



Appendix 4C – Q4 2020 & Business Activity Report

MARLEY SPOON DOUBLES REVENUE IN 2020 WITH STRONG GROWTH DRIVEN BY THE US

Berlin, Sydney, 28 January 2021: 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 December 2020 (“Q4 2020”) (unaudited) and guidance for FY21.

Conference Call

Management will present a business update to investors on a conference call at 9:00 am AEDT on 29 January 2021 – call details have been released separately to ASX.

Q4 Highlights

- FY2020* revenue at €254m delivered within guidance range: +96% growth year-on-year (YOY) and +101% growth at constant currency
- Q4 2020 revenue at €69m, +95% versus the prior corresponding period (PCP), +103% on a constant currency basis
- US performing strongly: Q4 revenue +146% versus PCP on a constant currency basis
- Four quarters of sequential growth in Active Subscribers (as defined below)
- Contribution Margin (CM) for Q4 2020 at 29% globally
- Third consecutive quarter of positive Operating EBITDA, at €1m in Q4 2020
- Operating cash flow of €(3.6)m in Q4 2020, with total year-end cash balance at €34.4m

*FY2020 audited results are expected to be released to ASX in late February 2021.

Marley Spoon CEO, Fabian Siegel, highlighted, “We are pleased to finish 2020 strongly with another sequential quarter of subscriber growth and profitability. 2020 was a significant year for Marley Spoon as we doubled revenue in a challenging operational environment and invested in the foundations for future

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growth. We truly appreciate the contributions from all our team members and the great support from our growing number of subscribers.

We continue to see opportunities to invest in new customer growth at attractive unit economics. That, combined with our investments in expanding manufacturing capacity, developing our digital technology platform, and further strengthening our management team, positions us well for the next year. We are encouraged by the continued adoption of online grocery shopping by consumers, a trend we are well-poised to capitalise on given the potential of our direct-to-consumer engagement capabilities.”

Q4 2020 BUSINESS UPDATE

Marley Spoon has reported revenue of €68.6 million for the fourth quarter in 2020, an increase of 95% vs. PCP, or 103% vs. PCP on a constant currency basis, i.e., excluding the impact of foreign exchange (FX) movements.

The growth was driven by all regions with the US leading at 146% growth (at constant FX) compared to PCP. The business continued to see elevated frequency and average order sizes, as well as overall better unit economics, compared to the period before the COVID-19 pandemic.

In order to take advantage of these favourable unit economics, the Company invested more heavily in marketing to continue building its base of Active Subscribers and recurring revenues. Marketing efficiency improved with marketing expenses as a percentage of revenue decreasing to 12% in the quarter, compared to 17% in the PCP.

Globally, CM reached 29% 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 37% in Q4. The quarterly margin performance was impacted by temporary operational challenges related to COVID-19 and the peak ecommerce holiday season, particularly as it concerned staffing in the Company's manufacturing centres in the US and Europe. Those challenges are expected to ease throughout 2021 as we leave the peak periods behind and the global vaccine rollout gains more traction.

In Q4 the Company continued to invest in its technology platform to support future scale and broaden consumer offerings. Major milestones included completing a global roll-out of its new ERP system and finalised its in-production machine learning infrastructure which is currently operating Marley Spoon's taste profile algorithm and demand forecasting models.

The Company realised its third consecutive quarter of profitability, landing Operating EBITDA at €1.2 million, compared to a loss of €2.4 million in Q4 2019. Overall, the Company grew its global revenue in 2020 by 101% at constant currency, significantly strengthened its balance sheet and achieved critical scale to achieve profitability for the last three quarters of the year 2020.

SEGMENT REVIEW

United States

- Q4-20 revenue is up 129% compared to PCP, or 146% excluding FX impacts
- CM at 26%; Operating CM reached 34%, up 3 pts YOY
- Positive operating EBITDA in Q4 of nearly €2 million

The US had a very strong fourth quarter as a result of continued demand across both its Martha Stewart & Marley Spoon and Dinnerly brands, as well as category growth. The Company was well positioned to respond to the favourable acquisition environment leading to above-plan topline performance.

Operational headwinds, such as wage increases and labour shortages, related to the COVID-19 pandemic and the peak ecommerce holiday season, were partially offset by a logistics improvement program. Marley Spoon expects these challenges to subside throughout 2021, while a price increase implemented at the end of December, the first increase in five years, should also help offset these headwinds.

Australia

- Q4-20 revenue up 59% compared to PCP, or 60% excluding FX impacts
- CM at 36%; Operating CM reached 42%, flat YOY
- Operating EBITDA 13% of revenue in Q4, or nearly €3 million

Australia delivered solid YOY growth while seeing some normalisation impact, as parts of the country came out of lockdown and summer weather arrived. The Company took advantage of continuing favourable acquisition environments in the US and EU, rebalancing marketing budgets to those regions. Despite the normalisation, Australian customer loyalty has not been adversely affected.

Operationally, Australia continued to deliver strong performance, with CM in line with the full year at 36%. A new fulfillment centre in Western Australia (Perth) successfully opened in December with the launch of Dinnerly in the region.

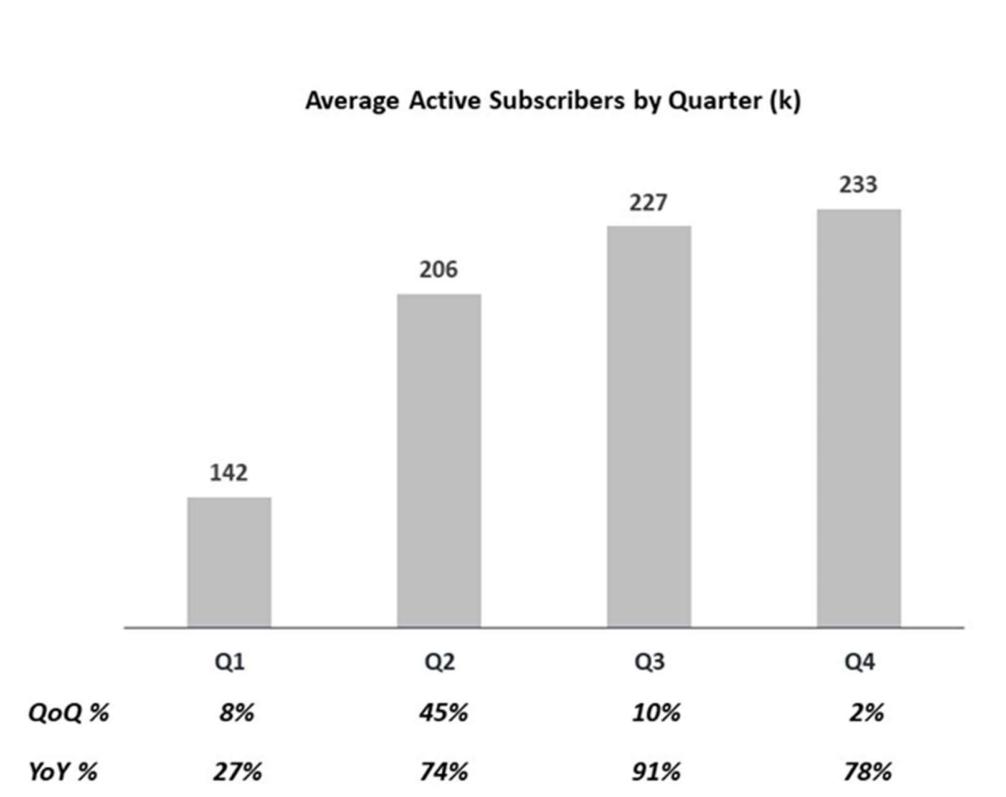
Europe

- Q4-20 revenue up 95% compared to PCP
- CM at 25%; Operating CM reached 34%, up 2 pts YOY
- Operating EBITDA at breakeven excluding global headquarter costs

Europe benefited from a very favourable growth environment with strong demand, allowing the Company to exceed growth plans at attractive unit economics. Operationally, Europe saw improvements in food costs due to a savings initiative but also experienced COVID-related headwinds including workforce challenges and logistics cost increases. The Company expects those to ease in 2021. Finally, the Company welcomed a new CEO for Europe, Ebony Morczinek, who joined Marley Spoon December 1, 2020.

KEY OPERATING METRICS

In order to better reflect the true growth of the Company's customer base while accounting for the seasonality in the business, the Company is introducing a new metric called Active Subscribers. This KPI tracks the number of customers who have an active subscription (i.e., ordered or skipped a delivery) on an average weekly basis during the quarter. The Company believes Active Subscribers is a better indicator of the development of the business since it reduces the impact of one-time trial customers, particularly in a quarter which is influenced by swings in acquisition activities.



Marley Spoon enjoyed four consecutive quarters of Active Subscriber growth, with Q4 landing at 233k Active Subscribers, up 78% YOY. These subscribers generated on average 6.6 orders per subscriber in the quarter, up vs. 6.1 orders per subscriber in the PCP. On average, Q4 net order value reached €44.6, a rise of 2% on the PCP. On a constant currency basis, net order value was €46.5, up 6% YOY.

The previous metric, Active Customers, defined as customers who have purchased a Marley Spoon or Dinnerly meal kit at least once over the past three months, remains shown in the table below for illustrative purposes.

<i>preliminary & unaudited</i>	Q4 20	Q4 19	V%	CY2020	CY2019	V%
Group						
Active customers ¹ (k)	327	182	80%			
Active subscribers ² (k)	233	131	78%			
Number of orders (k)	1,536	800	92%	5,622	2,969	89%
Orders per customer	4.7	4.4	7%			
Orders per subscriber	6.6	6.1	8%			
Meals (m)	12.8	6.2	106%	46.7	22.4	109%
Avg. order value (€, net)	44.6	43.9	2%	45.2	43.6	4%
Australia						
Active customers ¹ (k)	99	68	46%			
Active subscribers ² (k)	69	45	53%			
Number of orders (k)	466	300	55%	1,848	1,070	73%
Meals (m)	4.1	2.4	70%	16.2	8.6	88%
USA						
Active customers ¹ (k)	161	80	101%			
Active subscribers ² (k)	114	56	104%			
Number of orders (k)	760	339	124%	2,761	1,272	117%
Meals (m)	6.3	2.6	142%	22.8	9.4	142%
Europe						
Active customers ¹ (k)	67	35	91%			
Active subscribers ² (k)	50	30	67%			
Number of orders (k)	310	161	92%	1,014	627	62%
Meals (m)	2.4	1.2	100%	7.8	4.5	73%

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

² Active Subscribers are customers who have an active subscription (i.e., ordered or skipped a delivery) on an average weekly basis during the quarter; the Q4 figure factors only the first day of Week 53 in the quarterly average given Marley Spoon's weekly production cut-offs.

CASH FLOW

Marley Spoon generated a cash flow from operating activities (CFOA) of €(3.6)m in Q4 2020, an improvement of nearly €4m compared to the PCP. The negative CFOA was driven by seasonal working capital effects.

Cash from investing activities was €(2.5)m for the quarter while cash from financing activities landed at €24.3m, driven by the completion of a A\$56m institutional placement to accelerate the Company's global growth strategy in October (ASX release of 26/10/2020). The capital raise was offset by the €6.8m repayment of senior secured debt to Western Technology Investment (ASX release of 16/11/2020). The Company's overall cash balance increased from €5.4 million at the end of 2019 to €34.4 million at the end of 2020.

In addition to the October capital raise, in Q4 the Company saw the conversion of interest-bearing bonds to equity, for an amount of €61.2m, by Union Square Ventures and Acacia Conservation Fund, LP and Acacia Conservation Master Fund (Offshore), LP (ASX release of 16/11/2020), which contributed to simplifying and deleveraging the Company's balance sheet.

Finally, for the fourth quarter, cash payments to related parties of the entity were €161 thousand in aggregate. These payments were personnel compensation for key executive management including the Chief Executive Officer and the Chief Financial Officer (the Management Board), the former Chief Financial Officer, and the Supervisory Board.

2021 GUIDANCE

Notwithstanding the COVID-19 related uncertainties in the US and Europe, the Company advises the following:

- Given the continued strong global growth in online meal kit adoption and retention of customers acquired in 2020, Marley Spoon is expecting to grow revenue between 25-30% YOY in 2021
- Marley Spoon expects CM in 2021 to improve to between 30-31%

Marley Spoon CEO, Fabian Siegel notes, "We have started FY2021 strong in all markets, with the US continuing to be our biggest growth opportunity. We see opportunities to continue to attract new customers and deliver them greater value, whether by expanding our consumer offering within our core business or exploring complementary verticals."

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

END

About Marley Spoon

Marley Spoon (ASX:MMM, 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, and Dinnerly, 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

Not Applicable

Quarter ended ("current quarter")

31 December 2020

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	67,436	254,568
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(51,183)	(172,025)
(c) advertising and marketing	(7,780)	(38,981)
(d) leased assets	-	-
(e) staff costs	-	-
(f) administration and corporate costs	(11,494)	(38,786)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	9	19
1.5 Interest and other costs of finance paid	(579)	(1,510)
1.6 Income taxes paid	(2)	(140)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(3,592)	3,145
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(1,819)	(5,234)
(d) investments	-	-
(e) intellectual property	(687)	(3,333)
(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	(2,506)	(8,567)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	33,857	43,828
3.2	Proceeds from issue of convertible debt securities	(0)	2,267
3.3	Proceeds from exercise of options	167	2,180
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(1,525)	(2,276)
3.5	Proceeds from borrowings	14	1,210
3.6	Repayment of borrowings	(7,100)	(7,576)
3.7	Transaction costs related to loans and borrowings	141	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(1,229)	(4,668)
3.10	Net cash from / (used in) financing activities	24,325	34,965
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	16,549	5,433
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,592)	3,145
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,506)	(8,567)

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)	24,325	34,964
4.5	Effect of movement in exchange rates on cash held	(337)	(535)
4.6	Cash and cash equivalents at end of period	34,440	34,440

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	34,434	16,548
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)	34,434	16,548

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	161
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
7.1	Loan facilities	21,550	21,550
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	21,550	21,550
7.5	Unused financing facilities available at quarter end		-
7.6	<p>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 2019 annual report.</p> <p>During the fourth quarter there were no new loan facilities added. The change from Q3 2020 reflects the conversion of convertible bonds by Union Square Ventures ("USV") and Acacia Conservation Fund, LP and Acacia Conservation Master Fund (Offshore), LP (collectively "Acacia").</p> <p>The Company also retired all outstanding debt payable to Western Technology Investment (WTI).</p> <p>The remaining facilities include a loan from Berliner Volksbank in the amount of €2.6m, asset financing in Australia of €2m, and two convertible bonds outstanding with an affiliate of Woolworths Group Ltd. (WOW), for a combined amount of €17m.</p>		

8.	Estimated cash available for future operating activities	€ '000
8.1	Net cash from / (used in) operating activities (item 1.9)	(3,592)
8.2	Cash and cash equivalents at quarter end (item 4.6)	34,440
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	34,440
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	9.6
8.6	<p>If item 8.5 is less than 2 quarters, please provide answers to the following questions:</p> <p>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?</p> <p>Answer: N/A</p>	

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: 28 January 2021

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*)

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.