



# MARLEY SPOON

## CHAIRMAN'S ADDRESS 2020 ANNUAL GENERAL MEETING

Dear Shareholders

I am pleased to address you in advance of this year's Annual General Meeting (AGM) of Marley Spoon AG ("Marley Spoon" or the "Company" ASX: MMM).

Due to the unusual circumstances of Covid-19, our AGM is taking place towards the end of the ASIC extended period. My fellow board member, Christoph Schuh, the Vice Chairman, who is based in Germany, will deputise as chairman for the AGM. As the AGM happens to take place at the same time as the release of our Appendix 4C Q2 2020 / Business Activity Report, we have taken this opportunity not only to look back at 2019, but also to reflect on the extraordinary momentum of the first and second quarter of 2020.

Consistent with German Law, the AGM is not being held as a virtual interactive AGM, as we have recent experience of in Australia, but as a face to face meeting in Berlin where shareholders pre-register votes and questions. To overcome those formalities, the Supervisory Board wanted to provide investors with an opportunity to ask questions interactively, especially at this important point in the Company's growth trajectory. Thus, ahead of the AGM, we are now hosting the Investor Call.

Covid-19 is having a deep impact on many businesses in our sector, but its impact upon Marley Spoon has been mainly positive and galvanising.

Looking beyond the second quarter results which we released today, the acceleration of demand has not only brought forward our point of operating EBITDA profitability, but we also believe, represents a structural change in the markets in which we operate.

We predict a sustained step up in offline to online purchasing of home necessities, likely more white-collar workers working from home on an ongoing basis, and greater unprompted awareness of our brands and meal kits in general.

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Our CEO, Fabian Siegel, will shortly provide a further update on the current business performance and our Business Activity Report for Q2 2020.

I should note however, that we entered 2020 with continuing improvements in contribution margin, operational effectiveness, and the ability to expand menu choice without impacting productivity. This provided an excellent foundation to handle the rapid increase in volumes which started in mid-March, as the pandemic created unprecedented household demand for home-deliveries of cooking ingredients and indeed, food in general.

### **Turning now to the review of 2019**

Our financial results for 2019 together with the relative change from CY2018 saw:

- Revenue growing to 130 million Euros, an increase of 41%
- Underlying operating EBITDA of (30) million Euros, versus (34) million Euros in CY2018.

Our ability to fund our growth coming into 2020 was supported by a series of fund raisings from existing and new investors, including Woolworths Group, with whom we struck a Strategic Alliance in Australia, Union Square Ventures, Acacia and Western Tech, netting a total 40 million Euros in 2019.

The green shoots of profitability first emerged here in Australia with the local business reaching positive operating EBITDA from Q2 2019 while implementing new manufacturing technology.

In this current year it is pleasing that the accelerated expansion of the business, especially in the US, means that our US business reached a positive operating EBITDA for the first time, making Marley Spoon overall operating EBITDA positive in Q2 2020, ahead of our earlier forecasts.

In this last quarter, staff in all geographies, many collaborating remotely, have shown great adaptability to meet the changing needs of our customers in these difficult times. We look forward to continuing down that path.

Marley Spoon also has a significant untapped opportunity to drive penetration of its premium Martha & Marley Spoon brand in the US, as well as to drive take up of the value for money Dinnerly brand in all its territories, including Europe where it was just launched.

### **Our People**

The very rapid scale up of the business in the last few months has tested the business' ability to manage supply chains, to engage and train staff and to continue to improve manufacturing effectiveness.

Managing the health and safety of staff, particularly in manufacturing centres has been and remains a top priority.

Our management team, under Fabian Siegel's leadership, continues to meet these challenges daily.

Our workforce operates in three regions. They underpin our success. At no time is this more evident than in this difficult Covid-19 pandemic.

On behalf of the Supervisory Board, I thank our Management Board and all our staff for their significant contribution and dedication at this time.

## **Remuneration**

Marley Spoon has encouraged staff over the past years to make salary sacrifices in return for taking up employee share options so that they can be rewarded in alignment with shareholders. In particular, the Management Board have elected to take a greater percentage of their base remuneration as salary sacrifice until the Company matures and becomes profitable.

In 2020, the CEO and CFO base salary is 165,000 Euros and 97,000 Euros respectively. There is no STI (short-term incentive) consistent with our philosophy of conserving cash for growth and rewarding employees with equity.

Under the LTI (long-term incentive), the options pool reserved for the Management Board has this year been split evenly between the CEO and the CFO. Last year, the CEO elected to forego most of his options to ensure that the CFO was fully rewarded for his salary sacrifice.

Under German law, shareholder approval is required for options to be granted to the Management Board and employees. This is reflected in the resolutions tabled at the AGM.

Performance targets were set under the 2020 budget with a 40% weighting for operating EBITDA improvement and a 60% weighting for ongoing improvement in Contribution Margin.

It is worth noting that, even if the performance targets are met, vesting is staggered over a four-year period. Also in accordance with German law, a waiting period of four years commencing at the grant date applies.

## **Environmental and Social responsibility**

Marley Spoon's made-to-order supply chain avoids most food waste, especially in comparison to a grocery store. Beyond these inbuilt sustainability benefits from our business model, Marley Spoon is committed to its own sustainability efforts, and continues to work on reducing our packaging usage, ensuring packaging is recyclable, as well as offsetting unavoidable carbon emissions.

Marley Spoon has a diverse and geographically distributed workforce. We are well placed to continue to provide employment and training to those who are most impacted at this time of economic disruption. Management is rising to this challenge.

## **The Supervisory Board**

The Supervisory Board is engaged in many aspects of the business. I take this opportunity to thank my fellow directors - Kim Anderson, Robin Low and Christoph Schuh - for their valuable contribution, support and commitment.

We thank you for your loyalty and support as shareholders. The Supervisory Board values this greatly and assures you that we will continue to work to support Marley Spoon as it realises its potential.

**Deena Shiff**

Chairman

29 July 2020

This announcement has been authorised for release to ASX by the Board of Directors of Marley Spoon AG.

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### **About Marley Spoon**

Marley Spoon (ASX:MMM) 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.