



MARLEY SPOON

MARLEY SPOON DELIVERS STRONG REVENUE GROWTH AND UPGRADES REVENUE GUIDANCE

Berlin, Sydney, 27 August 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 for the half year ended 30 June, 2020 (“H1 2020”) (reviewed by its independent auditors).

Management will present the half yearly consolidated accounts and a summary business update for the half year to investors on a conference call at 6.00 pm AEST on Thursday 27th August – call details have been released separately.

H1 2020 HIGHLIGHTS

- COVID-19 pandemic accelerates adoption of online grocery shopping, leading to accelerated growth of Marley Spoon’s global business
- H1 2020 revenue grew 89% at €116.2m, versus the prior corresponding period (PCP)
- Q2 grew 129% at €73.3m, versus PCP
- H1 Contribution Margin (CM) at record 30%, up 6 pts year over year (YOY)
- Turned operating cash flow positive in H1 2020 with +€8m, cash balance increased by €13m to €18m
- Positive Operating EBITDA in Q2 – loss of €(2.0)m for H1 2020
- Net loss at €67.5m for H1 2020, up from €21.7m in H1 2019, mainly driven by a €59.0m non-cash fair market value adjustment on derivatives (related to convertible bonds and warrants) as a result of the significantly higher share price of the Company
- Due to the continued strong market environment, 2020 full year guidance upgraded – 80% - 100% revenue growth vs. PCP expected

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“Since we last reported to the market at the end of July, the impact of the COVID-19 pandemic continues to create a favourable market environment for us. We still see an accelerated adoption of online shopping for all kinds of goods, including groceries. The resulting surge in demand for our brands has led to strong growth, a record margin and a positive operating cashflow for the half year as well as a profitable second quarter. While we prepared for a sizeable drop in quarter on quarter revenue for Q3, reflecting uncertainty of customer behaviour during the COVID-19 pandemic, this has to date not materialized. We are continuing to experience significantly reduced customer acquisition costs and strong demand for our brands in all regions,” said CEO, Fabian Siegel.

“Over the past few months, we have been directly impacted by the COVID-19 pandemic, with team members contracting the virus in all regions. To date all of these infected team members are recovering, with mostly mild symptoms present during the time of their infection, and for that we are thankful. We continue to prioritise team health and safety. The temporary closure of the Melbourne facility was a conservative measure taken in consultation with the local health authority. Notwithstanding these challenges, the operational impact of these disruptions did not materially affect the momentum of our business and customer impact has been limited. We have since re-opened our Melbourne manufacturing site.”

“We would like to express our gratitude to all our team members in our manufacturing centres around the world who are proudly fulfilling an essential service to our customers – allowing them to have their dinners prepared in the safety of their homes”, said Siegel.

H1 2020 RESULTS

Marley Spoon’s revenue and contribution margin increased significantly during the period. Together with slower increases in marketing and general & administrative expenses, this has led to a material improvement in earnings before interest & taxes from a loss of €19.6m in H1 2019 to a loss of €5.3m in the first half of this year.

Net financing income & expenses amounted to €(3.2)m in H1 2020, compared to €(2.0)m in the PCP. Additionally, the Company recorded €(59.0)m in fairmarket value adjustments on its various convertible bonds and warrants in the period due to the significant share price appreciation in H1 2020. This non cash charge led to a statutory net loss of €67.5m, vs a statutory net loss of €21.7m in H1 2019. Adjusting for the fair market value adjustment, the net loss for the first half of 2020 would have been €8.5m.

€ in millions	1H20	1H19	VPCP	V%
Revenue	116.2	61.4	54.8	89%
Cost of goods sold	60.1	34.4	25.7	75%
<i>% of revenue</i>	52%	56%	(4) pts	
Fulfilment expenses	21.0	12.2	8.8	72%
<i>% of revenue</i>	18%	20%	(2) pts	
Contribution margin (CM)	35.0	14.7	20.3	137%
<i>% of revenue</i>	30%	24%	6 pts	
Marketing expenses	21.4	18.0	3.4	19%
<i>% of revenue</i>	18%	29%	(11) pts	
G&A expenses	18.9	16.3	2.5	15%
<i>% of revenue</i>	16%	27%	(11) pts	
EBIT	(5.3)	(19.6)	14.4	(73%)
Financing income & expense	(3.2)	(2.0)	(1.2)	60%
Derivative financial instrument changes in fair value	(59.0)	(0.1)	(58.9)	<i>unfav.</i>
Tax expense	(0.0)	(0.1)	-	<i>fav.</i>
Net loss for the period	(67.5)	(21.7)	(45.8)	211%

CASH FLOW

Marley Spoon generated a consolidated positive cash flow from operating activities (CFOA) of €8.1m in H1 2020, an improvement of €25.3m compared to the PCP. This was driven by the Company's improved profitability and a €10.6m favourable movement in net working capital in the first half of 2020, highlighting the Company's attractive overall cash conversion cycle with customers paying upfront and most vendors granting payment terms.

The cash balance increased from €5.4 million at the end of 2019 to €18.4 million at the end of H1 2020, which includes the impact of an equity raise of net €9.2 million and capital expenditures of €3.9 million.

H1 2020 BUSINESS UPDATE

The first half of 2020 started with accelerated revenue and margin growth in Q1. This trend was reinforced by the outbreak of COVID-19 and government countermeasures, which caused a surge in demand for

Marley Spoon's home delivered meal kits in all markets throughout Q2 and an acceleration in the adoption of online grocery shopping throughout the quarter.

Existing customers increased their order frequency with larger average order sizes at the end of Q1, which started to normalize mid-late Q2. New customer acquisition has remained strong at an attractive cost per acquisition throughout Q2. Customers acquired since the start of the pandemic show equally strong or better than normal retention rates. This has allowed the Company to continue to build up its back book of recurring revenue, which again accounted for 91% of Marley Spoon's revenue in the first half of the year.

Overall, Marley Spoon has reported a record revenue of €116.2 million for the first half of 2020, an increase of 89% on PCP, or 90% excluding the impacts of foreign exchange (FX) movements. Q2 2020 revenue was at €73.3, 129% higher than PCP, or 130% excluding FX impacts.

This growth was achieved with improved marketing efficiency. Marketing expenses as a percentage of revenue represented 18% of revenue in H1 2020, compared to 29% in the PCP. Overall, the Company was able to grow at a significantly lower customer acquisition cost (CAC) compared to the PCP.

Globally, CM reached a record of 30.1%, up 6 points compared to the PCP and Operating Contribution Margin (Operating CM), defined as CM excluding the impacts of marketing vouchers and fixed costs such as expenses relating to site leases, ended at 37% in H1, up 5 points compared to the PCP. Both numbers highlight the strong operational performance as well as the resilience and flexibility of Marley Spoon's operating model.

The strong growth and operational performance allowed the Company to post its first global Operating EBITDA profit in Q2 and narrow its loss to €(2.0) million for the first half compared to a loss of €(17.2) million in the PCP.

SEGMENT REVIEW

Australia

- H1 2020 revenue up 82% compared to PCP, or 92% excluding FX impacts
- CM at 37%; Operating CM reached 44%, up 5 pts YOY
- Operating EBITDA at 15% of revenue in Q2, 9% for the first half

The Australian business delivered strong growth and a record result in H1 with revenues of €38.8 million, -both of the Company's brands contributing significantly, and a CM of 37%, an increase of 5 points on the PCP. This margin performance was achieved despite supply chain challenges due to the bush fires and flooding in Q1 and the COVID-19 pandemic and additional health and safety measures put in place in Q2.

To prepare for future growth, the Company's Australian subsidiary entered into an agreement to lease a new purpose-built facility in Sydney of 14,200 sqm, nearly tripling its Sydney footprint with scheduled move-in estimated for H1 2021.

In recent weeks, the Company's Australian operations were directly impacted by the COVID-19 pandemic with team members contracting the virus in the Melbourne manufacturing centre. The infected team members have been doing fine with mostly mild symptoms, for which Marley Spoon is grateful. To allow for deep cleaning and quarantining of all close contacts, the Company's Australian subsidiary temporarily closed its Melbourne site and shifted production to its Sydney manufacturing centre, with limited customer impact. The Melbourne manufacturing centre has now reopened and operations have resumed. Given this, the Australian segment has additional capacity to accommodate further growth.

United States

- H1 2020 revenue up 116% versus PCP, or 111% excluding FX impacts
- CM improved to 27%; Operating CM 35%, up 5 pts YOY
- Positive Operating EBITDA for the first time in Q2 and for the first half

Revenues in the US rose to €58.7 million, helped by strong growth in both Martha & Marley Spoon and Dinnerly, with CM increasing by 6 points to 27%. The US faced procurement and logistics related disruptions due to the COVID-19 pandemic in the second quarter and had to put additional health and safety measures in place in its manufacturing centres. Furthermore, the region saw its strongest growth, requiring rapid new hires and extensions of production shifts, putting pressure on Operating CM towards the end of H1 2020.

The Company's US segment increased its market share growing faster than some of its key competitors in Q2.

Since the start of the COVID-19 pandemic the US operations have been impacted by team members being quarantined due to suspected or confirmed cases of infection. For the most part, affected team members have displayed only mild symptoms, and are recovering well, for which Marley Spoon is grateful. The Company's US subsidiary was able to uphold high service levels for its customers, limiting impact from these disruptions.

Overall, the US team significantly increased capacity during H1 2020, so that additional capacity reserves are available for future growth.

Europe

- H1 2020 revenue up 45% versus PCP
- CM was at 24%; Operating CM 32%, up 7 pts YOY
- Operating EBITDA loss at €1.5 million excluding global headquarter costs for the half

Revenues in Europe have picked up, increasing to €18.6 million for the first half of 2020, putting Europe back on its growth path with capacity for additional future growth. CM for H1 2020 increased significantly by 7 points to 24%, compared to PCP, mainly driven by higher productivity and scale benefits in purchasing despite similar COVID-19 related challenges as in the other two regions.

Marley Spoon introduced its successful budget brand Dinnerly in Europe, starting in Germany in July 2020, making Dinnerly the most affordable meal-kit available in the market.

Since the global pandemic started, the European team has been impacted by team members being quarantined due to suspected or confirmed infections. All affected team members have displayed mostly mild symptoms, and are recovering well, for which Marley Spoon is grateful.

KEY OPERATING METRICS

Marley Spoon ended H1 2020 with 350,000 active customers¹, up 104% YOY, which on average generated 4.4 orders in Q2 2020, up from 4.2 orders per customer in the PCP. On average, H1 2020 net order value was up to €45.9, a rise of 7% on the PCP.

	Q2 20	Q2 19	V%	H1 2020	H1 2019	V%
Group						
Active customers ¹ (k)	350	172	104%			
Number of orders (m)	1.55	0.73	113%	2.52	1.43	76%
Orders per customer	4.4	4.2	5%			
Meals (m)	13.2	5.4	143%	20.9	10.5	98%
Avg. order value (€, net)	47.1	44.0	7%	45.9	42.8	7%
Australia						
Active customers ¹ (k)	114	59	94%			
Number of orders (m)	0.50	0.26	92%	0.84	0.47	78%
Meals (m)	4.5	2.1	116%	7.3	3.7	97%
USA						
Active customers ¹ (k)	176	81	117%			
Number of orders (m)	0.78	0.31	150%	1.23	0.63	96%
Meals (m)	6.6	2.3	193%	10.1	4.5	126%
Europe						
Active customers ¹ (k)	60	32	87%			
Number of orders (m)	0.27	0.15	75%	0.46	0.33	37%
Meals (m)	2.1	1.1	90%	3.5	2.4	47%

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

H2 2020 Outlook

The Company continues to see strong momentum in customer acquisition and better than usual unit economics, driven by a high level of retention and significantly lower customer acquisition cost. At the same time the Company continues to benefit from additional available capacity in all its regions. Going

forward into the second half of 2020 and into 2021, the Company intends to continue to take advantage of growth opportunities and will continue to invest in customer acquisition where unit economics targets are being met or exceeded.

For the foreseeable future, and as consumers continue to adopt online shopping, Marley Spoon will reinvest profits into the business. At the same time, the Company is focused on improving its cash position and overall balance sheet, e.g. lowering debt and increasing equity through the conversions of convertible bonds, as happened in July when Woolworths Group exercised its right on a convertible bond with a principal amount of A\$2.95 million.

2020 GUIDANCE UPDATE

- Given the continued strong market environment and an overall acceleration in ecommerce, Marley Spoon is expecting stronger revenue growth than previously guided and is therefore upgrading its guidance to 80% - 100% growth for CY2020 vs. PCP.
- Globally, CM has already exceeded the previously guided level for the year with 30.1% in H1 2020. Given the - high uncertainty with regard to the global COVID-19 pandemic, the Company is not updating its CM guidance.

INVESTOR CONFERENCE CALL

An investor conference call will be held at 6:00 pm AEST on 27 August 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.

ENDS

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.