



MARLEY SPOON

MARLEY SPOON COMPLETES ~€22M FINANCING AND DELIVERS 20% QUARTER OVER QUARTER GROWTH

Appendix 4C - Q4 2018 Business & Guidance Update

Berlin, Sydney, 29 January 2019: Marley Spoon AG ("Marley Spoon" or the "Company", ASX: MMM), a leading global subscription-based meal kit provider, has released its Appendix 4C for the three-month period ending 31 December 2018 ("Q4 2018") (unaudited) and details of its ~€22M financing package.

HIGHLIGHTS

- Global sales continue to accelerate with Q4 net revenue of €28.6 million, up 20% vs Q3 and 65% vs Q4 2017
- 2018 net revenue of €92 million (€95 million on a constant currency basis), up 78% ex FX
- Company sold more than 15 million portions in CY2018, 75% of orders from repeat customers
- Customer acquisition costs (CACs) stable at €66 for CY2018
- Finalized a ~€22 million financing package, cornerstoned by Union Square Ventures to support the Company's path to operating EBITDA break-even

GUIDANCE UPDATE

- Company re-affirms its prior guidance to reach profitability on an operating EBITDA basis by 2020
- CY2018 EBIT guidance revised to around €36 million loss (previously: €32-34 million) based on unaudited figures mainly due to increased marketing spend driving more acquisitions

COMPANY INFORMATION:

Fabian Siegel, Marley Spoon CEO
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INVESTOR QUERIES:

Kyahn Williamson, WE Buchan
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Q4 2018 BUSINESS UPDATE

Marley Spoon has reported net revenue of €28.6 million for the quarter, an increase of 20% quarter on quarter - a further acceleration from 15% growth in Q3 as a result of additional marketing investments at stable CACs and strong acquisition momentum in the last months.

All regions performed well against key business metrics of revenue, portions sold and repeat customers. In the US, net revenue increased by 21% quarter on quarter, more than doubling compared to the previous corresponding period reinforcing the Company's two-brand strategy ("Martha & Marley Spoon" and "Dinnerly"). Australia and Europe also continue to experience strong growth, with net revenue increasing 14% and 26%, respectively, compared to the previous quarter.

Total portions sold exceeded 15 million for CY2018 (almost 5 million thereof in Q4), with approximately 75% of orders generated from existing customers (repeat orders), demonstrating customer loyalty and strong repeat revenue within the business.

Fabian Siegel, CEO of Marley Spoon said: "We had a great finish to the year in terms of revenue growth across all of our regions, resulting in year on year growth of 78% on a constant currency basis. Our increased investment in marketing at stable acquisition costs is paying off, as we keep building our loyal customer base to serve as the foundation for strong growth in 2019 and beyond. We ended the year with a higher revenue run rate than was anticipated in the IPO prospectus, which puts us in a position to reaffirm our previous guidance around when we expect to reach operating EBITDA profitability.

"The introduction of our 20 menu choices in Germany and Australia has been very well received, and it is translating to higher sales per customer. We have launched 20 recipes in the Netherlands and increased Dinnerly recipe choices in the US in January, and will continue to offer more choice to our customers across all countries and product lines."

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CASH BALANCE AND CASH FLOW

Cash flow used in operating activities improved €1.7 million from €(11.2) million in Q3 to €(9.5) million in Q4 2018 thanks to higher sales and seasonally lower marketing spend. The Company ended the year with ~€9 million in cash and cash equivalents, which included the new €2.5 million Berliner Volksbank loan that is part of the overall ~€22 million financing package as outlined below.

Cash used in investing activities was at €2.1 million in the quarter, mostly relating to the Company's new US East Coast manufacturing centre as well as new production equipment & software to support the ongoing automation and menu expansion efforts.

FINANCING UPDATE

Cornerstone funding of US\$11.4 million (~€10 million) will be provided by two funds affiliated with US based venture capital firm Union Square Ventures (USV), initially in the form of a bridging loan facility. Subject to shareholder approval, the Company may elect to substitute the loan facility for two non-pro rata convertible bond instruments under German law (*Wandelschuldverschreibungen*). The Company proposes to seek approval to issue the convertible bond instruments and to create corresponding conditional capital to enable the Company to issue CDIs on conversion of the bonds at an extraordinary general meeting in March 2019. The convertible bond instruments, if issued, will have an aggregate nominal amount of US\$ 11.4 million (~€10 million) with a three-year term.

The key terms of the convertible bond are expected to be as follows:

- a) Maturity Date - 3 years from the date of issue.
- b) Interest - US\$ LIBOR + 5% p.a. and is payable at maturity unless the bond is converted.
- c) Conversion price of AU\$0.50 per CDI.
- d) Once fully issued, the convertible bond instruments can be converted by USV into an aggregate amount of up to approx. 32,000 shares / 32,000,000 CDIs (depending on the FX rate between US\$ and AU\$ around the time of shareholder approval) in the Company at any time during the conversion period.

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- e) Additional prepayment fee of US\$11.4 million to be paid by the Company if, prior to conversion, the Company elects to terminate and redeem the convertible bond instruments in case a change of control occurs.

The bridge loan facility has a term of 3 years and bears interest at a fixed rate of 12% p.a. which will only become payable if the Company does not elect to substitute the loan for the convertible bond instruments described above. If the shareholder approval is not granted, the conditional capital is not created or the Company elects to not issue the convertible bonds, USV may declare the loan, together with accrued interest, immediately due and payable. If there is no conversion and a change of control in the Company occurs, an additional exit bonus of US\$11.4 million is to be paid by the Company to USV.

In addition to USV, subject to shareholder approval and on substantially the same terms to the USV proposed convertible bonds, existing non-related party minority shareholders undertook to subscribe to two additional non-pro rata convertible bond instruments under German law (*Wandelschuldverschreibungen*) in an aggregate nominal amount of US\$2.28 million (~€2 million). Once issued, the convertible bond instruments can be converted into an aggregate amount of up to approx. 6,500 shares / 6,500,000 CDIs (depending on the FX rate between US\$ and AU\$ around the time of shareholder approval) in the Company at any time during the conversion period.

Furthermore, the existing Moneda Loan Agreement (as defined and further described in the IPO prospectus), has been extended until 30 April 2020 and further adjusted as follows: The Company is obliged to provide certain security to Moneda, which is no longer a subordinated junior lender, and repay €2 million of the currently outstanding €6.7 million Moneda principal on 20 February 2019, with additional repayments of €1 million on 31 August 2019 and the remaining loan amount of €3.7 million upon maturity.

The Company has also signed a €2.5 million January 2021 term loan agreement with Berliner Volksbank, a member of Germany's second largest banking group, who had been a lender to the Company before.

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“Berliner Volksbank has been a strong supporter of our Company since its founding more than four years ago. We’re extremely happy to continue this great relationship”, said CEO Fabian Siegel.

Finally, the US subsidiary of the Company has entered into an equipment leasing agreement with US based CSC Leasing totalling up to US\$3 million (~€2.6million) to finance new manufacturing equipment supporting the automation of the Company’s production lines in the US and Australia. The purchase of this new equipment facilitates the rollout of expanded menu choices, which has been positively received in Europe and Australia.

“We are very pleased to have completed a comprehensive financing package from an excellent set of lenders/investors to support us on our path to operating EBITDA break-even,” Mr Siegel said.

Advisers

Canaccord Genuity (Australia) Limited is acting as financial adviser to Marley Spoon.

Investor Conference Call

An investor conference call will be held at 11am AEDT on Tuesday 29 January 2019. Pre-registration links and dial in details are as follows:

You can pre-register for the call at this link to receive a calendar note and fast track access to the call: <https://services.choruscall.com.au/diamondpass/Marleyspoon-932155-invite.html>

Alternatively, you may dial in with the following details, at the scheduled start time:

Conference ID: **932155**

Participant Dial-In Numbers

Australia Toll Free:

1800 558 698

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| | |
|------------------------|----------------|
| Australia Local: | 02 9007 3187 |
| New Zealand Toll Free: | 0800 453 055 |
| NZ Local: | 09 929 1687 |
| Belgium: | 0800 72 111 |
| Canada: | 1855 8811 339 |
| France: | 0800 913 848 |
| Germany: | 0800 182 7617 |
| Hong Kong: | 800 966 806 |
| Singapore: | 800 101 2785 |
| United Kingdom: | 0800 051 8245 |
| United States: | (855) 881 1339 |
| US Local (New York): | (914) 202 3258 |

ENDS

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Marley Spoon AG

ABN

Not applicable

Quarter ended ("current quarter")

31 December 2018

| Consolidated statement of cash flows | Current quarter EUR'000 | Year to date (twelve months) EUR'000 |
|---|------------------------------------|---|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 27,792 | 91,659 |
| 1.2 Payments for | | |
| (a) research and development | - | - |
| (b) product manufacturing and operating costs | (22,203) | (68,750) |
| (c) advertising and marketing | (8,334) | (27,960) |
| (d) leased assets ¹ | - | - |
| (e) staff costs ¹ | - | - |
| (f) administration and corporate costs | (6,581) | (23,194) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 17 | 29 |
| 1.5 Interest and other costs of finance paid | - | (1,560) |
| 1.6 Income taxes paid | - | (6) |
| 1.7 Government grants and tax incentives | - | - |
| 1.8 Other (provide details if material) | - | - |
| 1.9 Net cash from / (used in) operating activities | (9,308) | (29,782) |

¹ Leased assets and staff costs allocated based on function to product manufacturing and operating costs, advertising and marketing, and administration and corporate costs.

| Consolidated statement of cash flows | Current quarter EUR'000 | Year to date (twelve months) EUR'000 |
|---|----------------------------|--|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | (1,668) | (2,869) |
| (b) businesses (see item 10) | - | - |
| (c) investments | - | - |
| (d) intellectual property | (436) | (1,795) |
| (e) other non-current assets | - | - |
| 2.2 Proceeds from disposal of: | | |
| (a) property, plant and equipment | - | - |
| (b) businesses (see item 10) | - | - |
| (c) investments | - | - |
| (d) intellectual property | - | - |
| (e) 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 | (2,104) | (4,664) |

| | | |
|---|--------------|---------------|
| 3. Cash flows from financing activities | | |
| 3.1 Proceeds from issues of shares | - | 44,345 |
| 3.2 Proceeds from issue of convertible notes | - | 3,373 |
| 3.3 Proceeds from exercise of share options | - | - |
| 3.4 Transaction costs related to issues of shares, convertible notes or options | (23) | (4,578) |
| 3.5 Proceeds from borrowings | 2,500 | 9,800 |
| 3.6 Repayment of borrowings | (35) | (12,256) |
| 3.7 Transaction costs related to loans and borrowings | - | - |
| 3.8 Dividends paid | - | - |
| 3.9 Other (provide details if material) | - | - |
| 3.10 Net cash from / (used in) financing activities | 2,443 | 40,685 |

| Consolidated statement of cash flows | Current quarter EUR'000 | Year to date (twelve months) EUR'000 |
|---|------------------------------------|---|
| 4. Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 Cash and cash equivalents at beginning of quarter/year to date | 17,613 | 2,327 |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above) | (9,308) | (29,782) |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above) | (2,104) | (4,664) |
| 4.4 Net cash from / (used in) financing activities (item 3.10 above) | 2,443 | 40,685 |
| 4.5 Effect of movement in exchange rates on cash held | - | 78 |
| 4.6 Cash and cash equivalents at end of quarter | 8,644 | 8,644 |

| 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 EUR'000 | Previous quarter EUR'000 |
|--|------------------------------------|-------------------------------------|
| 5.1 Bank balances | 8,644 | 8,644 |
| 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) | 8,644 | 8,644 |

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
EUR'000**

(84)

-

Contracted salaries of Supervisory & Management Board members.

| 7. Payments to related entities of the entity and their associates | Current quarter EUR'000 |
|--|------------------------------------|
| 7.1 Aggregate amount of payments to these parties included in item 1.2 | - |
| 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3 | - |
| 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2 | |
| Not applicable | |

| 8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i> | Total facility amount at quarter end EUR'000 | Amount drawn at quarter end EUR'000 |
|--|---|--|
| 8.1 Loan facilities | - | - |
| 8.2 Credit standby arrangements | - | - |
| 8.3 Other (please specify) | - | - |
| 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well. | | |

| 9. Estimated cash outflows for next quarter | EUR'000 |
|--|-----------------|
| 9.1 Research and development | - |
| 9.2 Product manufacturing and operating costs | (22,630) |
| 9.3 Advertising and marketing | (11,010) |
| 9.4 Leased assets | - |
| 9.5 Staff costs | - |
| 9.6 Administration and corporate costs | (6,511) |
| 9.7 Other (provide details if material) | - |
| 9.8 Total estimated cash outflows | (40,151) |

| 10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above) | Acquisitions | Disposals |
|--|---------------------|------------------|
| 10.1 Name of entity | - | - |
| 10.2 Place of incorporation or registration | - | - |
| 10.3 Consideration for acquisition or disposal | - | - |
| 10.4 Total net assets | - | - |
| 10.5 Nature of business | - | - |

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.

Sign here:  Date: 29 January 2019

Print name: Fabian Siegel, Chief Executive Officer,
Chairman of the Management Board and Co-Founder

Sign here:  Date: 29 January 2019

Print name: Julian Lange, Chief Financial Officer,
Member of the Management Board

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.