

Appendix 4C – Q1 2020 & Business Activity Report and Investor Call

MARLEY SPOON DELIVERS STRONG Q1 REVENUE GROWTH AND POSITIVE OPERATING CASH FLOW - SURGE IN ONLINE ORDERS FOR HOME COOKING, ACCELERATING GROWTH AND PATH TO PROFITABILITY

Berlin, Sydney, 28 April 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 quarter ended 31st March 2020 (“Q1 2020”) (unaudited).

Management will present a business update to investors on a conference call at 9.00am AEST on Thursday 29th April – call details have been released separately.

HIGHLIGHTS

- Q1 2020 revenue at €42.8m, +46% versus prior corresponding period (PCP) with growth accelerating at the end of the quarter due to the COVID-19 crisis
- Since mid-March, experiencing a surge in demand globally, leading to €22m revenue during calendar weeks 14-17 of 2020, more than double compared to the PCP
- Achieved positive operating cash flow on a global basis in Q1
- Significantly reduced customer acquisition costs recently due to inbound interest and lower advertising rates
- Global Contribution Margin (CM) in Q1 at record 29.5%, up 5 pts year over year (YOY)
- Continued positive operating EBITDA trajectory: Q1 loss at €6.4 million vs €12.2 million in PCP
- Path to profitability accelerated: MMM now expects to achieve positive operating EBITDA on a group level in Q2 2020

COMPANY INFORMATION:
Fabian Siegel, Marley Spoon
CEO
fabian@marleyspoon.com

INVESTOR QUERIES:
Michael Brown, Pegasus
0400 248 080
mbrown@pegasusadvisory.com.au

REGISTERED ADDRESS:
Paul-Lincke-Ufer 39/40
10999 Berlin
Germany

Marley Spoon CEO, Fabian Siegel highlighted, *“Q1 2020 saw strong performance for both growth as well as operational efficiency even before the sharp uplift due to the COVID-19 crisis. All regions showed double digit growth in Q1 and we reached a record contribution margin. This led to material operating EBITDA and cashflow improvements year over year.”*

“Since the start of the COVID-19 pandemic we have seen a surge in demand as customers are staying home and are looking for reliable and safe ways to cook for their families. Having been able to operate as an essential service, the team at Marley Spoon has risen to the occasion, creating additional capacity in order to serve our customers during these difficult times, while prioritising the safety of our staff. This has led to record revenue and more than 100% growth in April, paired with very attractive customer acquisition costs. This new environment is a strong tailwind for our business, and as a result, our path to profitability is being accelerated.”

Q1 2020 BUSINESS UPDATE

Marley Spoon has reported a record revenue of €42.8 million for the first quarter in 2020, an increase of 46% on PCP, or 48% excluding FX impacts. This is an acceleration of the Company’s growth rate compared to CY 2019.

This growth was achieved with improved marketing efficiency. Marketing expenses as a percentage of revenue represented 27% of revenue in the quarter, compared to 41% in the PCP.

Contribution margin reached a record of 29.5% and 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 38% in Q1, also an all-time high.

Operating EBITDA loss almost halved to €6.4 million compared to a loss of €12.2 million in Q1 2019.

At the beginning of Q2, the company extended its licensing partnership with Martha Stewart Living Omnimedia by one year until end of CY 2023 and restructured its royalty payments leading to reduced yearly payments going forward as well as a one-time gain in Q2 2020 of ~€1m.

CORONA VIRUS CAUSES SURGE IN DEMAND ACROSS ALL MARKETS

The outbreak of COVID-19 and government countermeasures have been causing a surge in demand for Marley Spoon’s home delivered meal kits in all markets since the middle of March. While COVID-19 and future governmental responses may impact our performance, for example as a result of disruptions to our supply chain, the Company has to date been able to manage this significant scale up, upholding high levels of food safety and fulfilment rates, as well as safeguarding the health of its employees.

The expansion of the Company’s workforce and overall production capacity globally has enabled the Company to fulfil customer orders with a revenue of €22 million in the 4-week period from calendar week 14 to 17 of 2020, more than double vs the PCP.

Marley Spoon's food supply chain has proven resilient to date and the Company has generally been able to adapt menu choices to respond to food shortages or price increases. Customer acquisition costs and marketing expenses have dropped significantly since mid-March. The Company expects to continue to benefit from a favourable advertising environment for the foreseeable future.

While the Company is experiencing a strong surge in demand in Q2, and is supported by structural tailwinds as grocery shopping increasingly shifts online, it is difficult to confidently predict the outlook for the remainder of the year. The future lifting of work and travel restrictions should result in some level of normalization of customer behaviour with the potential for a softening of currently strong order frequencies, and average order sizes.

CASH FLOW

Thanks to the strong operational performance, including significant, mostly seasonal and volume related improvements in working capital, the Company achieved a positive operating cash flow for the first time in Q1 2020 at €0.5m.

The cash balance increased from €5.4m at year-end 2019 to €5.9m at the end of Q1.

SEGMENT REVIEW

Australia

- Q1-20 revenue up +56% compared to PCP, or 70% excluding FX impacts
- CM improved to 38%; Operating CM reached 45%, up 7 pts YOY
- Break-even on operating EBITDA basis again, despite almost doubling marketing spend vs Q4 2019; thereby positive over the last twelve months

The Australian business delivered a record result in Q1 with revenues of €14.8 million, with both of the Company's brands contributing, and a CM of 38%, which is an increase of 6 points on the PCP. This margin increase was achieved despite challenges due to the bush fires early in the quarter, demonstrating the resilience and flexibility of Marley Spoon's supply chain and operating model.

United States

- Q1-20 revenue up +56% versus PCP, or 51% excluding FX impacts
- CM improved to 26%; Operating CM 36%, up 7 pts YOY
- Operating EBITDA loss halved to ~€3m YOY, improved from -42% to -14% of revenue

Revenues in the US rose to €20.4 million, helped by strong growth in both Martha & Marley Spoon and Dinnerly, with CM increasing by 5 points to 26%. These improvements were mainly driven by increased productivity and quality in the Company's manufacturing centres, continuing the positive trend from the fourth quarter of 2019.

Europe

- Q1-20 revenue up +11% versus PCP
- CM was at 21%; Operating CM 30%, up 2 pts YOY
- Operating EBITDA loss improved from €5m to €3m YOY (including global HQ costs)

Growth in Marley Spoon's business in Europe has picked up and revenue increased to €7.6 million. CM for Q1 increased by 1 point compared to PCP to 21%, mainly driven by higher productivity in the Company's manufacturing centre. Marley Spoon's launch in the Nordics (Denmark & Sweden) showed good traction in Q1, and the Company expects the European business to contribute to global growth throughout 2020.

KEY OPERATING METRICS

Marley Spoon ended Q1 with 240,000 active customers, up 26% YOY, which on average generated 3.9 orders in the quarter, up from 3.7 orders per customer in the PCP. On average, Q1 net order value was up to €45.6, a rise of 9% on the PCP.

Preliminary & unaudited	Q1 20	Q1 19	V%
Group			
Active customers ¹ (k)	240	190	26%
Number of orders (k)	945	705	34%
Orders per customer	3.9	3.7	5%
Meals (m)	7.5	5.1	46%
Avg. order value (€, net)	45.6	41.7	9%
Australia			
Active customers ¹ (k)	81	50	62%
Number of orders (k)	327	209	57%
Meals (m)	2.7	1.6	69%
USA			
Active customers ¹ (k)	117	100	17%
Number of orders (k)	432	316	37%
Meals (m)	3.4	2.2	55%
Europe			
Active customers ¹ (k)	42	40	5%
Number of orders (k)	186	180	3%
Meals (m)	1.4	1.3	8%

¹ Active Customers are customers who have purchased a Marley Spoon or Dinnerly meal kit at least once over the past 3 months

2020 GUIDANCE

- Marley Spoon is expecting stronger revenue growth than its previous guidance of ~30% YOY growth for CY 2020. However, the Company is currently unable to quantify expected growth above this level beyond the next several weeks, as there is no precedent for the current significant, accelerated shift in consumer behaviour to online ordering for groceries and home cooking.
- Contribution Margin has already reached the previously guided level for the year with 29% in Q1.
- The Company expects to turn operating EBITDA positive on a group level for the first time in Q2 2020 (previously expected in late 2020).

INVESTOR CONFERENCE CALL

An investor conference call will be held at 9.00 am AEST on 29 April 2020. Pre-registration links and dial in details have been released separately.

END

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.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Marley Spoon AG

ABN

Not applicable

Quarter ended ("current quarter")

31 March 2020

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	43,031	43,031
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(25,967)	(25,967)
(c) advertising and marketing	(7,562)	(7,562)
(d) leased assets	-	-
(e) staff costs	-	-
(f) administration and corporate costs	(8,721)	(8,721)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	(291)	(291)
1.6 Income taxes paid	(7)	(7)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	485	485

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	(461)	(461)
	(d) investments		
	(e) intellectual property	(840)	(840)
	(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	(1,301)	(1,301)

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	2,267	2,267
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(45)	(45)
3.5	Proceeds from borrowings	395	395
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings	(145)	(145)
3.8	Dividends paid		
3.9	Other (provide details if material) ¹	(1,072)	(1,072)
3.10	Net cash from / (used in) financing activities	1,400	1,400

¹ IFRS 16

Quarterly cash flow report for entities subject to Listing Rule 4.7B

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,433	5,433
4.2	Net cash from / (used in) operating activities (item 1.9 above)	485	485
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,301)	(1,301)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,400	1,400
4.5	Effect of movement in exchange rates on cash held	(150)	(150)
4.6	Cash and cash equivalents at end of period	5,867	5,867

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	5,867	5,867
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)	5,867	5,867

6. Payments to related parties of the entity and their associates

6.1	Aggregate amount of payments to related parties and their associates included in item 1	91
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

**Current quarter
€ '000**

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7. Financing facilities

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.

	Total facility amount at quarter end € '000	Amount drawn at quarter end € '000
7.1 Loan facilities	43,080	43,080
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	43,080	43,080

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 in the notes to the financial statements in the Marley Spoon 2019 annual report. Additionally, effective 29 January 2020, the Company and USV entered into another unsecured commercial loan agreement, this time in the aggregate amount of USD 2.5m, with a term of 3 years. It bears interest at a fixed rate of 12% p.a., which will only become payable if the Company does not elect to substitute the loan with convertible bonds in the same aggregate amount.

8. Estimated cash available for future operating activities	€ '000
8.1 Net cash from / (used in) operating activities (Item 1.9)	485
8.2 Cash and cash equivalents at quarter end (Item 4.6)	5,867
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	5,867
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	N/A

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

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:

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:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

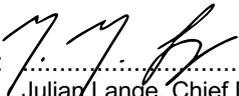
Answer:

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: 28 April 2020

Authorised by: 
 Fabian Siegel, Chief Executive Officer,
 Chairman of the Management Board (*Vorstandsvorsitzender*) and Co-Founder

Authorised by: 
 Julian Lange, Chief Financial 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.