



MARLEY SPOON

Appendix 4C – Q2 2021 & Business Activity Report

MARLEY SPOON DELIVERS CONTINUED POST-COVID REVENUE GROWTH IN Q2 2021

Berlin, Sydney, 29 July 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 30th June 2021 (“Q2 2021”) and the first half of calendar year 2021 (“H1 2021”) (unaudited).

Conference Call

Management will present a business update to investors on a conference call at 6.00 pm AEST on 29th July – call details have been released separately to ASX.

Highlights

- Q2 2021 net revenue at €80.6m, +10% versus the prior corresponding period (PCP), +12% on a constant currency basis, resulting in a 2-year Compound Annual Growth Rate (CAGR) of 59% on a reported basis.
- H1 2021 net revenue grew at 36% versus the PCP, +38% on a constant currency basis.
- Globally, Contribution Margin (CM) in Q2 at 27% due to adverse operating environment in the US, down nearly 4pts vs. the PCP.
- Q2 Operating EBITDA of ~€(9m) and H1 Operating EBITDA of ~€(15m) driven by investment in growth and talent vs. €4m and €(2m) in the PCP, respectively.
- H1 Operating Cash Flow delivered at near to break-even, €(2.2m), vs. €8.6m in the PCP.
- Finished H1 with a total cash balance of €46.3m, up ~€28m vs. the PCP.
- Net revenue guidance re-affirmed at 30-35% growth year on year. CM guidance revised to ~29% for CY 2021, on the level of CY 2020.

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Marley Spoon CEO, Fabian Siegel, highlighted, “We are pleased to report continued post-COVID growth for the past quarter. Net revenue grew 12% on a constant currency basis. More importantly, our Active Subscriber base, a leading indicator of true underlying growth, grew 37% year over year.

User behaviour across the regions has mostly normalized to its pre-COVID state with the 2021 holiday season being more pronounced than in pre-COVID years. Our business continues to show strong growth enabling us to re-affirm full year 2021 net revenue guidance.

However, in Q2 our team continued to face operational headwinds, especially in our US business. These included unprecedented weather disruptions in Q1, which led to the temporary closure of our Texas site, and acute nationwide labour shortages which not only impacted our facilities directly, but also affected our inbound food supply and logistics partners. We are implementing a series of measures across the organisation and supply chain to improve productivity and quality. These improvements are mitigating the impact on our margins and customer satisfaction. Given the aforementioned we are revising our CM guidance for the year to be consistent with the 2020 margin.

Our investment in growth and strengthening our operational bench, paired with the lower than expected margin in H1 led to a negative Operating EBITDA margin of (9%) for the half year. At the same time, we controlled investments to deliver near to break-even cash from operating activities.

We are also pleased to have secured additional funding in Q2 to further support our 2021/2022 growth investments and mid-term ambition of becoming a 1 billion Euro revenue business by 2025.”

Q2 2021 BUSINESS UPDATE

Marley Spoon reported net revenue of €80.6 million for the second quarter in 2021, an increase of 10% vs. the PCP, the first full quarter of COVID impact, or 12% excluding the impact of foreign exchange (FX) movements. Active Subscribers grew 37% year on year.

The net revenue growth was driven by all regions with Europe leading at 43% growth compared to the PCP. The business is now experiencing normalized customer behaviour compared to pre-COVID times, while unit economics remained attractive.

The Company continued to invest in marketing to build its back-book of business. Revenue from customers ordering 6 or more times increased to 71% for H1, an increase of 5 points compared to the PCP, demonstrating the strong recurring revenue nature of the business.

Globally, CM landed at 26.7%. 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 36.3% in Q2 globally. The quarterly margin performance was impacted by nationwide supply chain disruptions caused by US labour shortages as well as inflationary input cost headwinds in the US. The increased investment in marketing compared to an unusually low amount of marketing in the PCP led to a higher marketing voucher share, also impacting CM.

The continued investments in marketing to drive growth, the margin impacts from our operational headwinds in Q2 and G&A investments to strengthen our operational bench led to an Operating EBITDA loss of €(9.1m) for the quarter, and an Operating EBITDA margin of (11.3%). H1 saw an Operating EBITDA loss of €(14.8m) and an Operating EBITDA margin of (9.3%).

SEGMENT REVIEW

United States

- Q2 2021 net revenue is up 7% compared to the PCP on a constant currency basis (-2% in reported terms)
- H1 revenue up 39% compared to the PCP on a constant currency basis (27% reported)
- Q2 2021 CM at 24% vs. 28% in the PCP; Operating CM reached 34%, flat vs. the PCP
- Operating EBITDA of €(2m) in Q2 2021 and €(3m) in H1 2021 vs. €5m and €2m in the PCP, respectively

The Company's US segment grew at 7% in constant currency, compared to a COVID-inflated PCP. Active Subscribers grew 27% year on year. The growth was driven by continued demand across both its Martha Stewart & Marley Spoon and Dinnerly brands.

Q2 in the US was negatively impacted by nationwide labour shortages impacting available staffing as well as labour rates in the Company's US fulfillment centres. The Company's inbound food supply chain and logistics partners were also impacted, leading to supply chain disruptions and impacting delivery service quality. Over the quarter, the Company successfully diversified its logistics partner setup to improve in this area and increased wage rates to remain competitive in our hiring. Labour shortages have started to ease in Q3 as pandemic-related unemployment benefits expired.

Finally, in Q2 the Company experienced industry-wide input cost inflation in various food categories, which has been offset with a price increase on Dinnerly at the beginning of Q3.

The Company was able to mitigate the external headwinds, keeping Operating CM flat YoY at 34%. However, due to the normalization of the acquisition environment, leading to a higher acquisition voucher share compared to the PCP, CM landed at 24%, down 4pts vs. the PCP.

Toward the end of Q2, the Company launched its Ready-to-Heat offering in the US and expanded its breakfast offerings, continuing its strategy to offer additional meal solutions to its existing customer base in order to further drive basket size and lifetime value.

Australia

- Q2 2021 revenue up 7% compared to the PCP on a constant currency basis (13% in reported terms)
- H1 2021 revenue up 23% compared to the PCP on a constant currency basis (33% reported)
- Q2 2021 CM at 33% vs. 37% in the PCP; Operating CM reached 42% vs. 44% in the PCP
- Australia delivered breakeven Operating EBITDA in Q2 2021 and H1 2021, vs. €4m and €3m in the PCP, respectively

Australia delivered 7% revenue growth on a constant currency basis compared to the COVID-inflated PCP. Active Subscribers grew 31% year on year.

The team delivered strong operational performance, with Operating CM of 42%, 2pts down vs. the PCP, primarily impacted by an increasing shift in sales mix towards the Company's value offering, Dinnerly. Contribution Margin was impacted by the normalization of the acquisition environment, leading to a higher acquisition voucher share compared to the PCP, as well as costs related to the move into our larger Sydney fulfillment centre and our new Perth FC.

Europe

- Q2 2021 revenue up 43% compared to the PCP
- H1 2021 revenue up 69% compared to the PCP
- Q2 2021 CM at 22% vs. 25% in the PCP; Operating CM reached 32% vs. 33% in the PCP
- Operating EBITDA loss of €(1m) excluding global headquarter costs in Q2 2021, nearly flat vs. the PCP, €(3m) in H1 2021 vs. €(2m) in the PCP

Europe continued to benefit from a very favorable growth environment with strong demand, allowing the Company to exceed growth plans at attractive unit economics. The segment delivered 43% revenue growth compared to the COVID-inflated PCP. Active Subscribers grew 73% year on year.

The team in Europe launched our newest manufacturing technology at the end of Q1 which temporarily impacted picking performance. In addition, the CM performance was impacted by the normalization of the acquisition environment, leading to a higher acquisition voucher share compared to the PCP.

In Q2 the Company started its first, own last mile logistics operations in the Netherlands. Due to the initial success of the pilot, the Company expects to scale up those operations across Europe in the coming quarters.

KEY OPERATING METRICS

Marley Spoon enjoyed continued strong, sequential Active Subscriber growth, with Q2 ending with 272k Active Subscribers, up 37% YoY. These subscribers generated on average 6.7 orders per subscriber in the quarter, down 15% versus the COVID-inflated PCP given the normalization of customer behaviour. On

average, Q2 net order value reached €44.5, a 6% decline vs. the COVID-inflated PCP and on a constant currency basis, net order value was down 3%, reverting to pre-pandemic levels.

<i>preliminary & unaudited</i>	Q2 21	Q2 20	V%	H1 2021	H1 2020	V%
Group						
Active customers ¹ (k)	425	350	21%			
Active subscribers ² (k)	272	199	37%			
Number of orders (k)	1,811	1,551	17%	3,560	2,523	41%
Orders per customer	4.3	4.4	-4%			
Orders per subscriber	6.7	7.8	-15%			
Meals (m)	15.1	13.2	14%	29.6	20.9	42%
Avg. order value (€, net)	44.5	47.1	-6%	44.4	45.9	-3%
Avg. order value (€, net) in CC	45.5	47.1	-3%	45.2	45.9	-2%
Australia						
Active customers ¹ (k)	133	114	17%			
Active subscribers ² (k)	79	61	31%			
Number of orders (k)	585	502	17%	1,111	836	33%
Meals (m)	5.2	4.5	17%	9.9	7.3	36%
USA						
Active customers ¹ (k)	197	176	12%			
Active subscribers ² (k)	125	99	27%			
Number of orders (k)	823	780	6%	1,636	1,228	33%
Meals (m)	6.7	6.6	1%	13.4	10.1	32%
Europe						
Active customers ¹ (k)	94	60	56%			
Active subscribers ² (k)	68	39	73%			
Number of orders (k)	403	269	50%	813	459	77%
Meals (m)	3.2	2.1	50%	6.4	3.5	81%

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. H1 2021 figures reflect the Q2 ending figure.

CASH FLOW

The Company delivered a strong cash position in the quarter and the half year. Cash from operating activities (CFOA) landed at €(7.5m) in Q2, and €(2.2m) for H1 2021, in line with the Company's approach of operating toward breakeven CFOA. This result is compared to CFOA for Q2 and H1 2020 of €7.8m and €8.6m, respectively. The variance vs. the PCP is attributed to lower required marketing spend in 2020 due to COVID. Cash from investing activities was €(8.6m). This includes sizable investments in the Company's

new Sydney and California fulfillment centres as well as the recently rolled out manufacturing technology in Europe and the in-progress manufacturing technology roll-out in the US.

The Company's overall cash position at the end of Q2/H1 2021 is €46.3m, an increase of €28m versus the end of last year. During the quarter, the Company signed and closed a committed senior secured credit facility of four years with Runway Growth Credit Fund Inc. The facility will give Marley Spoon access of up to €55m (US\$65 million) to support the Company's growth strategy. Of Tranche 1 (€38m), €25m was drawn at closing. A second tranche of €17m is available to be conditionally drawn through 30 June 2022. This facility demonstrates the strength of the Company's recurring revenue model and the proceeds will be used to help fund the Company's growth plans, which include Capex spend over the next two years (2021-2022) in an amount similar to the capital available to us through Tranche 1.

Finally, for the second quarter, cash payments to related parties of the entity were €218 thousand in aggregate. These payments were personnel compensation for key executive management including the Chief Executive Officer, the Chief Financial Officer (the Management Board) and the Supervisory Board.

2021 GUIDANCE

- Marley Spoon is re-affirming its 2021 net revenue guidance. The Company continues to expect to grow net revenue between 30-35% YOY in CY 2021.
- Due to the operational headwinds in H1 2021, Marley Spoon is revising its CM guidance. The Company now expects CM in CY 2021 to be approximately 29%, in line with CY 2020.

Marley Spoon CEO, Fabian Siegel, adds, *"we are excited about our ongoing post-Covid growth and the continued potential for our business. I would like to thank the Marley Spoon team which is working hard to counter our operational headwinds in order to continue to delight our customers."*

INVESTOR CONFERENCE CALL

An investor conference call will be held at 6.00 pm AEST on 29th July 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 June 2021

Consolidated statement of cash flows	Current quarter € '000	Year to date (6 months) € '000
1. Cash flows from operating activities		
1.1 Receipts from customers	79,964	158,654
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(59,893)	(107,318)
(c) advertising and marketing	(14,170)	(26,938)
(d) leased assets	-	-
(e) staff costs	-	-
(f) administration and corporate costs	(13,315)	(26,301)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	10	18
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(85)	(335)
1.7 Government grants and tax incentives	19	19
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(7,470)	(2,201)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(7,758)	(10,060)
(d) investments	-	-
(e) intellectual property	(793)	(1,626)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter € '000	Year to date (6 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)	-	-
2.6	Net cash from / (used in) investing activities	(8,551)	(11,686)
3. Cash flows from financing activities			
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	1,734	1,735
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(39)
3.5	Proceeds from borrowings	25,245	30,829
3.6	Repayment of borrowings	(249)	(3,004)
3.7	Transaction costs related to loans and borrowings	(1,152)	(1,152)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(1,434)	(2,713)
3.10	Net cash from / (used in) financing activities	24,144	25,656
4. Net increase / (decrease) in cash and cash equivalents for the period			
4.1	Cash and cash equivalents at beginning of period	38,451	34,438
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(7,470)	(2,201)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(8,551)	(11,686)

Consolidated statement of cash flows		Current quarter € '000	Year to date (6 months) € '000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	24,144	25,656
4.5	Effect of movement in exchange rates on cash held	(259)	109
4.6	Cash and cash equivalents at end of period	46,316	46,316

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 € '000	Previous quarter € '000
5.1	Bank balances	46,316	38,451
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)	46,316	38,451

6.	Payments to related parties of the entity and their associates	Current quarter € '000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	218
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

7. Financing facilities	Total facility amount at quarter end € '000	Amount drawn at quarter end € '000
<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>		
7.1 Loan facilities	48,550	48,550
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	48,550	48,550
7.5 Unused financing facilities available at quarter end		12,622
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 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 of €12.6M 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 2021, 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 facilities include asset financing in Australia of €2.1m, and two convertible bonds outstanding with an affiliate of Woolworths Group Ltd. (WOW), for a combined amount of €17.2m.</p>		

8. Estimated cash available for future operating activities	€ '000
8.1 Net cash from / (used in) operating activities (item 1.9)	(7,470)
8.2 Cash and cash equivalents at quarter end (item 4.6)	46,316
8.3 Unused finance facilities available at quarter end (item 7.5)	12,622
8.4 Total available funding (item 8.2 + item 8.3)	58,938
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	7.9

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: 29 July 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.