



MARLEY SPOON

Appendix 4C - Q4 2021 & Business Activity Report

CONTINUED GROWTH AND MARGIN EXPANSION

Berlin, Sydney, 31 January 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 December 2021 (“Q4 2021”) and guidance for FY 2022.

Conference Call

Management will present a business update to investors on a conference call at 6.00 pm AEDT on 31 January, the details of which have been released separately to ASX.

Highlights

- FY2021 net revenue at €322m, delivered within guidance range: +27% growth year-on-year
- Q4 2021 net revenue at €85m, +24% growth year-on-year resulting in a 2-year Compound Annual Growth Rate (CAGR) of 56% on a reported basis
- Global Contribution Margin (CM) in Q4 at 31.0%, up 2.1pts versus the previous year thanks to operational improvements. FY 2021 CM at 28.5%, in-line with guidance
- Q4 Operating EBITDA loss of €4.8m due to disciplined growth investments
- Year-end cash balance of €39m providing balance sheet capacity to fund growth strategy
- Chefgood Pty Ltd acquisition in Australia completed in January 2022, accelerating strategy to expand customer choice and increase ARPU

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Marley Spoon CEO, Fabian Siegel, highlighted, "Q4 net revenue was in line with our expectations as growth accelerated again compared to the prior quarter. Overall FY 2021 revenue grew 27% landing at €322 million.

We are particularly pleased with our team's strong operating performance leading to the highest quarterly contribution margin of 31% in a challenging operating environment.

The contribution margin performance was aided by successful price increases, demonstrating the pricing power our brands enjoy. We also improved our marketing efficiency allowing us to acquire more customers at costs in-line with previous years despite significant CPM inflation.

The contribution margin expansion and disciplined investment in marketing led to an improvement in Operating EBITDA versus previous quarters, landing at €(4.8m), in line with our expectations.

I would like to thank our teams for going the extra mile in a challenging year that was impacted by supply chain challenges and inflationary pressures, among others. Through these many headwinds, we ended the year with accelerated growth and our highest contribution margin globally. I would also like to welcome the Chefgood team that joined us at the beginning of the year."

Q4 & FY 2021 BUSINESS UPDATE

FY 2021 net revenue grew 27% vs. the PCP to €322.4m, in-line with guidance. For the fourth quarter of 2021, Marley Spoon reported net revenue of €85.2 million, an increase of 24% vs. the PCP (+56% 2-year CAGR).

The Q4 net revenue growth was driven by Australia (+52%) and the United States (+15%), as the Company continued to invest in increasing its subscriber base and in offering more product choices.

CM landed at 28.5% for FY 2021, also in-line with guidance. Q4 2021 CM landed at 31.0%, up 2.1pts year-on-year. 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 39.2% globally in Q4, up 2.6pts year-on-year. The quarterly margin performance was supported by operational improvements as well as the successful implementation of the Q3 2021 price increases to offset inflation, particularly in the US.

The improved margin performance at a bigger scale led to an improved Operating EBITDA margin and an Operating EBITDA loss of €(4.8m) for the quarter. The FY 2021 Operating EBITDA loss was €(32m), in line with expectations.

Consolidated Income Statement (unaudited)

€ in millions	Q4 2021	Q4 2020	% vs. PY	FY 2021	FY 2020	% vs. PY
Revenue	85.2	68.6	24%	322.4	254.0	27%
Cost of goods sold	44.3	36.4	22%	173.2	133.3	30%
% of revenue	52.1%	53.1%	(1 pt)	53.7%	52.5%	1.3 pts
Gross Profit	40.8	32.2	27%	149.1	120.7	24%
% of revenue	47.9%	46.9%	1 pt	46.3%	47.5%	(1.3 pts)
Fulfillment expenses	14.4	12.4	17%	57.3	46.6	23%
% of revenue	16.9%	18.0%	(1.1 pts)	17.8%	18.3%	(0.6 pts)
Contribution margin (CM)	26.4	19.8	33%	91.8	74.1	24%
% of revenue	31.0%	28.9%	2.1 pts	28.5%	29.2%	(0.7 pts)
Marketing expenses	16.7	8.0	108%	71.2	39.3	81%
% of revenue	19.6%	11.7%	8 pts	22.1%	15.5%	7 pts
G&A expenses	18.1	12.8	42%	63.8	42.3	51%
% of revenue	21.3%	18.6%	3 pts	19.8%	16.6%	3 pts
EBIT	(8.4)	(1.0)	(7)	(43.2)	(7.4)	(36)
Operating EBITDA	(4.8)	1.2	(6)	(32.4)	(0.4)	(32)
% of revenue	(5.7%)	1.7%	(7 pts)	(10.1%)	(0.2%)	(10 pts)

SEGMENT REVIEW

United States

- Q4 2021 net revenue up 15% year-on-year, or 62% on a 2-year CAGR basis
- Q4 2021 CM at 29.5%, up nearly 4 pts vs. Q4 2020; Operating CM reached 38.1%, also 4pts better vs. Q4 2020
- Operating EBITDA was a loss of €(1.6m) in Q4 2021

Revenue grew 15% (+10% on a constant currency basis) primarily driven by retention-driving initiatives and price increases implemented to offset food, labour and fuel inflation. Orders per active subscriber declined compared to the PCP due to higher skip rates during the holiday season compared to the prior year.

The company successfully ramped up production in its new California manufacturing centre, supporting the overall strong CM and Operating CM performance. Operational improvements despite a volatile operating environment also contributed to the margin performance.

Australia

- Q4 2021 net revenue up 52% year-on-year and 55% on a 2-year CAGR basis
- Q4 2021 CM at 35.4%, down 50bps vs. the PCP, while Operating CM reached 43%, up 60bps vs. the PCP
- Operating EBITDA totalled €2.5m in Q4 2021

Active Subscribers grew 45% year-on-year (+52% 2-year CAGR), and meals ordered grew 52%, leading to the strong YoY revenue growth.

CM was slightly down year-over-year, primarily impacted by higher investments in customer acquisitions.

Operations were also expanded during the quarter, with the recent launch of the Marley Spoon brand in WA, making both of the Company's meal kit brands available in all states and mainland territories across the country. Marley Spoon completed its acquisition of Chefgood, which will start contributing to the Company's results as of January 2022.

Europe

- Q4 2021 net revenue flat year-on-year (+40% 2-year CAGR)
- Q4 2021 CM at 24.1%, (1pt) below the PCP, and Operating CM at 33.5%, in-line with the PCP
- Operating EBITDA loss of €(5.7m) in Q4 2021

Active Subscribers grew 18% year-on-year though sales remained flat, driven by an increase in skip rate during the holiday season and a shift in sales mix toward Dinnerly. Europe also experienced a volatile supply chain environment as well as wage and food cost inflation. Nevertheless, the Company was able to maintain stable Operating CM versus the previous year.

KEY OPERATING METRICS

Q4 2021 active subscribers grew 18% compared to the PCP, driven mainly by Australia (+45%) and Europe (+18%).

The Company's Active Subscribers generated on average 6.2 orders in the quarter, down 9% versus the PCP due to higher skip rates during Thanksgiving and the December holiday break. However, the Company saw a sizable increase in average order value, reaching €51.2, a 15% increase versus the PCP largely due to activities to increase choice for customers and a successful price increase to offset input cost inflation.

<i>preliminary & unaudited</i>	Q4 2021	Q4 2020	Variance %
Group			
Active customers (k)	376	327	15%
Active subscribers (k)	268	226	18%
Number of orders (k)	1,662	1,536	8%
Orders per customer	4.4	4.7	(6)%
Orders per subscriber	6.2	6.8	(9)%
Meals (m)	14.4	12.8	13%
Avg. Order value (€, net)	51.2	44.6	15%
Avg. Order value (€, net) in CC	49.5	44.6	11%
Australia			
Active customers (k)	146	99	47%
Active subscribers (k)	96	66	45%
Number of orders (k)	647	466	39%
Orders per subscriber	6.7	7.0	(4)%
Meals (m)	6.2	4.1	52%
USA			
Active customers (k)	158	161	(2)%
Active subscribers (k)	115	112	3%
Number of orders (k)	712	760	(6)%
Orders per subscriber	6.2	6.8	(9)%
Meals (m)	5.8	6.3	(7)%
Europe			
Active customers (k)	72	67	8%
Active subscribers (k)	57	49	18%
Number of orders (k)	303	310	(2)%
Orders per subscriber	5.3	6.4	(17)%
Meals (m)	2.3	2.4	(2)%

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 Q4 2021 with a cash balance of €38.7m. Cash from operating activities was €(4.8m) driven in part by an outlay of cash for marketing activities anticipated in Q1 2022. Cash from investing activities was €(4.3m), approximately half of which was for equipment for the Company's new California manufacturing facility which opened in September 2021 and became fully operational in Q4.

In terms of financing activity in Q4 2021, the Company drew down the remainder of the Runway Tranche 1 funding US\$15M (€12.9M) and secured a US\$8.1M (€7.2M) extension to the group's existing debt facility with Runway Growth Capital to support funding the Chefgood acquisition. The €7m extension was subsequently used to pay the first tranche payment to Chefgood upon the completion of the acquisition in January 2022. In addition to the secured debt extension, a €5m equity raise with a long term-oriented European institutional investor, executed in January 2022, may be used for future funding of the Chefgood acquisition.

For FY 2021, Marley Spoon's cash from operations was €(15m) compared to Operating EBITDA losses of €(32m). The Company ended the year with nearly €40m in cash, an amount sufficient to fund future growth plans.

Finally, for the fourth quarter, cash payments to related parties of the entity were €305 thousand in aggregate. These payments were personnel compensation for key executive management including the Management Board and the Supervisory Board.

2022 Full Year Outlook and Guidance

The Company's 2022 strategy will focus on continued growth within its current balance sheet capacity. Marley Spoon does expect continued volatile customer behaviour, supply chain volatility and inflation, but does aim to maintain attractive contribution margins while managing costs and operating with financial discipline.

Guidance, excluding the contribution of Chefgood, is as follows:

- 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 €(15m)

INVESTOR CONFERENCE CALL

An investor conference call will be held at 6.00 pm AEDT on 31 January 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 December 2021

Consolidated statement of cash flows	Current quarter € '000	Year to date (12 months) € '000
1. Cash flows from operating activities		
1.1 Receipts from customers	85,574	324,918
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(58,731)	(219,859)
(c) advertising and marketing	(23,334)	(68,223)
(d) leased assets	119	234
(e) staff costs	-	-
(f) administration and corporate costs	(8,643)	(51,759)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	(27)	27
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	217	(112)
1.7 Government grants and tax incentives	2	21
1.8 Other (provide details if material)	2	-
1.9 Net cash from / (used in) operating activities	(4,821)	(14,753)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(1,958)	(15,708)
(d) investments	-	-
(e) intellectual property	(2,372)	(5,822)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter € '000	Year to date (12 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	(4,330)	(21,530)

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	(584)	212
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(18)	(75)
3.5	Proceeds from borrowings	20,046	54,603
3.6	Repayment of borrowings	(448)	(3,714)
3.7	Transaction costs related to loans and borrowings	(138)	(1,487)
3.8	Dividends paid	-	-
3.9	Other (IFRS 16 lease payments and interest paid)	(3,424)	(8,121)
3.10	Net cash from / (used in) financing activities	15,434	41,418

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	33,049	34,438
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,821)	(14,753)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4,330)	(21,530)

Consolidated statement of cash flows		Current quarter € '000	Year to date (12 months) € '000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	15,434	41,418
4.5	Effect of movement in exchange rates on cash held	(673)	(914)
4.6	Cash and cash equivalents at end of period	38,659	38,659

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	38,659	33,049
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)	38,659	33,049

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	305
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

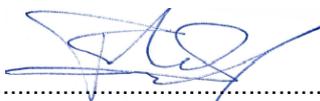
7. Financing facilities	Total facility amount at quarter end € '000	Amount drawn at quarter end € '000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	56,516	56,516
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	56,516	56,516
7.5 Unused financing facilities available at quarter end		-
<p>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> <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 drew down the remainder of the Runway Tranche 1 funding US\$15M (€12.9M) and secured a US\$8.1M (€7.2M) extension to the group's existing debt facility with Runway Growth Capital to support funding the Chefgood acquisition (closed in January 2022).</p> <p>During Q3, the Company entered into another asset financing facility with National Australia Bank Limited (NAB) for €3.7M (AUD 6 million). The financing was used to fund the development of Marley Spoon's new Sydney fulfilment centre, bears 3.5% interest, and has a 5-year term. Additionally in Q3, W23, an affiliate of Woolworths Group Limited, exercised its right to convert the last two outstanding convertible bonds issued by the Company (for a combined amount of €17.2m) into shares.</p> <p>During Q2, 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 (Tranche 2, €16.8M) through 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, 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 debt includes asset financing in Australia of €2.1m.</p>		

8. Estimated cash available for future operating activities	€ '000
8.1 Net cash from / (used in) operating activities (item 1.9)	(4,821)
8.2 Cash and cash equivalents at quarter end (item 4.6)	38,659
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	38,659
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	8.0
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: 31 January 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.