATE**

Marley Spoon reported net revenue of €79.2 million for the third quarter in 2021, an increase of 14% vs. the PCP.

The net revenue growth was driven by all regions, with Australia leading at 30% growth compared to the PCP as the Company continued to invest in marketing to build its back-book of business.

Globally, CM landed at 28.1%, up ~1.5pts quarter over quarter and in line with the PCP. Operating Contribution Margin (Operating CM), defined as CM excluding the impacts of marketing vouchers and fixed costs such as expenses relating to site leases, reached 38% in Q3 globally, up 1.7pts vs. the previous quarter and up 1.5pts vs. the PCP. The quarterly margin performance was supported by operational improvements as well as the successful implementation of price increases to offset inflation, particularly in the US.

The continued investments in marketing to drive growth and in G&A to strengthen our operational bench, processes and systems led to an Operating EBITDA loss of €(13m) for the quarter.

## Consolidated Income Statement (unaudited)

€ in millions	Q3 2021	Q3 2020	% vs. PY	Q3 2021 YTD	Q3 2020 YTD	% vs. PY
<b>Revenue</b>	<b>79.2</b>	<b>69.3</b>	<b>14%</b>	<b>237.2</b>	<b>185.5</b>	<b>28%</b>
Cost of goods sold	43.0	36.8	17%	128.9	96.9	33%
% of revenue	54.3%	53.1%	1.2 pts	54.3%	52.3%	2 pts
<b>Gross Profit</b>	<b>36.2</b>	<b>32.5</b>	<b>11%</b>	<b>108.3</b>	<b>88.6</b>	<b>22%</b>
% of revenue	45.7%	46.9%	(1.2 pts)	45.7%	47.7%	(2 pts)
Fulfilment expenses	14.0	13.2	6%	42.9	34.2	25%
% of revenue	17.7%	19.0%	(1.4 pts)	18.1%	18.5%	(0.4 pts)
<b>Contribution margin (CM)</b>	<b>22.2</b>	<b>19.3</b>	<b>15%</b>	<b>65.4</b>	<b>54.3</b>	<b>20%</b>
<b>% of revenue</b>	<b>28.1%</b>	<b>27.9%</b>	<b>0.2 pts</b>	<b>27.6%</b>	<b>29.3%</b>	<b>(1.7 pts)</b>
Operating CM %	38.0%	36.6%	1.5 pts	37.5%	37.1%	0.3 pts
Marketing expenses	22.2	9.9	125%	54.5	31.3	74%
% of revenue	28.1%	14.2%	14 pts	23.0%	16.9%	6 pts
G&A expenses	15.6	10.7	46%	45.7	29.5	55%
% of revenue	19.7%	15.4%	4 pts	19.3%	15.9%	3 pts
EBIT	(15.6)	(1.2)	(14)	(34.8)	(6.5)	(28)
<b>Operating EBITDA</b>	<b>(12.7)</b>	<b>0.4</b>	<b>(13)</b>	<b>(27.5)</b>	<b>(1.6)</b>	<b>(26)</b>
% of revenue	(16.1%)	0.6%	(17 pts)	(11.6%)	(0.9%)	(11 pts)

## SEGMENT REVIEW

### United States

- Q3 2021 net revenue up 3% compared to the PCP
- Q3 2021 CM at 23%, 40bps better vs. the PCP; Operating CM reached 34%, nearly 2pts better vs. the PCP
- Operating EBITDA landed at ~€(5m) in Q3 2021

While Active Subscribers grew 5%, extensive post-lockdown summer vacation behaviour led to higher skip rates and lower acquisition volume, resulting in lower average orders per Active Subscriber as well as lower Active Customers.

Staffing challenges, higher labour rates and food cost inflation are continuing to impact contribution margin. In Q3 the team was able to offset those impacts and expand margin vs. the previous quarter through operational improvements and successful price actions that were taken in Q3 on both brands. Operating CM improved by ~2pts year-over-year.

In September, the Company moved into its new manufacturing centre in California, tripling its footprint and adding additional capacity for future growth. The roll-out of the Company's new manufacturing

process in all three sites in the US also took place, simplifying our operations, improving the customer experience and enabling further order personalisation.

## **Australia**

- Q3 2021 revenue up 30% compared to the PCP
- Q3 2021 CM at 34.2% vs. 35.6% in the PCP; Operating CM reached 43.5%, flat vs. PCP
- Operating EBITDA landed at €(1.1m) in Q3 2021

Due to lockdown related tailwinds, Australia delivered 30% revenue growth while Active Subscribers grew 35% year-on-year.

Despite operating in a challenging lockdown environment, the team delivered strong operational performance, with Operating CM of 43.5%, in line with the prior year. CM was down year-over-year, primarily impacted by higher investments in customer acquisitions, leading to a higher acquisition voucher share, as the Company took advantage of the favourable customer acquisition environment.

The Company has just launched its Marley Spoon brand in WA, making both of its meal kit brands available in all states and territories across the country. Early data suggests a strong uptake of Marley Spoon in WA, adding a further growth opportunity for 2022.

## **Europe**

- Q3 2021 revenue up 15% compared to the PCP
- Q3 2021 CM at 25.8%, in line with the PCP; Operating CM reached 34.3% also in line with the PCP
- Operating EBITDA loss of €(2m) excluding global headquarter costs in Q3 2021

As in the US, Europe saw extensive post-lockdown holiday-related customer behaviour impacting revenue which grew 15% vs. the PCP, while Active Subscribers grew 34% year-on-year.

Europe also experienced some labour shortages as well as wage rate and food cost inflation. Nevertheless, the Company improved its Contribution Margin and Operating CM vs. Q2.

## **KEY OPERATING METRICS**

Customer behaviour remained volatile in Q3, with customers in the US and Europe demonstrating extensive post-lockdown vacationing behaviour while Australian customers went back into lockdown. This impacted base sales as well as acquisitions and as a result Active Subscribers were up 20% YoY, but slightly down vs. the prior quarter. Customers in the Northern hemisphere demonstrated lower order frequency and basket size while the opposite was witnessed in Australia (increased order frequency/basket size).

The Company's Active Subscribers generated on average 6.4 orders in the quarter, down 10% vs. the PCP. However, the Company saw a sizable increase in average order value, reaching €46.8, a 5% increase vs. the PCP, thanks to a successful price increase to offset input cost inflation.

### Operating KPIs

<i>preliminary &amp; unaudited</i>	Q3 2021	Q3 2020	V%
<b>Group</b>			
Active customers <sup>1</sup> (k)	413	362	14%
Active subscribers <sup>2</sup> (k)	265	220	20%
Number of orders (k)	1691	1563	8%
Orders per customer	4.1	4.3	(5%)
Orders per subscriber	6.4	7.1	(10%)
Meals (m)	14.4	13.1	10%
Avg. order value (€, net)	46.8	44.4	5%
Avg. order value (€, net) in CC	46.3	44.4	4%
<b>Australia</b>			
Active customers <sup>1</sup> (k)	169	123	38%
Active subscribers <sup>2</sup> (k)	93	68	35%
Number of orders (k)	710	545	30%
Meals (m)	6.6	4.8	35%
<b>USA</b>			
Active customers <sup>1</sup> (k)	173	180	(4%)
Active subscribers <sup>2</sup> (k)	114	108	5%
Number of orders (k)	705	772	(9%)
Meals (m)	5.7	6.4	(10%)
<b>Europe</b>			
Active customers <sup>1</sup> (k)	71	60	18%
Active subscribers <sup>2</sup> (k)	59	44	34%
Number of orders (k)	276	245	13%
Meals (m)	2.1	1.9	14%

1. Active Customers are customers who have purchased a Marley Spoon or Dinnerly meal kit at least once over the past 3 months.

2. Active Subscribers are customers who have ordered or skipped a Marley Spoon or Dinnerly meal kit, on an average weekly basis, during the quarter.

## **CASH FLOW**

The Company ended Q3 2021 with a cash balance of €33m, an improvement of ~€17m vs. the PCP. Cash from operating activities landed at €(7.7m), better than our Operating EBITDA landing, thanks in part to the Company's negative working capital model.

In the quarter, Marley Spoon entered into another asset financing facility with National Australia Bank Limited (NAB) for €3.7M (AUD 6 million). The financing was used to fund the development of the new Sydney fulfilment centre and bears 3.5% interest. Additionally, in Q3, W23 Investments Pty Limited, an affiliate of Woolworths Group Limited, exercised its right to convert the last two outstanding convertible bonds issued by the Company (for a combined amount of €17.2m) into shares, thereby significantly improving the Company's balance sheet.

This week, the Company drew the remaining balance of the USD \$45m Tranche 1 available to Marley Spoon from Runway Growth Capital. Like the first USD \$30m drawn, the current USD \$15m disbursement is earmarked for the Company's capex plans, notably its digital platforms and further fulfilment centre expansion. Tranche 2 of USD \$20m remains undrawn.

The Company expects to finish 2021 with adequate cash and existing funding facilities to continue to fund its growth strategy in 2022.

Finally, for the third quarter, cash payments for compensation to related parties of the entity (members of the Supervisory and Management Boards) were €215 thousand in aggregate.

## **2021 Full Year Guidance**

- Marley Spoon is revising its 2021 net revenue guidance. The Company now expects to grow net revenue between 26-28% YOY in CY 2021.
- The Company reaffirms its 2021 CM guidance for CY 2021 of ~29%, in line with the PCP.

## **INVESTOR CONFERENCE CALL**

An investor conference call will be held at 6.00 pm AEDT on 28 October 2021. Pre-registration links and dial-in details have been released separately.

This announcement has been authorised for release to ASX by the Board of Directors of Marley Spoon AG.

**END**

## **About Marley Spoon**

Marley Spoon (MMM:ASX, GICS: Internet & Direct Marketing Retail) is a global direct-to-consumer brand company that is solving everyday recurring problems in delightful and sustainable ways. Founded in 2014, Marley Spoon currently operates in three primary regions: Australia, United States and Europe (Austria, Belgium, Germany, Denmark, Sweden and the Netherlands).

With Marley Spoon's meal-kits, you decide what to eat, when to eat, and leave behind the hassle of grocery shopping. To help make weeknights easier and dinners more delicious, our meal kits contain step-by-step recipes and pre-portioned seasonal ingredients to cook better, healthy meals for your loved ones.

As consumer behaviour moves towards valuing the convenience aspect of online ordering, Marley Spoon's global mission through its various brands, such as Marley Spoon, Martha Stewart & Marley Spoon, and Dinnerly, is to help millions of people to enjoy easier, smarter and more sustainable lives.

## Appendix 4C

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

**Name of entity**

Marley Spoon AG

**ABN**

625 684 068

**Quarter ended ("current quarter")**

30 September 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter € '000</b>	<b>Year to date (9 months) € '000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	80,690	239,344
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(53,810)	(161,129)
(c) advertising and marketing	(17,951)	(44,889)
(d) leased assets	116	116
(e) staff costs	-	-
(f) administration and corporate costs	(16,815)	(43,116)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	36	54
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	6	(329)
1.7 Government grants and tax incentives	-	19
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(7,728)</b>	<b>(9,930)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(3,691)	(13,750)
(d) investments	-	-
(e) intellectual property	(1,825)	(3,451)
(f) other non-current assets	-	-



Consolidated statement of cash flows		Current quarter € '000	Year to date (9 months) € '000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(5,516)</b>	<b>(17,201)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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	(939)	796
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(18)	(56)
3.5	Proceeds from borrowings	3,728	34,557
3.6	Repayment of borrowings	(262)	(3,266)
3.7	Transaction costs related to loans and borrowings	(197)	(1,349)
3.8	Dividends paid	-	-
3.9	Other (IFRS 16 lease payments and interest paid)	(1,984)	(4,697)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>328</b>	<b>25,985</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	46,315	34,438
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(7,728)	(9,930)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(5,516)	(17,201)

<b>Consolidated statement of cash flows</b>		<b>Current quarter € '000</b>	<b>Year to date (9 months) € '000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	328	25,985
4.5	Effect of movement in exchange rates on cash held	(350)	(243)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>33,049</b>	<b>33,049</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter € '000</b>	<b>Previous quarter € '000</b>
5.1	Bank balances	33,049	46,315
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>33,049</b>	<b>46,315</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter € '000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	215
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

7. <b>Financing facilities</b> <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>	<b>Total facility amount at quarter end € '000</b>	<b>Amount drawn at quarter end € '000</b>
7.1 Loan facilities	35,586	35,586
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	35,586	35,586
7.5 <b>Unused financing facilities available at quarter end</b>		12,954
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.		
<p>Further details on the financing facilities are included in section "6.7 Interest bearing loans and borrowings" within the notes to the financial statements in the Marley Spoon 2020 annual report.</p> <p>During the current quarter, the Company entered into another asset financing facility with National Australia Bank Limited (NAB) for €3.7M (AUD 6 million). The financing was used to fund the development of our new Sydney fulfilment center, bears 3.5% interest, and has a 5 year term.</p> <p>Additionally, in Q3, W23, an affiliate of Woolworths Group Limited, exercised its right to convert the last two outstanding convertible bonds issued by the Company (for a combined amount of €17.2m) into shares.</p> <p>During Q2, the Company signed and closed a committed senior secured credit facility ("the Facility") of four years with Runway Growth Credit Fund Inc. The Facility will give Marley Spoon access of up to €54.7M (US\$65 million) to support the Company's growth strategy. Of Tranche 1 (€37.9M), €25.2M was drawn at closing. The Company has the right to draw the remaining balance until 30 June 2022, subject to compliance with the Facility agreement. Tranche 2 (€16.8M) is available to be drawn through to 30 June 2022, conditional upon the Company's compliance with customary financial covenants and certain performance milestones. The interest rate on the Facility is 8.5% p.a. over three-month LIBOR, subject to a LIBOR floor of 0.5%. Additionally, there is a deferred interest rate of 1.25% p.a.</p> <p>During Q1, the Company repaid a loan from Berliner Volksbank in the amount of €2.5m and signed a new unsecured revolving credit facility with a total amount of €5M and an unlimited term. This credit line is fully used by a drawdown of a 12-month €5M loan, bearing 5% interest, which will mature in March 2022.</p> <p>The remaining debt includes asset financing in Australia of €2.1m.</p>		


<b>8. Estimated cash available for future operating activities</b>	<b>€ '000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(7,728)
8.2 Cash and cash equivalents at quarter end (item 4.6)	33,049
8.3 Unused finance facilities available at quarter end (item 7.5)	12,954
8.4 Total available funding (item 8.2 + item 8.3)	46,003
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	6
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: N/A	
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: N/A	
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: N/A	

### 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: 27 October 2021

Authorised by:   
 Fabian Siegel, Chief Executive Officer,  
 Chairman of the Management Board (*Vorstandsvorsitzender*) and Co-Founder

Authorised by:   
 Jennifer Bernstein, Chief Financial Officer,  
 Member of the Management Board (*Vorstand*)

### 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.