



MARLEY SPOON

Appendix 4C – Q1 2022 & Business Activity Report

CONTINUED GROWTH IN Q1 2022, CONSISTENT WITH FULL YEAR GUIDANCE

Berlin, Sydney, 27 April 2022: 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 31 March 2022 (“Q1 2022”).

Conference Call

Management will present a business update to investors on a conference call at 8:30 am AEDT on 28 April, the details of which have been released separately to ASX.

Highlights:

- Q1 2022 net revenue at €103m, +32% growth year-over-year (+27% growth in constant currency)
- Launch of Market, the Company’s marketplace offering customers add-ons and complementary food options to increase ARPU and support growth strategy
- Global Contribution Margin (CM) in Q1 at 27.3%
- Q1 Operating EBITDA loss of €(9.7)m as a consequence of the planned increased investment in marketing in the quarter
- Operating Cash Flow at €(4.1)m and quarter end cash balance of €20m providing balance sheet capacity to continue executing 2022 plans
- On track to deliver full year 2022 guidance

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Marley Spoon CEO, Fabian Siegel, highlighted, "I am pleased to report we have had a good start to the year with Q1 results putting us on track to deliver our full year guidance. In Q1 we achieved solid growth at stable customer acquisition costs. Contribution margin was slightly down YoY, as we mostly offset global inflationary cost increases and the significant flooding in Australia which impacted our operations there.

The launch of Market at the end of the quarter introduces a new revenue stream that allows customers to add additional meal options and grocery items into their weekly meal-kit boxes. This launch marks an important milestone in executing our mid-term growth strategy, which consists of increasing our subscriber base while at the same time increasing ARPU.

In Q1 we also commenced close collaboration with our new team members from Chefgood, which brought new learnings into our group of brands and led to the integration of Chefgood ready-to-heat meals into our Marley Spoon and Dinnerly meal-kit boxes in Australia.

As expected, we incurred higher marketing spend (23% of net revenue) than the previous quarter to take advantage of the seasonal media and customer behavior environment and to benefit from the impact of new customer revenue in the remainder of the financial year. This expenditure led to an Operating EBITDA loss of €(9.7)m, in line with our plan.

The first quarter of the year is important for achieving our full year customer acquisition and revenue growth targets. Achieving plan for the quarter increases our confidence to deliver the plan for the year and allows us to reaffirm 2022 guidance.

I would like to thank our teams for their contributions to landing a good start to the year."

Q1 BUSINESS UPDATE

Q1 2022 net revenue grew 32% vs. the PCP to €103m. The revenue growth was driven by Australia (+53%) and the United States (+36%), as the Company continued to invest in increasing its subscriber base and in offering more recipe choices. Europe was down compared to the PCP, which saw strong growth due to the impact of COVID19 on growth at the time.

The Q1 growth was achieved with customer acquisition costs on target, leading to continued attractive unit economics. As planned, the Company front-loaded growth investments in Q1 such that marketing expenses landed at 23% of net revenue.

In March, the Company launched its new Market offering selectively in all regions for Dinnerly and Marley Spoon, which allows customers to add additional meal options, selected groceries as well as other food convenience items to their weekly deliveries. The launch of Market is intended to support the Company's growth strategy by increasing ARPU and will continue to be rolled out throughout Q2. In Australia, the Market launch includes Chefgood ready-to-heat meals as part of the ongoing integration of the Chefgood brand into the Marley Spoon brand portfolio.

Q1 2022 CM landed at 27.3%, 70 bps down YoY. Operating Contribution Margin (Operating CM), defined as CM excluding the impacts of marketing vouchers and fixed costs such as expenses relating to site leases, was 37.6% globally in Q1, down 40bps YoY. The quarterly margin performance was

supported by operational improvements mostly offsetting inflation and weather-related headwinds, particularly in the US and Australia. The Company continues to experience and expects further inflationary headwinds in the balance of the year. As such, the Company increased prices for all brands in all regions at the beginning of Q2.

The seasonally upweighted investment into marketing led to an Operating EBITDA loss of €(9.7)m for the quarter, in line with the Company's expectations and consistent with the delivery of full year guidance.

Consolidated Income Statement (unaudited)

€ in millions	Q1 2022	Q1 2021	% vs. PY
Revenue	102.6	77.4	32%
Cost of goods sold	56.1	41.6	35%
% of revenue	54.7%	53.8%	0.9pt
Gross Profit	46.5	35.8	30%
% of revenue	45.3%	46.2%	(0.9)pt
Fulfilment expenses	18.5	14.1	31%
% of revenue	18.0%	18.2%	(0.2)pt
Contribution margin (CM)	28.0	21.7	29%
% of revenue	27.3%	28.0%	(0.7)pt
Marketing expenses	23.3	15.5	50%
% of revenue	22.7%	20.0%	2.7pt
G&A expenses	18.1	13.9	30%
% of revenue	17.7%	18.0%	(0.3)pt
EBIT	(13.4)	(7.7)	74%
Operating EBITDA	(9.7)	(5.7)	71%
% of revenue	(9.5)%	(7.3)%	(2.1)pt

SEGMENT REVIEW

United States

- Q1 2022 net revenue up 36% to €51m YoY, 27% in constant currency
- Q1 2022 CM at 28.2%, 30bps below the PCP however Operating CM was flat YoY at 38.7%
- Operating EBITDA was breakeven at €(0.2)m in the quarter

Revenue grew 36% (+27% on a constant currency basis) driven by growth of the Company's subscriber base as well as growth in order value.

Contribution margin was stable YoY, as the Company was able to offset cost increases with improved operating efficiency. In order to offset expected further cost inflation, the Company increased prices by an average 6% across both brands in April 2022.

The Company successfully managed to mitigate the customer impact of this year's heavy winter storm season while launching the new Market for Dinnerly and Marley Spoon in select states at the end of the quarter. The Company intends to roll out Market nationwide throughout Q2.

Despite the seasonally strong investment in marketing, the US business was break-even with an Operating EBITDA result of €(0.2)m.

Australia

- Q1 2022 net revenue up 53% YoY to €38m, 51% in constant currency
- Q1 2022 CM at 28.4%, down 4.1pts vs. the PCP, while Operating CM reached 38.0%, down 3.7pts vs. the PCP
- Operating EBITDA of €(1.9)m in Q1 2022

Continued strong net revenue growth of 53% YoY, including Chefgood, driven by strong growth of the Australian subscriber base.

CM was down YoY, primarily impacted by costs related to extreme floods as well as item availability and food cost inflation. In order to offset expected further cost inflation, the Company increased prices in April 2022 by approximately 6% across both brands.

The launch of Market at the end of the quarter featured Chefgood ready-to-heat items, marking a further step in the integration of Chefgood into the Company's operations.

The flooding related impact on margin combined with the seasonally higher marketing investment led to a quarterly Operating EBITDA result of €(1.9)m.

Europe

- Q1 2022 net revenue down by 8% to €14m compared to a strong growth PCP due to COVID19
- Q1 2022 CM at 21.3%, up 1.4 pts compared to the PCP and Operating CM at 33.2%, up 1.9 pts compared to the PCP
- Operating EBITDA loss of €(2.1)m in Q1 2022 excluding headquarter costs

Order frequency in Q1 declined (13%) compared to a Covid-driven PCP, though Active Subscribers grew 3% YoY against a high growth PCP (107%), resulting in net revenue contracting by 8%.

The Company was able to increase margins despite an inflationary cost environment by realizing operating efficiencies. In order to offset expected further cost inflation, the Company increased prices in April 2022 by an average 4.5% across both brands.

Excluding headquarter costs, the region delivered an Operating EBITDA loss of €(2.1)m driven by seasonal investments in marketing.

KEY OPERATING METRICS*

Q1 2022 Active Subscribers grew 15% compared to the PCP, driven mainly by Australia (+37%) and the US (+9%).

The Company's Active Subscribers generated on average 6.8 orders in the quarter, down 2% versus the PCP which was still heavily influenced by COVID19 behaviour. The Company saw a sizable increase in average order value, reaching €52.0, a 17% increase versus the PCP largely due to activities to increase choice for customers as well as the annualization of 2021 price increases.

<i>preliminary & unaudited</i>	Q1 2022	Q1 2021	Variance %
Group			
Active customers (k)	442	412	7%
Active subscribers (k)	291	252	15%
Number of orders (k)	1,974	1,749	13%
Orders per customer	4.5	4.2	5%
Orders per subscriber	6.8	6.9	(2)%
Meals (m)	16.8	14.5	15%
Avg. Order value (€, net)	52.0	44.3	17%
Avg. Order value (€, net) in CC	49.9	44.3	13%
Australia			
Active customers (k)	152	123	24%
Active subscribers (k)	96	70	37%
Number of orders (k)	696	526	32%
Orders per subscriber	7.2	7.5	(4)%
Meals (m)	6.4	4.6	38%
USA			
Active customers (k)	201	196	2%
Active subscribers (k)	131	120	9%
Number of orders (k)	911	813	12%
Orders per subscriber	6.9	6.8	3%
Meals (m)	7.5	6.7	13%
Europe			
Active customers (k)	89	93	(4)%
Active subscribers (k)	64	62	3%
Number of orders (k)	367	410	(10)%
Orders per subscriber	5.8	6.6	(13)%
Meals (m)	2.9	3.2	(11)%

*Metrics for core Marley Spoon and Dinnerly meal kits only; excludes Chefgood and Bezzie

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

Active Subscribers are customers who have ordered or skipped a Marley Spoon or Dinnerly meal kit, on an average weekly basis, during the quarter.

CASH FLOW

Marley Spoon ended the quarter with €20m in cash, reflecting the payment of €7.5m in January 2022 for the first tranche of the Chefgood purchase price. It also includes €5m in proceeds from the equity raise with a long term-oriented European institutional investor, executed in January 2022, which may be used for future funding of the Chefgood acquisition. The Company also settled the maturity of its €5m short-term money market loan via an overdraft facility of the same amount with Berliner Volksbank, which is recorded as negative cash. The term loan is expected to be renewed in Q2 2022.

Cash from operations was €(4.1)m in the quarter, driven by the Company's negative working capital dynamics. Cash from investing activities reflects investments in new equipment, software development, and the purchase of Chefgood, and landed at €(9.9)m in Q1 2022.

For the first quarter, cash payments to related parties of the entity were €361 thousand in aggregate. These payments were personnel compensation for key executive management including the Management Board and the Supervisory Board.

2022 OUTLOOK AND GUIDANCE RE-AFFIRMED

For the upcoming AGM on 31 May 2022, Marley Spoon's directors have put to shareholders two proposals: 1) a proposal to convert Marley Spoon into a European company (Societas Europaea, SE), a more appropriate corporate structure given the Company's enlarged global operations and workforce; and 2) a proposal to optimise the share-to-CDI ratio to 1:10, which is more aligned with common market practice of other foreign companies listed at the ASX.

The Company's 2022 strategy focuses on continued growth within its current balance sheet capacity. Marley Spoon continues to expect supply chain volatility and inflation, but aims to maintain attractive contribution margins by continuing to manage costs and operate with financial discipline.

Guidance is affirmed:

- Mid-to-high teens YoY net revenue organic growth plus full year contribution from Chefgood
- Contribution Margin in-line with 2021
- Operating EBITDA better than €(15)m

INVESTOR CONFERENCE CALL

An investor conference call will be held at 8.30 am AEST on 28 April 2022. 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, Dinnerly, and Chefgood 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")

31 March 2022

Consolidated statement of cash flows	Current quarter € '000	Year to date (3 months) € '000
1. Cash flows from operating activities		
1.1 Receipts from customers	103,393	103,393
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(71,887)	(71,887)
(c) advertising and marketing	(22,098)	(22,098)
(d) leased assets	47	47
(e) staff costs	-	-
(f) administration and corporate costs	(13,599)	(13,599)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	20	20
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(5)	(5)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(4,129)	(4,129)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	(6,613) ¹	(6,613) ¹
(c) property, plant and equipment	(1,426)	(1,426)
(d) investments	-	-

¹ Cash paid for the purchase of Chefgood Pty Ltd net of the opening balance sheet cash balance of the acquired entity.

Consolidated statement of cash flows	Current quarter € '000	Year to date (3 months) € '000
(e) intellectual property	(1,828)	(1,828)
(f) other non-current assets	-	-
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	(9,867)	(9,867)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	5,001	5,001
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	40	40
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(13)	(13)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(5,476)	(5,476)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (IFRS 16 lease payments and interest paid)	(3,875)	(3,875)
3.10 Net cash from / (used in) financing activities	(4,323)	(4,323)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	38,659	38,659
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(4,129)	(4,129)

Consolidated statement of cash flows		Current quarter € '000	Year to date (3 months) € '000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(9,867)	(9,867)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(4,323)	(4,323)
4.5	Effect of movement in exchange rates on cash held	(294)	(294)
4.6	Cash and cash equivalents at end of period	20,046	20,046

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	25,046	38,659
5.2	Call deposits	-	-
5.3	Bank overdrafts	(5,000)	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	20,046	38,659

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	361
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	52,345	52,345
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	52,345	52,345
7.5 Unused financing facilities available at quarter end		-
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.		
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 2021 annual report.		
During the current quarter, the Company repaid the outstanding aggregate short-term loan balance of €5M due to Berliner Volksbank (BVB) by drawing a €5M account overdraft facility with BVB which carries an interest rate of 5.5% per annum.		
The remaining debt includes asset financing in Australia of €5.1m and the €47.2m (\$53.1M) debt facility from Runway Growth Capital.		

8. Estimated cash available for future operating activities	€ '000
8.1 Net cash from / (used in) operating activities (item 1.9)	(4,129)
8.2 Cash and cash equivalents at quarter end (item 4.6)	20,046
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	20,046
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	4.9
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: 26 April 2022

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*)

Authorised by: 
Rolf Weber, Chief Operating 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.