



# MARLEY SPOON

## 2020 FULL YEAR RESULTS

### MARLEY SPOON DOUBLED REVENUE AND FINISHED WITH STRONG BALANCE SHEET IN 2020

Berlin, Sydney, 25 February 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 full year 2020 ended 31 December 2020 ("FY2020") and reconfirm revenue guidance for FY2021.

#### Conference Call

Management will present a business update to investors on a conference call at 9:00 am AEDT on 26 February 2021. Call details have been released separately to ASX.

#### Highlights

- FY2020 revenue at €254m delivered within guidance range: +96% growth year-on-year (YOY) and +101% growth YOY at constant currency
- US leading the growth: FY2020 revenue +133% versus the PCP on a constant currency basis (CC)
- Sequential Active Subscriber\* growth across all quarters in FY2020, up 83% vs. the PCP
- Contribution Margin (CM) for FY2020 within guidance range at 29% globally
- Three consecutive quarters of positive Operating EBITDA, FY2020 at breakeven with EUR (0.5m)
- Positive Operating cash flow of €4.4m in FY2020, with year-end cash balance at €34.4m

\*Active Subscribers are customers who have an active subscription (i.e., ordered or skipped a delivery) on an average weekly basis during the quarter.

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Marley Spoon CEO, Fabian Siegel, highlighted, "2020 was a significant year for Marley Spoon. We doubled revenue in a challenging operational environment and invested in the foundations for future growth. We truly appreciate the contributions from all our team members and the great support from our growing number of subscribers.

We continue to see opportunities to invest in new customer growth at attractive unit economics. These marketing investments, combined with our investments in expanding manufacturing capacity, developing our digital technology platform, and further strengthening our leadership team, position us well for the coming years. We are encouraged by the continued adoption of online grocery shopping by consumers, a trend we are well-poised to capitalise on given the strength of our direct-to-consumer engagement capabilities."

### **STRONG GROWTH IN 2020 AT STRONG UNIT ECONOMICS**

Marley Spoon has reported revenue of €254 million for FY2020, an increase of 96% versus the previous corresponding period (PCP), or 101% on a constant currency basis, i.e., excluding the impact of foreign exchange (FX) movements. The growth was driven by all regions with the US leading at 133% growth (on a constant currency basis) compared to the PCP.

COVID-19 led to elevated frequency and average order sizes for existing customers, an effect that was most pronounced in Q2. But equally, the Company experienced four quarters of sequential Active Subscriber growth during FY2020, contributing to total revenue growth.

Unit Economics improved in FY2020 with the customer acquisition costs (CAC) payback rate improving to 4 months. This was primarily driven by lower acquisition costs, despite higher media costs in the second half of FY2020.

In order to take advantage of these favourable unit economics, the Company invested more heavily in marketing to continue building its base of Active Subscribers and recurring revenue. Nevertheless, marketing efficiency improved with marketing as a percentage of revenue decreasing to 13% in H2 2020, compared to 24% in the PCP. On a FY basis, marketing as a percentage of revenue improved by 11 percentage points YOY.

### **OPERATIONAL IMPROVEMENT IN ADVERSE ENVIRONMENT**

Globally, CM landed within the guidance range at 29% and up 4 percentage points compared to FY2019. 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 37% in FY2020. The improved margin performance was achieved despite operational challenges related to COVID-19 throughout the year, particularly as it concerned staffing in the Company's manufacturing centres in the US and Europe. Those challenges are expected to ease throughout 2021 as the global vaccine rollout gains more traction.

Overall the Company delivered breakeven Operating EBITDA of €(0.5) million, an improvement of €29.2 million compared to 2019, and generated positive operating cash flow for the full year of €4.4 million.

## **SEGMENT REVIEW**

### **United States**

- FY2020 revenue grew 126% compared to the PCP, or 133% excluding FX impacts. H2 2020 revenue grew 137% compared to H2 2019
- CM was 26% for the full year, 6 percentage points better than 2019, while Operating CM reached 34% for the FY2020, up 4 percentage points YOY. H2 2020 CM landed at 24%, 4 percentage points better than the PCP
- Positive operating EBITDA in H2 2020 of nearly €2.4 million

The US segment was the fastest growing segment in the group throughout 2020, aided by growth across both Martha Stewart & Marley Spoon as well as Dinnerly.

Despite operational headwinds related to the COVID-19 pandemic, such as supply chain disruptions and impact on labor productivity due to the massive scale up of our business, our US segment was able to increase CM by 6 percentage points YOY.

Overall, the US segment turned profitable in FY2020 on an Operating EBITDA basis. Marley Spoon expects the region's operational challenges to subside throughout FY2021 and for the US to remain a significant growth engine for the coming year.

### **Australia**

- FY2020 revenue was up 76% compared to the PCP, or 81% excluding FX impacts. H2 2020 revenue was up 71% compared to H2 2019
- CM was 36% for both the FY and H2 2020; FY2020 Operating CM reached 43%, expanding almost 4 percentage points YOY
- FY2020 Operating EBITDA was nearly €10 million. For H2 2020, Australia had Operating EBITDA of €6 million and delivered a 13% margin

Australia showed strong growth and operational performance in 2020. The region leads the company's segments in terms of Contribution Margin and Operating EBITDA margin and is a benchmark for Marley Spoon's other two regions and for the overall business at scale. The team managed COVID-19 related disruptions and scale up challenges well and Australia is expected to continue to be a growth driver and profit center for the Company in 2021.

## Europe

- FY2020 revenue grew 66% compared to the PCP. H2 2020 revenue was up 89% compared to H2 2019
- CM was at 25% for the full year; Operating CM reached 33%, up 6 percentage points YOY, for the FY2020. H2 2020 CM was 26%
- Operating EBITDA in H2 2020 excluding global headquarter costs was breakeven at €(0.3) million. For the FY2020, Europe delivered Operating EBITDA of €(1.9) million excluding headquarter costs

The Company's European segment also grew strongly in 2020, while coping with operational challenges due to COVID-19 and the scale up in its facility. Despite those operating challenges the segment improved its contribution margin by 5 percentage points and turned breakeven (excluding headquarter costs) at the end of the year.

Marley Spoon expects continued strong growth in Europe in 2021. Given slower adoption of ecommerce in general in Europe compared to the US or Australia, the Company sees Europe as a region in which to continue investing for future growth in order to achieve more scale.

## GROUP INCOME STATEMENT H2 AND FY2020

	H2 20	H2 19	vs. PY	v%	FY2020	FY2019	vs. PY	v%
<b>Revenue</b>	<b>137.8</b>	<b>68.2</b>	<b>69.6</b>	<b>102%</b>	<b>254.0</b>	<b>129.6</b>	<b>124.4</b>	<b>96%</b>
Cost of goods sold	73.2	37.4	35.8	96%	133.3	71.8	61.5	86%
% of revenue	53%	55%	(2 pts)		52%	55%	(3 pts)	
Fulfillment expenses	25.6	13.3	12.3	92%	46.6	25.5	21.1	83%
% of revenue	19%	20%	(1 pts)		18%	20%	(1 pts)	
<b>Contribution margin (CM)</b>	<b>39.0</b>	<b>17.5</b>	<b>21.5</b>	<b>123%</b>	<b>74.1</b>	<b>32.4</b>	<b>41.7</b>	<b>129%</b>
% of revenue	28%	26%	3 pts		29%	25%	4 pts	
Operating CM %	37%	35%	2 pts		37%	34%	3 pts	
Marketing expenses	17.9	16.2	1.7	10%	39.3	34.2	5.1	15%
% of revenue	13%	24%	(11 pts)		15%	26%	(11 pts)	
G&A expenses	23.4	16.6	6.8	42%	42.3	32.9	9.4	29%
% of revenue	17%	24%	(7 pts)		17%	25%	(9 pts)	
EBIT	(2.1)	(15.2)	13.1	(86%)	(7.4)	(34.8)	27.4	(79%)
<b>Operating EBITDA</b>	<b>1.5</b>	<b>(12.6)</b>	<b>14.1</b>	<b>(112%)</b>	<b>(0.5)</b>	<b>(29.8)</b>	<b>29.3</b>	<b>(98%)</b>
% of revenue	1%	(18%)	19 pts		(0.2%)	(23%)	23 pts	

## CASH FLOW

Marley Spoon ended FY2020 with a strong cash position, ending the year with a cash balance of €34 million and generating positive cash from operating activities (CFOA) for the first time in the Company's history. FY2020 CFOA was €4.4 million versus negative CFOA of €(30) million in 2019, thanks to disciplined financial management during 2020's significant growth.

The Company had negative cash from investing activities of nearly €(9) million stemming from investments in digital assets and expansion and build outs of fulfillment centres in the US and Australia. Cash from financing activities saw a sizable increase stemming from the completion of two institutional placements at the aggregate amount of A\$73 million to accelerate the Company's global growth strategy in May and October.

The October capital raise also contributed to a significantly improved and simplified balance sheet, which is providing Marley Spoon with greater flexibility. This was aided by the €6.8 million repayment of senior secured debt to Western Technology Investment (ASX release of 16/11/2020) and the conversion of interest-bearing bonds to equity, for an amount of €88.7 million, by Union Square Ventures and Acacia Conservation Fund, LP and Acacia Conservation Master Fund (Offshore), LP (ASX release of 16/11/2020).

## **2021 GUIDANCE RECONFIRMED**

Notwithstanding the COVID-19 related uncertainties in the US and Europe, the Company advises the following:

- Given the continued strong global growth in online meal kit adoption and retention of customers acquired in FY2020, Marley Spoon is expecting to grow revenue between 25-30% YOY in FY2021
- Marley Spoon expects CM in 2021 to improve to between 30-31%

Marley Spoon CEO, Fabian Siegel notes, "We have started FY2021 strong in all markets, with the US continuing to be our biggest growth engine. We demonstrated improved unit economics in FY2020 which reflects the accelerated shift to online shopping as a result of the pandemic. This trend is continuing, and we see opportunities to continue to attract new customers at a faster pace.

Over the past years we have created a platform to build direct-to-consumer subscription brands. Throughout this year we intend to leverage this platform to deliver our subscribers greater value, whether by expanding our offering within our core business or exploring complementary verticals, taking advantage of the ongoing switch from offline to online shopping."

## **INVESTOR CONFERENCE CALL**

An investor conference call will be held at 9:00 am AEDT on 26 February 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.

**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.