



MARLEY SPOON GROWS 55% AND IMPROVES PROFITABILITY

1H 2019 FINANCIAL RESULTS

Berlin, Sydney, 30 August 2019: Marley Spoon ("Marley Spoon" or the "Company" ASX: MMM), a leading global meal kit provider, has released its financial results for the half year ending 30 June 2019.

HIGHLIGHTS

- **Annualised revenue run-rate of >A\$200m:** Revenue has grown consistently over the past year, up 55% in 1H 2019 on the prior corresponding period (PCP) in 1H 2018, which equates to an annualised revenue run-rate of over A\$200 million (€128 million) based on Q2 revenue
- **Improved operating leverage:** Operating EBITDA margin increased to -28% in 1H 2019, up from -36% in 1H 2018, and reaching -16% in Q2 2019, which demonstrates progress towards profitability as revenues continue to grow
- **Successful rollout of new manufacturing technology:** In 1H 2019, Marley Spoon's new manufacturing technology was rolled out in Europe and Australia to provide the foundation for future scalability, increased menu choices and customer personalisation
- **Confirm guidance:** Marley Spoon expects to achieve a global contribution margin in the mid to high 20s for CY 2019 and to reach profitability on an operating EBITDA basis by 2020.

Significant milestones in first year of ASX listing

The first half 2019 financial results coincide with the first anniversary of Marley Spoon's listing on the ASX. Over the past year, Marley Spoon has made significant progress on its vision to bring delightful, market fresh and easy cooking back to the people. The Company is building a platform for sustainable long-term earnings growth by delivering on a range of key operational milestones including:

- Reaching an annualised revenue run rate of over A\$200m based on Q2 revenue;
- Building upon its valuable customer insights with over 10 million delivered meals in 1H 2019;
- Expanding Dinnerly market penetration by considerably scaling the Dinnerly brand in both the US and Australia;
- Globally expanding menu choice to 20 weekly changing recipes for Marley Spoon and 14 weekly changing recipes for Dinnerly;
- Extending the strategic partnership with Martha Stewart in the US market until 2022;
- Operationalising and rolling out new manufacturing technology across Europe and Australia;
- Consolidating European manufacturing centres into a centralised site in the Netherlands;
- Launching a global shared service hub in Portugal;
- Almost tripling manufacturing footprint from ~8,000 m² to ~23,000 m² in the US;
- Reaching operating EBITDA profitability in the Australian segment in Q2 2019; and
- Entering into a 5-year strategic alliance with Woolworths Group in Australia to drive growth and synergies.

Revenue growth driven by repeat orders and increased sales per customer

In 1H 2019, revenue increased to €61.4 million, up 55% from €39.5 million in 1H 2018 (52% on a constant currency basis). The Q2 2019 revenue of €32 million implies an annualised revenue run rate of over A\$200 million (€128 million). The number of active customers increased by 38% year on year, from 125,000 to 172,000 as at 30 June 2019, while customer acquisition costs remained flat at €66 compared to the PCP. Similar to prior periods, repeat customer orders accounted for 91% of 1H 2019 revenue.

Marley Spoon's marketing strategy is designed to support sustainable long-term revenue growth by attracting new customers at consistently attractive unit economics and retaining loyal high-value customers, thus driving revenue growth through repeat orders. Consistent with this dynamic, marketing spend as a percentage of revenue decreased from 32% in 1H 2018 to 29% in 1H 2019.

Improved operating leverage

In 1H 2019, the operating EBITDA margin improved to -28%, from -36% in the PCP, reaching -16% in Q2 2019, which demonstrates the Company's progress towards profitability as revenues continue to grow.

Global contribution margin increased from 22% in 1H 2018 to 24% in 1H 2019.

Segment Reporting

| € in millions | | 1HY19 | 1HY18 | % change |
|---------------|-------------------------------|--------|--------|-------------|
| Australia | Revenue | 21.3 | 15.1 | +41% / 44%* |
| | CM% | 33% | 33% | |
| | Operating EBITDA | (1.8) | (1.2) | |
| | Op. EBITDA margin | (8%) | (8%) | |
| US | Revenue | 27.2 | 13.7 | +98% / 86%* |
| | CM% | 21% | 13% | |
| | Operating EBITDA | (6.9) | (6.7) | |
| | Op. EBITDA margin | (25%) | (49%) | |
| Europe | Revenue | 12.9 | 10.7 | +20% |
| | CM% | 17% | 18% | |
| | Operating EBITDA | (8.5) | (6.2) | |
| | Operating EBITDA ex HQ costs | (4.2) | (3.1) | |
| | Op. EBITDA margin ex HQ costs | (32%) | (29%) | |
| Global | Revenue | 61.4 | 39.5 | +55% / 52%* |
| | CM% | 24% | 22% | |
| | Operating EBITDA | (17.2) | (14.1) | |
| | Op. EBITDA margin | (28%) | (36%) | +8pts |

*On a constant currency basis

The Australian operations were profitable on an operating EBITDA level for the first time in Q2 2019, on the back of strong year on year growth of 44% on a constant currency basis. The contribution margin stayed stable at a best-in-class 33%, while the Company's new manufacturing technology was implemented in Q2 2019. The five-year strategic partnership with Australia's largest grocery chain, Woolworths, entered into in June 2019 is set to provide opportunities for both revenue growth and operational synergies.

The US was the fastest growing segment with +86% revenue growth year on year on a constant currency basis, reflecting the Company's successful two-brand strategy. At the same time contribution margin improved by 8 points due to purchasing benefits from scaling and increased manufacturing productivity.

In Europe, the roll out of new production equipment together with the consolidation of the Company's German manufacturing centre into its Netherlands site led to a 1-point drop in contribution margin to 17% for 1H 2019. Marketing activities were more limited during this transition period, which led to a year on year revenue growth rate of 20% for the Europe segment.

Building the foundation for long term earnings growth

In its first year since listing, Marley Spoon has achieved significant progress in growing the business, improving operational efficiency, expanding the value proposition to its customers and building a scalable technology platform to bring delightful, market-fresh and easy cooking back to the people.

Groceries are one of the largest verticals of consumer spending. Within this sector, Marley Spoon serves the consumer need for home cooking, which is a major part of supermarket sales. The Company's customer demographics and regional spread give Marley Spoon confidence that meal-kit customers are represented in all age groups and demographic profiles, united by the habit of providing home cooked meals for their partners and families.

Marley Spoon CEO Fabian Siegel said, "We are operating in a high growth category that is just starting to switch from offline to online shopping. To capture this opportunity, we are building the infrastructure and laying the foundations for a large, globally operating, direct-to-consumer brand business. Our first year as a public company was an important milestone in this journey and we look forward to continued growth ahead."

To support getting to operating EBITDA break-even by 2020 the Company will continue to actively pursue future funding options, through debt and/or equity.

Confirm Guidance

Marley Spoon expects to achieve a global contribution margin in the mid to high 20's in 2019 and to be operating EBITDA positive by 2020.

Investor Conference Call

An investor conference call will be held on Friday 30 August at 9am AEST. Pre-registration links and dial in details have been released separately.

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, 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 for customers 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.

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