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MARLEY SPOON

Appendix 4C – Q3 2020 & Business Activity Report

MARLEY SPOON CONTINUES STRONG REVENUE GROWTH IN Q3 – US MAIN DRIVER WITH +163% PCP

Berlin, Sydney, 22 October 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 30th September 2020 ("Q3 2020") (unaudited).

Conference Call

Management will present a business update to investors on a conference call at 6.00 pm AEDT on Thursday 22nd October – call details have been released separately to ASX.

Q3 Highlights

- Continued strong demand for Marley Spoon's meal-kits from new and existing customers contributes to Marley Spoon's growth momentum with favourable customer acquisition costs
- Q3 2020 revenue at €69.3m, +109% versus the prior corresponding period (PCP), +118% on a constant currency basis … US growth strongest with +163% on a constant currency basis
- Global Contribution Margin (CM) in Q3 at 28%, up 5 pts year-on-year (YOY)
- Positive Operating EBITDA of €0.4m
- Operating cash flow of -€1.3m in Q3 2020, €6.7m year-to-date . . . cash balance at 16.5m
- Marley Spoon now expects FY20 revenue to increase by between 90% - 100% YOY (previous guidance range 80% - 100%)

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Marley Spoon CEO, Fabian Siegel, highlighted, "*We are pleased to report continued strong growth. Revenue again more than doubled, with Q3 reporting an increase of 118% versus the PCP on a constant currency basis.*

We saw good demand across all regions as more consumers adopt online grocery shopping. This demand, combined with a favourable customer acquisition environment, helped generate better than usual unit economics. As a result, we were able to re-invest for growth, while again delivering contribution margin expansion and an overall positive Operating EBITDA quarter.

"In 2020, many new customers will have experienced the advantages of ordering online and cooking with a meal-kit versus going to the traditional supermarket. We expect to continue to build scale and maintain our high levels of customer retention as the channel switch from offline to online shopping continues. This enables us to narrow our previous revenue guidance range for the year to the upper end of our previous guidance. We now expect to grow full year 2020 revenue by 90% - 100% YOY. Furthermore, with the increase in production capacity and continued structural shift to online grocery shopping, we are well positioned to drive growth next year and beyond."

Q3 2020 BUSINESS UPDATE

In the third quarter of 2020 the Company continued to experience strong demand for its meal-kits from existing and new customers. While order frequency and average order sizes retreated from their peaks seen at the beginning of the pandemic during Q2, they remained above pre-COVID19 levels throughout the quarter.

New customer acquisition cost continues to be positively impacted by high customer demand and offline to online channel-switch dynamics. The combination of higher frequency and order sizes combined with lower acquisition cost led to unit economics that were favourable compared to prior years.

The favourable customer demand paired with strong unit economics led the Company to invest further in the quarter and to optimize for growth, continuing to build up its back book of recurring revenue business, while keeping the overall business breakeven.

Overall, Marley Spoon has reported revenue of €69.3 million for the third quarter in 2020, an increase of 109% on PCP, or 118% excluding the impact of foreign exchange (FX) movements.

This growth was achieved with improved marketing efficiency. Marketing expenses as a percentage of revenue were 14% in the quarter, compared to 31% in the PCP.

Globally, CM reached 28% 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, ended at 37% in Q3. Both numbers show strong improvements YOY though also reflect some operational challenges in Q3 compared to the 2nd quarter. Compared to Q2 2020, CM was lower by two points due to increased sales discounts as part of higher investment in growth.

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The decision to take advantage of the strong unit economics and invest into growth still led to an overall positive Operating EBITDA of €0.4 compared to a loss of €10.1 million in Q3 2019.

CASH FLOW

Marley Spoon generated a cash flow from operating activities (CFOA) of -€1.3m in Q3 2020 driven by seasonal headwinds in working capital, which is an improvement of €4.3m compared to the PCP. For the nine months ended September 30, 2020 the cash flow from operating activities was €6.7m, an improvement of €29.6m vs. the PCP. This was driven by the Company's improved profitability and a favourable movement in net working capital in the first nine months of 2020.

The cash balance increased from €5.4 million at the end of 2019 to €16.5 million at the end of Q3 2020, which includes the impact of an equity raise of net €9.2 million in Q2 2020 and capital expenditures of €6.1 million in addition to the positive operating cash flow. For the 3rd quarter, the cash balance was down €1.8m vs. June 30, 2020, roughly in line with the operating cash flow.

SEGMENT REVIEW

Australia

- Q3-20 revenue up 84% compared to PCP, or 86% excluding FX impacts
- CM at 36%; Operating CM reached 43%, up 6 pts YOY
- Operating EBITDA 13% of revenue in Q3, or €3.4 million

The Australian business delivered strong growth and profitability in Q3 with revenues of €25.3 million, and a CM of 36%, which is an increase of 5 points on the PCP. The margin performance was influenced by the temporary shift of production volume from Melbourne to Sydney due to the Melbourne site being closed for most of August.

United States

- Q3-20 revenue up 145% compared to PCP, or 163% excluding FX impacts
- CM at 23%; Operating CM reached 32%, up 5 pts YOY
- Positive operating EBITDA in Q3 of €0.7 million

Q3 revenues in the US were at €34.2 million, helped by strong growth in both Martha & Marley Spoon and Dinnerly, with CM up 6 points year over year. While CM was up year over year, the quarter over quarter reduction was a result of strong investment in growth and the related higher sales discounts as well as temporary operational challenges due to COVID-19. Towards the end of the quarter, the Company

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completed an upgrade of its East Coast facility, expanding its refrigerated space, thereby adding further capacity to the Company's fast-growing US operations.

Europe

- Q3-20 revenue up 83% compared to PCP
- CM at 26%; Operating CM reached 35%, up 7 pts YOY
- Operating EBITDA loss of €0.6 million excluding global headquarter costs

Growth in Marley Spoon's business in Europe continued and revenue increased to €9.8 million for the quarter. CM for Q3 reached a new high at 26%, up 6 points compared to PCP, mainly driven by the past year's site consolidation efforts, higher productivity and scale benefits in purchasing. The Company launched its Dinnerly product line in Germany in July and has seen good initial traction.

KEY OPERATING METRICS

Marley Spoon ended Q3 with 362,000 active customers, up 86% YOY or 3% compared to the end of Q2 2020, which on average generated 4.3 orders per customer in the quarter, up from 3.9 orders per customer in the PCP and down from 4.4 in Q2. On average, Q3 net order value was up to €44.4, a rise of 2% on the PCP. On a constant currency basis, net order value was €46.1, up 6% YOY.

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preliminary & unaudited	Q3 20	Q3 19	V%
Group			
Active customers[1] (k)	362	195	86%
Number of orders (k)	1,563	758	106%
Orders per customer	4.3	3.9	11%
Meals (m)	13.1	5.9	123%
Avg. order value (€, net)	44.4	43.6	2%
Australia			
Active customers[1] (k)	123	74	66%
Number of orders (k)	545	313	74%
Meals (m)	4.8	2.5	91%
USA			
Active customers[1] (k)	180	89	103%
Number of orders (k)	772	311	148%
Meals (m)	6.4	2.4	171%
Europe			
Active customers[1] (k)	60	32	86%
Number of orders (k)	245	135	81%
Meals (m)	1.9	1.0	92%

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

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2020 GUIDANCE UPDATE

- Given the continued traction in online meal kit adoption, Marley Spoon is expecting to grow in the upper half of the previously guided revenue range, i.e. 90% - 100% YOY in CY2020.
- Marley Spoon maintains its past guidance on CM to improve similarly as in prior years to around 29% for the year.

INVESTOR CONFERENCE CALL

An investor conference call will be held at 6:00 pm AEDT on 22 October 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.

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

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Name of entity	
Marley Spoon AG	
ABN	**Quarter ended ("current quarter")**
Not applicable	30 September 2020

Consolidated statement of cash flows		**Current quarter € '000**	**Year to date (9 months) € '000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	70,320	187,132
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(47,844)	(120,843)
	(c) advertising and marketing	(12,862)	(31,201)
	(d) leased assets	-	-
	(e) staff costs	-	-
	(f) administration and corporate costs	(10,422)	(27,292)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	10
1.5	Interest and other costs of finance paid	(390)	(931)
1.6	Income taxes paid	(129)	(139)
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(1,326)**	**6,736**

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2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	(1,262)	(3,415)
	(d) investments		
	(e) intellectual property	(901)	(2,646)
	(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**	**(2,163)**	**(6,061)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	9	9,970
3.2	Proceeds from issue of convertible debt securities	-	2,267
3.3	Proceeds from exercise of options	2,013	2,013
3.4	Transaction costs related to issues of equity securities or convertible debt securities	31	(750)
3.5	Proceeds from borrowings	801	1,196
3.6	Repayment of borrowings	(165)	(476)
3.7	Transaction costs related to loans and borrowings	(15)	(141)
3.8	Dividends paid		
3.9	Other (provide details if material) [1]	(1,165)	(3,440)
3.10	**Net cash from / (used in) financing activities**	**1,509**	**10,639**

[1] IFRS 16

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	18,368	5,433
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,326)	6,736
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,163)	(6,061)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,509	10,639
4.5	Effect of movement in exchange rates on cash held	160	(199)
4.6	**Cash and cash equivalents at end of period**	**16,548**	**16,548**

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	16,548	18,368
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)**	**16,548**	**18,368**

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	97
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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

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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	44,778	44,778
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	44,778	44,778

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.

Effective September 22, 2020, the Australian entity and NAB entered into another equipment loan agreement in the aggregate amount of AUD 1.3m, with a term of 3 years.

8.	**Estimated cash available for future operating activities**	**€ '000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	6,726
8.2	Cash and cash equivalents at quarter end (Item 4.6)	16,548
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	16,548
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:

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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: 22 October 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.

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