



## Appendix 4C – Q4 2019 & Business Activity Report

### MARLEY SPOON DELIVERS STRONG Q4 REVENUE AND MARGIN GROWTH

Berlin, Sydney, 30 January 2020: 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 31st December 2019 (“Q4 2019”) (unaudited\*).

#### HIGHLIGHTS

- CY2019 revenue exceeds guidance range: €129.6 million with 41% growth year on year (YOY) with Q4 revenues +23% versus prior corresponding period (PCP)
- Global Contribution Margin (CM) in Q4 at 28%, up 7 pts YOY
- Positive operating EBITDA trajectory: Q4 loss at €2.4 million vs €8.6 million in Q4 2018
- Australia segment performing well; Q4 revenues +50% compared to PCP, CM in Q4 at 36%, up 3 pts YOY
- New funding completed: US\$ 2.5 million by Union Square Ventures at A\$0.50 share price conversion
- 2020 guidance affirmed – another year of solid growth with operating EBITDA turning positive by year end

\*CY2019 audited results are expected to be released to ASX in late February

Marley Spoon CEO, Fabian Siegel highlighted, *“We are pleased to deliver a strong Q4 2019 performance with all our businesses making a positive contribution. Our Australian business continues to progress with 50% revenue growth in Q4 and a further rise in the CM to 36%. Following the appointment of a new CEO to lead our US business and operational*

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*improvements implemented in both our US and EU segments, we expect to build scale as well as continue to expand margins in these large markets.*

*The strong Q4 enabled revenue growth for full year 2019 to exceed guidance, up 41% versus PCP. The Contribution Margin for the year also hit a new high with a rise of 4 points to 25%. With the structural switch to online grocery sales very much still in its infancy we expect to deliver continued revenue growth and positive operating EBITDA at the end of 2020."*

## **Q4 2019 BUSINESS UPDATE**

Marley Spoon has reported record revenue of €35.2 million for the quarter, an increase of 23% on PCP.

The growth in Q4 was achieved with lower acquisition costs and continued improved marketing efficiency. Marketing expenses as percentage of revenue represented 17% of sales in the quarter, compared to 26% in the PCP. Operating EBITDA loss decreased to €2.4 million compared to a loss of €8.6 million in Q4 2018.

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 36% in Q4. The Company believes that Operating Contribution Margin provides investors with a metric that provides greater transparency of the incremental margin for each returning customer order and allows for predicting operational performance as the business continues to scale.

## **2019 SUMMARY**

In CY2019, Marley Spoon delivered 22 million meals to customers globally for a net revenue of €129.6 million (~A\$210 million), an increase of 41% YOY, exceeding the previous guidance range.

CM landed at 25% for the year, within the previously guided range, up 4 pts compared to CY2018. All regions ended the year with higher CM in Q4 compared to PCP.

## **SEGMENT REVIEW**

### **Australia**

- Q4 revenue up +50% compared to PCP
- Q4 CM improved to 36% and Operating CM reached 43%
- For CY2019, revenue grew 51% YOY (+54% on a constant currency basis)

The Australian business delivered a record result in Q4 with revenues of €13.8 million and a CM of 36%, an increase of 3 points on the PCP.

Marley Spoon is working closely with Woolworths Group to deliver the full financial benefits from the strategic partnership, which should further support the Australian segment's performance going forward.

The bushfires have impacted a large number of people and communities across many parts of Australia. Marley Spoon is committed to supporting its Australian suppliers and participating in bush fire relief initiatives, where possible. While the Company currently does not see any significant impact on its food supply chain, it continues to monitor the situation and has put in place contingency plans if necessary.

### **United States**

- Q4 revenue +18% versus PCP
- Q4 CM significantly improved to 23% and Operating CM to 31%
- CY2019 revenue grew 52% YOY (+44% on a constant currency basis)

Revenues in the US rose by 18% compared to a very strong PCP driven by the 2018 scale-up of Dinnerly. The CM for Q4 increased by 10 points to 23% and Operating CM reached 31% in Q4. These improvements were driven by increased productivity and quality in the Company's manufacturing centres.

In Q4, Marley Spoon appointed a new US CEO, Julie Marchant-Houle, to run the US operations. Ms. Marchant-Houle comes with a strong background in running CPG businesses including at Procter & Gamble, Hain Celestial and Revlon.

### **Europe**

- Q4 revenue contracted by 4% versus PCP
- Q4 CM reached 26% and Operating CM 32%
- CY2019 revenue grew 8% YOY

The temporary decline in European revenues was due to the operational challenges related to the changes in the Company's manufacturing footprint in H1 2019. This led to paring back of customer acquisition activity in 2019. After resolving these challenges in H2 2019 and consolidating the production activities in the Netherlands manufacturing centre, CM has been trending up again, with Q4 up 7 pts YOY.

These improvements are positioning the European business for growth in 2020, also driven by a larger geographical reach: Deliveries to Denmark and Sweden launched in Oct. '19 and Jan.'20, respectively.

## KEY OPERATING METRICS

Marley Spoon ended Q4 with 182,000 active customers, which on average generated 4.4 orders in the quarter, up from 3.9 orders per customer in the PCP. On average, Q4 net order values were €43.9 a rise of 3% on the PCP.

| <i>Preliminary &amp; unaudited</i> | Q4 19 | Q4 18 | V%    | CY2019 | CY2018 | V%  |
|------------------------------------|-------|-------|-------|--------|--------|-----|
| <b>Group</b>                       |       |       |       |        |        |     |
| Active customers <sup>1</sup> (k)  | 182   | 172   | 6%    |        |        |     |
| Number of orders (k)               | 800   | 673   | 19%   | 2,969  | 2,153  | 38% |
| Orders per customer                | 4.4   | 3.9   | 12%   |        |        |     |
| Meals (m)                          | 6.2   | 4.8   | 29%   | 22.4   | 15.2   | 47% |
| Average order value (€, net)       | 43.9  | 42.5  | 3%    | 43.6   | 42.7   | 2%  |
| <b>Australia</b>                   |       |       |       |        |        |     |
| Active customers <sup>1</sup> (k)  | 68    | 43    | 56%   |        |        |     |
| Number of orders (k)               | 300   | 195   | 54%   | 1,070  | 688    | 56% |
| Meals (m)                          | 2.4   | 1.5   | 67%   | 8.6    | 5.1    | 67% |
| <b>USA</b>                         |       |       |       |        |        |     |
| Active customers <sup>1</sup> (k)  | 80    | 87    | (8)%  |        |        |     |
| Number of orders (k)               | 339   | 298   | 14%   | 1,272  | 865    | 47% |
| Meals (m)                          | 2.6   | 2.1   | 25%   | 9.4    | 5.9    | 59% |
| <b>Europe</b>                      |       |       |       |        |        |     |
| Active customers <sup>1</sup> (k)  | 35    | 42    | (17)% |        |        |     |
| Number of orders (k)               | 161   | 179   | (10)% | 627    | 600    | 5%  |
| Meals (m)                          | 1.2   | 1.3   | (8)%  | 4.5    | 4.2    | 7%  |

1) Active Customers are customers who have purchased a Marley Spoon or Dinnerly meal kit at least once over the past 90 days

## CASH FLOW

Operating cash flow was €(7.4) million for Q4 due to a seasonal decrease in payables in line with lower marketing spends and sales during the holiday period at the end of the year. Inventory finished CY2019 effectively flat at €3.7 million for the 3rd year in a row. Cash flow from investing activities were €(1.2) million for the quarter. In Q4, the Company closed a €1.5 million equity investment from an existing investor and a US\$7.5 million tranche 1 payment of the US\$ 15 million loan from reputable Silicon Valley based investor WTI for a total inflow from financing activities of €6.0 million. The cash balance at year-end was €5.4 million, down from €7.9 million at the end of Q3 2019 and €8.6 million at the end of 2018.

## FINANCING UPDATE

US based venture capital firm Union Square Ventures (“USV”) invests another ~A\$3.7 million (US\$2.5 million) in the Company. The investment structure essentially mirrors USV investments in 2019. Initially, the funds will be provided in the form of a commercial loan (3-year term; interest

at a fixed rate of 12% p.a.). Subject to shareholder approval, which is to be sought by May 2020, the Company may elect to substitute that loan for two non-pro rata convertible bond instruments under German law (*Wandelschuldverschreibungen*) ("USV Convertible Bonds"). If shareholder approval is not granted or the Company elects to not issue the USV Convertible Bonds, USV may declare the loan immediately due and payable. If there is no conversion and a change of control in the Company occurs, an additional exit bonus of ~A\$3.7 million (US\$ 2.5 million) is to be paid.

The key terms of the USV Convertible Bonds are as follows:

- Maturity Date - 3 years from the date of issue
- Interest - US\$ LIBOR 12 months + 5% p.a., payable at maturity unless the respective bond is converted
- Conversion price - A\$0.50 per CDI
- Conversion shares - ~7,400 shares / 7,400,000 CDIs (depending on the FX rate)
- Additional prepayment fee - ~A\$3.7 million (US\$ 2.5 million) if, prior to conversion, the Company elects to terminate and redeem the USV Convertible Bonds in case a change of control occurs

## **2020 GUIDANCE AFFIRMED**

- Marley Spoon is well positioned to drive robust revenue growth with continued Contribution Margin and operating EBITDA margin improvements: Contribution Margin improvements are likely to continue at a similar pace to that achieved in 2018 & 2019.
- H2 2019 marks the point from which operating EBITDA losses in each half-year period are lower than in the PCP.
- The Company expects to turn operating EBITDA positive by the end of CY2020.
- Key sensitivities for the above include:
  - The rate and timing of expected improvements in Contribution Margin
  - Timing and scale of marketing investments to drive further growth
  - Timeframe for delivery of the anticipated growth and synergy benefits from the strategic partnership with Woolworths Group

## **INVESTOR CONFERENCE CALL**

An investor conference call will be held at 9.30 am AEDT on 30 January 2020. 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 is a global subscription-based meal kit service that is bringing delightful, market fresh and easy cooking back to the people. 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, 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, Marley Spoon creates meal kits that contain step-by-step recipes and pre-portioned seasonal ingredients to cook better, healthy meals with their loved ones.

As consumer behaviour moves towards valuing the convenience aspect of cooking, Marley Spoon's global mission through its three brands Marley Spoon, Martha & Marley Spoon, and Dinnerly, is to help millions of people to cook better and also live smarter by radically reducing food waste.

## 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 2019

| <b>Consolidated statement of cash flows</b>               | <b>Current quarter<br/>EUR'000</b> | <b>Year to date (12<br/>months)<br/>EUR'000</b> |
|---|------------------------------------|---|
| <b>1. Cash flows from operating activities</b>            |                                    |   |
| 1.1 Receipts from customers                               | 34,727                             | 129,573   |
| 1.2 Payments for  |                                    |   |
| (a) research and development                              | -                                  | -   |
| (b) product manufacturing and operating costs             | (26,756)                           | (91,867)  |
| (c) advertising and marketing                             | (9,548)                            | (37,247)  |
| (d) leased assets   | -                                  | -   |
| (e) staff costs   | -                                  | -   |
| (f) administration and corporate costs                    | (5,686)                            | (29,814)  |
| 1.3 Dividends received (see note 3)                       | -                                  | -   |
| 1.4 Interest received                                     | 3                                  | 29  |
| 1.5 Interest and other costs of finance paid              | (111)                              | (815)   |
| 1.6 Income taxes paid                                     | 5                                  | (133)   |
| 1.7 Government grants and tax incentives                  | -                                  | -   |
| 1.8 Other (provide details if material)                   | -                                  | -   |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>(7,366)</b>                     | <b>(30,274)</b>                                 |

| Consolidated statement of cash flows                      | Current quarter<br>EUR'000 | Year to date (12<br>months)<br>EUR'000 |
|---|----------------------------|--|
| <b>2. Cash flows from investing activities</b>            |                            |  |
| 2.1 Payments to acquire:                                  |                            |  |
| (a) property, plant and equipment                         | (427)                      | (4,405)                                |
| (b) businesses (see item 10)                              | -                          | -                                      |
| (c) investments   | -                          | -                                      |
| (d) intellectual property                                 | (764)                      | (1,848)                                |
| (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)                   | -                          | -                                      |
| <b>2.6 Net cash from / (used in) investing activities</b> | <b>(1,191)</b>             | <b>(6,253)</b>                         |

|   |              |               |
|---|--------------|---------------|
| <b>3. Cash flows from financing activities</b>                                  |              |               |
| 3.1 Proceeds from issues of shares  | 1,524        | 4,072         |
| 3.2 Proceeds from issue of convertible notes                                    | -            | 27,915        |
| 3.3 Proceeds from exercise of share options                                     | -            | -             |
| 3.4 Transaction costs related to issues of shares, convertible notes or options | (71)         | (332)         |
| 3.5 Proceeds from borrowings  | 6,376        | 43,069        |
| 3.6 Repayment of borrowings   | (370)        | (37,363)      |
| 3.7 Transaction costs related to loans and borrowings                           | (374)        | (374)         |
| 3.8 Dividends paid  | -            | -             |
| 3.9 Other (provide details if material) <sup>1</sup>                            | (1,038)      | (3,679)       |
| <b>3.10 Net cash from / (used in) financing activities</b>                      | <b>6,047</b> | <b>33,309</b> |

<sup>1</sup> IFRS 16

| <b>Consolidated statement of cash flows</b>                                     | <b>Current quarter<br/>EUR'000</b> | <b>Year to date (12<br/>months)<br/>EUR'000</b> |
|---|------------------------------------|---|
| <b>4. Net increase / (decrease) in cash and cash equivalents for the period</b> |                                    |   |
| 4.1 Cash and cash equivalents at beginning of quarter/year to date              | 7,939                              | 8,643   |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above)             | (7,366)                            | (30,274)  |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above)             | (1,191)                            | (6,253)   |
| 4.4 Net cash from / (used in) financing activities (item 3.10 above)            | 6,047                              | 33,309  |
| 4.5 Effect of movement in exchange rates on cash held                           | 4                                  | 8   |
| <b>4.6 Cash and cash equivalents at end of quarter</b>                          | <b>5,433</b>                       | <b>5,433</b>                                    |

| <b>5. Reconciliation of cash and cash equivalents</b><br>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<br/>EUR'000</b> | <b>Previous quarter<br/>EUR'000</b> |
|--|------------------------------------|-------------------------------------|
| 5.1 Bank balances  | 5,433                              | 7,939                               |
| 5.2 Call deposits  |                                    |                                     |
| 5.3 Bank overdrafts  |                                    |                                     |
| 5.4 Other (provide details)  | -                                  | -                                   |
| <b>5.5 Cash and cash equivalents at end of quarter (should equal item 4,6 above)</b>   | <b>5,433</b>                       | <b>7,939</b>                        |

| <b>6. Payments to directors of the entity and their associates</b>                                       | <b>Current quarter<br/>EUR'000</b> |
|--|------------------------------------|
| 6.1 Aggregate amount of payments to these parties included in item 1.2                                   | (89)                               |
| 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 |                                    |

Contracted salaries of Supervisory & Management Board members.

| 7. <b>Payments to related entities of the entity and their associates</b>                                | Current quarter<br>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. <b>Financing facilities available</b><br><i>Add notes as necessary for an understanding of the position</i>   | Total facility amount<br>at quarter end<br>EUR'000 | Amount drawn at<br>quarter end<br>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. <b>Estimated cash outflows for next quarter</b> | EUR'000         |
|--|-----------------|
| 9.1 Research and development                       | -               |
| 9.2 Product manufacturing and operating costs      | (25,208)        |
| 9.3 Advertising and marketing                      | (7,814)         |
| 9.4 Leased assets                                  | -               |
| 9.5 Staff costs                                    | -               |
| 9.6 Administration and corporate costs             | (7,416)         |
| 9.7 Other (provide details if material)            | -               |
| <b>9.8 Total estimated cash outflows</b>           | <b>(40,438)</b> |

| 10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b> | 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 2020  
Fabian Siegel, Chief Executive Officer,  
Chairman of the Management Board and Co-Founder

Sign here:  ..... Date: 29 January 2020  
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.