



# MARLEY SPOON

## Appendix 4C – Q1 2021 & Business Activity Report

### MARLEY SPOON CONTINUES TO DELIVER ON GROWTH STRATEGY 81% REVENUE GROWTH IN Q1 2021, REVENUE GUIDANCE FOR FY2021 UPGRADED

Berlin, Sydney, 29 April 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 March 2021 (“Q1 2021”) (unaudited) and upgraded revenue guidance for FY21.

#### Conference Call

Management will present a business update to investors on a conference call at 6.00 pm AEST on 29th April – call details have been released separately to ASX.

#### Q1 Highlights

- Q1 2021 revenue at €77.4m, +81% versus the prior corresponding period (PCP), +83% on a constant currency basis, with all regions contributing strong growth
- Global Contribution Margin (CM) in Q1 at 28%
- Operating EBITDA of €(5.7)m driven by seasonal marketing investment
- Positive Operating Cash Flow of €5.3m in Q1 2021, with total cash balance at €38.4m
- FY21 net revenue guidance upgraded: the Company is now expecting FY21 revenue to increase by between 30-35% YOY

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Marley Spoon CEO, Fabian Siegel, highlighted, *"We are pleased with this strong start to the year across all our regions. We delivered a record quarter in terms of new customer acquisitions, subscriber numbers and absolute revenue, demonstrating an ability to deliver strong growth during both pandemic-related lockdowns and as markets reopen. We also overcame some operational challenges, notably weather-related headwinds from the floods in Australia and winter storms across the US and Europe.*

*Because of the strong growth in all of our markets and the continued demand for our services, we are upgrading our full-year revenue guidance as we continue to see opportunities to invest in new customer growth at attractive unit economics.*

*User behavior across the regions has mostly normalized to its pre-COVID state. While COVID19 brought forward the structural shift online, the penetration rate of online grocery is still in its infancy. The dramatic growth we have seen across all e-commerce verticals in 2020 has created some temporary operational challenges in logistics, labor and supply chain infrastructure in the industry. As the consumer switch to online shopping in our categories continues, and as our team grows, we will be focused on managing these operational challenges while we continue to build further scale in our large addressable markets and deliver ongoing growth through strengthening our direct-to-consumer brands."*

#### **Q1 2021 BUSINESS UPDATE**

Marley Spoon reported revenue of €77.4 million for the first quarter in 2021, an increase of 81% vs. PCP, or 83% excluding the impact of foreign exchange (FX) movements.

The growth was driven by all regions with Europe leading at 108% growth compared to the PCP. The business is now experiencing normalized customer behavior compared to pre-COVID times, while unit economics remain attractive.

As is typical in Q1, a seasonally strong growth quarter for the business, the Company invested more heavily into marketing to continue building up its back-book of recurring business. Marketing efficiency improved with marketing expenses as a percentage of revenue declining to 20% in the quarter, compared to 27% in the PCP.

Globally, CM reached 28%. 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 globally. The quarterly margin performance was impacted by both weather-related operational challenges (Australia floods, winter storms across the US/EU) and infrastructure-related issues across supply chain, labor and logistics driven by the general, ongoing e-commerce boom. The increased investment in marketing led to a higher marketing voucher share, also impacting CM.

Given the seasonal strong marketing investments in Q1, the Company posted an Operating EBITDA loss of €(5.7)m in the quarter while generating positive operating cash flow of €5.3m.

## SEGMENT REVIEW

### United States

- Q1-21 revenue is up 82% compared to the PCP, or 98% excluding the impact of FX
- CM at 28%; Operating CM reached 39%, up 3 pts YOY
- Delivered breakeven Operating EBITDA in Q1

The US had a strong start to the year thanks to continued demand across both its Martha Stewart & Marley Spoon and Dinnerly brands. The favorable acquisition environment led to strong topline performance despite the unprecedented winter storm in Texas and storms in the Northeast that caused order cancellations as delivery of supplies and outbound logistics came to a halt.

We also saw margin expansion in the region, in both CM and Operating CM, versus the PCP as a result of a price increase at the end of 2020. This margin expansion was partly offset by the weather-related operational cost headwinds. Furthermore, the boom in e-commerce combined with an overall shortage of labor in the logistics industry led to a degradation in logistics performance beyond the weather-related disruptions. To counter these issues, Marley Spoon has started to further diversify its last mile logistics network to improve performance and mitigate disruptions.

### Australia

- Q1-21 revenue up 65% compared to the PCP, or 50% excluding the impact of FX
- CM at 33%; Operating CM reached 42%, down 3pts YOY
- Australia also delivered breakeven Operating EBITDA in Q1

Australia delivered solid YOY revenue growth which accelerated during the quarter with the Company's new operations in Western Australia contributing to this trend. The ramp-up in the new fulfillment center, combined with a greater share of marketing vouchers and a different brand mix due to the growth of our budget brand Dinnerly, contributed to a lower margin profile compared to the prior year. A new, enlarged fulfillment center in Sydney is on track to be opened at the end of Q2 2021.

### Europe

- Q1-21 revenue up 108% compared to PCP
- CM at 20%; Operating CM reached 31%, up 1 pt YOY
- Operating EBITDA loss of €(1) million excluding global headquarter costs

Europe continued to benefit from a very favorable growth environment with strong demand, allowing the Company to exceed growth plans at attractive unit economics. Operationally, Europe also experienced weather-related challenges due to extreme winter storms. At the same time, the Company introduced its newest manufacturing technology, expected to significantly improve picking quality and productivity. The launch of this next-generation manufacturing technology incurred some one-off ramp-up costs in the quarter.

## KEY OPERATING METRICS

Marley Spoon enjoyed continued strong, sequential Active Subscriber growth, with Q1 ending with 252k Active Subscribers, up 86% YOY. These subscribers generated on average 7 orders per subscriber in the quarter, down slightly versus the PCP. On average, Q1 net order value reached €44.3, a rise of 1% on the PCP. On a constant currency basis, net order value was €44.8, up 2% YOY.

<i>preliminary &amp; unaudited</i>	<b>Q1 21</b>	<b>Q1 20</b>	<b>v%</b>
<b>Group</b>			
Active customers <sup>1</sup> (k)	412	241	71%
Active subscribers <sup>2</sup> (k)	252	136	86%
Number of orders (k)	1,749	972	80%
Orders per customer	4.2	4.0	5%
Orders per subscriber	6.9	7.2	-3%
Meals (m)	14.5	7.7	89%
Avg. order value (€, net)	44.3	44.0	1%
<b>Australia</b>			
Active customers <sup>1</sup> (k)	123	81	51%
Active subscribers <sup>2</sup> (k)	70	43	61%
Number of orders (k)	526	334	58%
Meals (m)	4.6	2.8	67%
<b>USA</b>			
Active customers <sup>1</sup> (k)	196	117	67%
Active subscribers <sup>2</sup> (k)	120	62	93%
Number of orders (k)	813	449	81%
Meals (m)	6.7	3.5	90%
<b>Europe</b>			
Active customers <sup>1</sup> (k)	93	42	122%
Active subscribers <sup>2</sup> (k)	62	30	107%
Number of orders (k)	410	190	116%
Meals (m)	3.2	1.4	128%

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 ordered or skipped a Marley Spoon or Dinnerly meal kit, on an average weekly basis, during the quarter.

## CASH FLOW

The Company delivered a strong cash position in the quarter, with cash from operating activities of €5.3m versus €0.5m in the PCP. This was driven by seasonal cash flow dynamics as well as the strong sales

performance in the quarter. Cash from investing activities was €(3.1)m. This includes investments in the Company's new manufacturing technology in Europe and fulfillment center expansion in Australia and the US.

The Company's overall cash position at the end of Q1 2021 is €38.4m, an increase of €4m versus the end of last year, owing in part to an increase in our credit line from Berliner Volksbank of €2.5m (for a total line of €5m). Q1 2021 cash represents an increase versus the PCP of €32.6m.

#### **2021 REVENUE GUIDANCE UPGRADED**

- Given the continued global traction in online meal kit adoption and retention of customers acquired in 2020, Marley Spoon is upgrading its 2021 net revenue guidance. The Company now expects to grow net revenue between 30-35% YOY in CY 2021 (previously 25-30%).
- Marley Spoon continues to expect CM in 2021 to be between 30% and 31%.

#### **INVESTOR CONFERENCE CALL**

An investor conference call will be held at 6.00 pm AEST on 29th April 2021. 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 (MMM:ASX, 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 March 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter € '000</b>	<b>Year to date (12 months) € '000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	78,690	78,690
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(47,426)	(47,426)
(c) advertising and marketing	(12,768)	(12,768)
(d) leased assets	-	-
(e) staff costs	-	-
(f) administration and corporate costs	(12,986)	(12,986)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	8	8
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(250)	(250)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>5,268</b>	<b>5,268</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(2,301)	(2,301)
(d) investments	-	-
(e) intellectual property	(833)	(833)
(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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(3,134)</b>	<b>(3,134)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	1	1
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(39)	(39)
3.5	Proceeds from borrowings	5,584	5,584
3.6	Repayment of borrowings	(2,755)	(2,755)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(1,279)	(1,279)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>1,512</b>	<b>1,512</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	34,438	34,438
4.2	Net cash from / (used in) operating activities (item 1.9 above)	5,268	5,268
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,134)	(3,134)

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)	1,512	1,512
4.5	Effect of movement in exchange rates on cash held	367	367
4.6	<b>Cash and cash equivalents at end of period</b>	<b>38,451</b>	<b>38,451</b>

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	38,451	34,434
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>38,451</b>	<b>34,434</b>

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	232
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	24,402	24,402
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	24,402	24,402
7.5	<b>Unused financing facilities available at quarter end</b>		-
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 2020 annual report.</p> <p>During the current quarter, the Company repaid a loan from Berliner Volksbank in the amount of €2.5m and signed a new unsecured revolving credit facility with a total amount of €5M and an unlimited term. This credit line is fully used by a drawdown of a 12-month €5M loan, bearing 5% interest, which will mature in March 2022.</p> <p>The remaining facilities include asset financing in Australia of €2.4m, 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)	5,268
8.2	Cash and cash equivalents at quarter end (item 4.6)	38,451
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	43,719
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	8.3
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 April 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.