



MARLEY SPOON

2019 FULL YEAR RESULTS

STRONG 2019 RESULTS – CONTINUED GROWTH AND MARGIN IMPROVEMENTS IN 2020, GUIDANCE REAFFIRMED

Berlin, Sydney, 27 February 2020: 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 year ended 31st December 2019 (“CY2019”).

HIGHLIGHTS

- CY2019 revenue exceeds guidance range: €130 million with 41% growth year on year (YOY)
- Global Contribution Margin (CM) at 25%, up 4 pts YOY, exiting at 28.6% in Q4 2019
- Strong finish to year with positive operating EBITDA trajectory: H2 loss narrowed to -€12 million from -€20 million in H2 2018, Q4 2019 at -€2.4 million
- Australia segment performing well: H2 2019 revenues +60% compared to prior corresponding period (PCP), operating EBITDA positive from Q2 to Q4 2019
- Net loss for the period improved €6.3 million to -€34.9 million YOY
- 2020 guidance affirmed - another year of robust growth with operating EBITDA expected to turn positive by year end

Marley Spoon CEO, Fabian Siegel highlighted, “We are pleased to have delivered a strong performance in CY2019, with all our segments showing improvements. The foundations we have built at Marley Spoon are supporting robust revenue growth, significant margin expansion and an improving profit trajectory.”

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In CY2019, Marley Spoon delivered 22 million meals to customers globally for a net revenue of €130 million (~A\$210 million), an increase of 41% YOY, exceeding the previously guided range. The Contribution Margin for the year also hit a new high with a rise of 4 points to 25%, in line with our guidance from a year ago.

With the structural switch to online grocery sales very much still in its infancy, we expect to deliver continued revenue growth and positive operating EBITDA at the end of 2020."

Strong CY2019 topline growth

In CY2019, Marley Spoon increased net revenues 41% to €130million (~A\$210 million), exceeding the previous guidance range. H2 2019 revenue grew 30% YOY to EUR 68 million.

This growth was achieved with lower customer acquisition costs, which dropped from €66 to €62 YOY, on the back of increases in active customers (+6% YOY), basket size (+2% YOY), and continued strong repeat purchases (92% of revenue, up 1 pt from CY2018). Marketing expenses as percentage of revenue represented 26% of revenues for CY2019 and 24% in the second half of the year, compared to 33% in both prior year periods.

Continuous operational improvements

In CY2019, the Company continued to invest into operational improvements and benefited from the consolidation in its European operations as well as from overall increased scale. This resulted in CM landing at 25% for the year, within the previously guided range, up 4 pts compared to CY2018. In H2 2019, CM improved to 26%, up 6 pts compared to H2 2018.

Operating Contribution Margin (Operating CM), defined as CM excluding the impacts of marketing vouchers and fixed costs such as expenses relating to manufacturing centre leases, reached 34.6% in H2 2019. The Company believes that Operating Contribution Margin provides investors with a metric that provides transparency of the incremental margin for each returning customer order and allows for predicting operational performance as the business continues to scale.

SEGMENT REVIEW

Australia

- CY2019 revenue up 51% YOY, 54% on a constant currency basis ... H2 2019 revenue up by 60% compared to H2 2018
- CY2019 and H2 2019 CM at 33% ... Operating CM reached 40% in H2 2019
- Positive operating EBITDA in H2 2019, as achieved in Q2 2019

The Australian business delivered a record result in H2 2019 with revenues of €27.6 million and a CM of 33%. For CY2019, revenues reached €48.8 million (~A\$ 79 million).

Marley Spoon is working closely with Woolworths Group to deliver the full financial benefits from the strategic partnership entered into in June of 2019, which should further support the Australian segment's performance going forward.

The bushfires have impacted a large number of people and communities across many parts of Australia. Marley Spoon is committed to supporting its Australian suppliers and participating in bush fire relief initiatives. While the Company currently does not see any significant impact on its food supply chain, it continues to monitor the situation and has put in place contingency plans.

United States

- CY2019 revenue up 52% YOY, 44% on a constant currency basis ... H2 2019 revenue +24%
- CY2019 and H2 2019 CM significantly improved to 20% ... Operating CM 29% in H2 2019

Revenues in the US continued to grow strongly with both brands, Dinnerly as well as Martha and Marley Spoon, contributing. Growth in the 2nd half of 2019 was lower compared to a very strong H2 2018 driven by the prior year scale-up of Dinnerly. The CM for each of CY2019 and H2 2019 increased by 8 points YOY to 20%. These improvements were driven by increased labour productivity and quality in the Company's manufacturing centres as well as scale benefits in purchasing.

Europe

- CY2019 revenue up 8% YOY ... H2 2019 revenue contracted by 2%
- CY2019 CM at 20%, H2 2019 reached 23% ... Operating CM 30% in H2 2019

The slower growth in European revenues was due to the operational challenges related to the changes in the Company's manufacturing footprint in H1 2019. This led to paring back of customer acquisition activity in 2019. After resolving these challenges in H2 2019 and consolidating all European manufacturing activities in the Netherlands, CM has been trending up again with H2 2019 up 4 pts YOY (CY2019 +2 pts).

These improvements in 2019 are positioning the Company's European business for growth in 2020, also driven by a larger geographical reach: Deliveries to Denmark and Sweden were launched in October 2019 and January 2020, respectively.

Group Income Statement snapshot H2 and CY2019

€ in millions (audited)	2H19	2H18	VPY	V%	CY2019	CY2018	VPY	V%
Revenue	68.3	52.5	15.8	30%	129.6	92.0	37.6	41%
Cost of goods sold	37.4	31.2	6.2	20%	71.8	54.2	17.6	32%
<i>% of revenue</i>	55%	59%	(4) pts		55%	59%	(4) pts	
Fulfilment expenses	13.2	10.6	2.7	25%	25.5	18.5	7.0	38%
<i>% of revenue</i>	19%	20%	(1) pt		20%	20%	-	
Contribution margin (CM)	17.7	10.7	7.0	64%	32.4	19.4	13.0	67%
<i>% of revenue</i>	26%	20%	6 pts		25%	21%	4 pts	
<i>Operating CM %</i>	34.6%	31.1%	3.5 pts		34.1%	31.6%	2.5 pts	
Marketing expenses	16.2	17.5	(1.3)	(7)%	34.2	30.0	4.2	14%
<i>% of revenue</i>	24%	33%	(9) pts		26%	33%	(7) pts	
G&A expenses	16.5	13.8	2.7	20%	32.9	25.4	7.5	30%
<i>% of revenue</i>	24%	26%	(2) pts		25%	28%	(3) pts	
EBIT	(15.1)	(20.5)	5.5	27%	(34.7)	(36.0)	1.3	4%
Operating EBITDA	(12.5)	(20.3)	7.4	38%	(29.7)	(34.4)	4.7	14%
<i>% of revenue</i>	(18)%	(39)%	21 pts		(23)%	(37)%	14 pts	

Cash flows and cash position

Cash flows from operating activities remained at -€30 million in CY2019, the same as in CY2018. The main driver for this continues to be the Company's investment into growth via new customer acquisitions, with ~€37 million in marketing related expenditures over the course of CY2019. At the same time, net working capital continuously improved in CY2019, generating ~€1 million in cash. Marley Spoon had total capital expenditures of €6 million in CY2019, an increase of ~€1 million from prior year. The investments mainly went into manufacturing centre build-outs, manufacturing automation equipment as well as software.

The Company funded its operating and investing outflows through several convertible bond, loan and equity financings in CY2019 for a net inflow of €33 million, mainly from Woolworths Group, Union Square Ventures, WTI, and Acacia. All in all, the cash balance decreased by ~€3 million YOY to €5.4 million at the end of 2019. This does not yet reflect the additional US\$2.5 million investment by Union Square Ventures, which was announced separately at the end of January 2020, and the second tranche of US\$7.5 million from WTI, which the Company expects to receive in mid-2020.

2020 GUIDANCE AFFIRMED

- Marley Spoon is well positioned to drive robust revenue growth, around 30% YOY, with continued Contribution Margin and operating EBITDA margin improvements: CM improvements are likely to continue at a similar pace to that achieved in CYs 2018 & 2019.
- H2 2019 marks the point from which operating EBITDA losses in each half-year period are lower than in the PCP.
- The Company expects to turn operating EBITDA positive by the end of CY2020.
- Key sensitivities for the above include:
 - The rate and timing of expected improvements in Contribution Margin
 - Timing and scale of marketing investments to drive further growth
 - Timeframe for delivery of the anticipated growth and synergy benefits from the strategic partnership with Woolworths Group

INVESTOR CONFERENCE CALL

An investor conference call will be held at 9.30 am AEDT on 27 February 2020. 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 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.