



MARLEY SPOON

Appendix 4C – Q2 2022 & Business Activity Report

CONTINUED GROWTH IN Q2 2022, CONSISTENT WITH FULL YEAR GUIDANCE

Berlin, Sydney, 28 July 2022: 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 30 June 2022 (“Q2 2022”).

Conference Call

Management will present a business update to investors on a conference call at 9:00 am AEST on 29 July, the details of which have been released separately to ASX.

Highlights:

- Q2 2022 net revenue at €109m, +35% growth year-over-year (+25% growth in constant currency)
- H1 2022 net revenue of €212m, +34% growth year-over-year (+26% growth in constant currency)
- Global Contribution Margin (CM) in Q2 at 27.2%, a 50 basis point (bp) improvement vs. the prior corresponding period (PCP)
- Q2 Operating EBITDA loss of €(3.0)m¹, a sequential improvement vs. Q1 2022, with both the US and Australia delivering a profitable quarter
- Operating Cash Flow at €(5.3)m and quarter end cash balance of €29m providing balance sheet capacity to continue executing 2022 plans
- On track to deliver full year 2022 guidance

Marley Spoon CEO, Fabian Siegel, highlighted, "In the second quarter we continued to see good growth that was driven by the successful execution of all three pillars of our growth strategy. We continue to acquire subscribers at attractive unit economics, we have increased average order volumes by expanding

¹This result excludes the impact of one-time charges stemming from a) €0.4m in severance costs and b) €0.5m for a historical sales tax correction in the US

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our offering to our customers and revenue from our newly acquired ready-to-heat business, Chefgood, further drives growth of our Australian segment.

While the business is growing healthily, we were also able to keep margins stable year-over-year, offsetting operational headwinds and inflation.

The increased scale and improved margin led to a sequential improvement of Operating EBITDA both quarter-over-quarter as well as year-over-year, reducing our Q2 2022 Operating EBITDA loss to €(3.0)m.

Overall, we have executed H1 2022 to plan and expect to deliver on the 2022 guidance we provided at the beginning of the year.

I would like to thank our teams for their ongoing, tireless contributions in a challenging operating environment, which have kept us on course to date for executing our 2022 plan.”

Q2 BUSINESS UPDATE

Q2 2022 net revenue grew 35% vs. the PCP to €109m, an acceleration versus the previous quarter. This growth was driven by Australia (+53%) and the United States (+43%), both of which benefited from an increase in active subscribers and basket size. Europe was down 14% vs. the PCP driven by reduced order frequency in a market environment of lower consumer confidence and overall slowdown of e-commerce activities.

During the quarter Marley Spoon successfully executed its three-pillar growth strategy, namely investment in growing active subscribers, initiatives to grow basket size and inorganic growth from the Chefgood acquisition, complementing the Company’s meal kit business.

Active subscribers grew 13% in the quarter to 309k, nearly the same level of growth seen in Q1 2022 despite a lower level of marketing investment. Continued favorable unit economics and a focus on reactivating customers helped deliver the increase in active subscribers.

Basket size, which grew 23% (13% in constant currency), benefited from a number of revenue-enhancing activities, namely an expanded number of recipes which led to high average meals per week, improved recipe quality and pricing executed half-way through the quarter to offset inflation. The Company’s recently launched Market initiative, which offers add-on items to meal kits, also continued to grow in the quarter.

Contribution Margin in Q2 2022 was 27.2%, an expansion of 50 bps versus the PCP. Operating Contribution (Operating CM), defined as CM excluding the impacts of marketing vouchers and fixed costs such as expenses relating to site leases, also improved slightly versus the PCP by 40 bps to 36.7%. Operational efficiencies and pricing helped offset the high inflation the Company saw across food ingredients and fuel in all regions. However, further margin expansion was impacted by the ongoing external supply chain issues seen in Australia, particularly substitutions due to lack of availability or poor quality.

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The Company's planned sequential reduction in marketing spend versus Q1 2022 led to marketing expense as a percent of net revenue of 16% in Q2 2022. This, and the expanded Operating CM, led to an Operating EBITDA result that was significantly improved versus the previous quarter, landing at €(3.0)m, excluding one-time charges from severance payments and a historical sales tax correction in the US.

€ in millions	Q2 2022	Q2 2021	% vs. PY	H1 2022	H1 2021	% vs. PY
Revenue	109.2	80.6	35%	211.8	158.0	34%
Cost of goods sold	60.1	44.3	36%	116.1	85.9	35%
% of revenue	55.0%	55.0%	0pt	54.8%	54.4%	0pt
Gross Profit	49.1	36.3	35%	95.6	72.1	33%
% of revenue	45.0%	45.0%	(0)pt	45.2%	45.6%	(0)pt
Fulfillment expenses	19.4	14.8	31%	37.9	28.9	31%
% of revenue	17.8%	18.4%	(1)pt	17.9%	18.3%	(0)pt
Contribution margin (CM)	29.7	21.5	38%	57.7	43.2	34%
% of revenue	27.2%	26.7%	1pt	27.2%	27.3%	(0)pt
Operating CM %	36.7%	36.3%	1pt	37.2%	37.2%	0pt
Marketing expenses	17.4	16.8	3%	40.6	32.3	26%
% of revenue	15.9%	20.9%	(5)pt	19.2%	20.4%	(1)pt
G&A expenses	20.0	16.2	23%	38.2	30.1	27%
% of revenue	18.4%	20.1%	(2)pt	18.0%	19.1%	(1)pt
EBIT	(7.8)	(11.6)	(33)%	(21.1)	(19.3)	10%
Operating EBITDA *	(3.0)	(9.1)	(57)%	(12.7)	(14.8)	(8)%
% of revenue	(2.8%)	(11.3%)	8pt	(6.0%)	(9.3%)	3pt

*Figures exclude severance payments in the amount of €0.4m in Q2 2022 as well as a one-time sales tax charge in the US of €0.5m in Q2 2022

SEGMENT REVIEW

United States

- Q2 2022 net revenue was up 43% to €54m YoY, +26% in constant currency
- Strong margin expansion in both CM, at 27.4%, up 3 pts vs. the PCP, and Operating CM at 37.2%, also up 3 pts vs. the PCP
- The US returned to profitability in the quarter, deliver Operating EBITDA of €2.5m

Revenue grew 43% (+26% on a constant currency basis) driven by growth of the Company's subscriber base as well as growth in order value coming from an increase in portion sizes as well as pricing taken to offset inflation.

This pricing, combined with operational efficiencies such as increased picking line productivity, led to contribution margin expansion of 3 pts year-over-year to 27.4% in Q2 2022. Equally, operating contribution margin expanded 3 pts to 37.2%, helping lead to a profitable quarter for the region, with delivery of €2.5m in Operating EBITDA.

The Company continues to see improved attachment rates for its Market initiative which is now available nationally across the US.

Australia

- Q2 2022 net revenue up 53% YoY to €42m, +46% in constant currency
- Q2 2022 CM at 30.1%, down 3 pts vs. the PCP, while Operating CM reached 38.3%, down 3.7 pts vs. the PCP
- Operating EBITDA of €2.4m in Q2 2022

Australia had a solid quarter despite significant supply chain challenges. Revenue grew 53% y-o-y in Q2 2022 thanks to strong subscriber growth and improved recipes, as well as the consolidation of the Company's newly acquired Chefgood business.

Given the ongoing supply chain challenges stemming from the pandemic and the flooding, contribution margin contracted versus the PCP in Australia, with CM and Operating CM landing at 30.1% and 38.3%, respectively. Substitutions of ingredients that were either unavailable or of poor quality and inflation were the primary drivers of margin pressure.

However, the region's focus on cost discipline led to a return to profitability, with Operating EBITDA coming in at €2.4m in Q2 2022.

The Company's integration of Chefgood continues as planned, with synergies particularly in marketing beginning to materialize.

Europe

- Q2 2022 net revenue down by 14% versus the PCP to €13.5m
- Q2 2022 CM at 17.2%, down 5 pts compared to the PCP and Operating CM at 30.5%, down 1.5 pts compared to the PCP
- Operating EBITDA loss of €(2.1)m in Q2 2022 excluding headquarter costs

Europe had a challenging quarter. Net revenue declined versus the PCP driven primarily by lower order frequency as the e-commerce sector in the region has been particularly soft while consumer confidence deteriorated. Contribution Margin was impacted by food and fuel inflation leading to a y-o-y decline. The reduced scale and compressed margin led to a disappointing performance and an Operating EBITDA loss of €2.1m excluding headquarter costs.

The Company is actively working to implement turnaround plans to return to growth, expand margin and bring the European business to breakeven profitability.

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KEY OPERATING METRICS*

Q2 2022 Active Subscribers grew 13% compared to the PCP to 309k, a new high for the Company. This was driven mainly by Australia (+36%) and the US (+9%).

While orders per subscriber were down slightly by 3%, average order value was up 23%, reflecting the Company's focus on basket size-generating activities, including its pricing initiatives, Market add-ons and increased recipe choice.

<i>preliminary & unaudited</i>	Q2 2022	Q2 2021	Variance %	H1 2022	H1 2021	Variance %
Group						
Active customers (k)	447	425	5%	658	413	59%
Active subscribers (k)	309	272	13%	302	265	14%
Number of orders (k)	1,995	1,813	10%	4,032	3,562	13%
Orders per customer	4.5	4.3	5%	6.1	8.6	(29)%
Orders per subscriber	6.5	6.7	(3)%	13.3	13.4	(1)%
Meals (m)	16.9	15.1	12%	33.7	29.6	14%
Avg. Order value (€, net)	54.7	44.5	23%	52.5	44.4	18%
Avg. Order value (€, net) in C C	50.2	44.5	13%	49.3	44.4	11%
Australia						
Active customers (k)	167	133	25%	243	169	44%
Active subscribers (k)	108	79	36%	104	93	13%
Number of orders (k)	788	585	35%	1,547	1,111	39%
Orders per subscriber	7.3	7.4	(1)%	14.8	12.0	24%
Meals (m)	6.8	5.2	30%	13.2	9.9	34%
USA						
Active customers (k)	197	197	(0)%	290	173	68%
Active subscribers (k)	137	125	9%	134	114	17%
Number of orders (k)	870	825	6%	1,781	1,638	9%
Orders per subscriber	6.4	6.6	(3)%	13.3	14.4	(7)%
Meals (m)	7.4	6.7	10%	14.9	13.4	12%
Europe						
Active customers (k)	83	94	(12)%	125	71	76%
Active subscribers (k)	65	68	(5)%	64	59	10%
Number of orders (k)	336	403	(17)%	703	813	(14)%
Orders per subscriber	5.2	5.9	(13)%	10.9	13.9	(21)%
Meals (m)	2.7	3.2	(15)%	5.5	6.4	(13)%

*Metrics are for core Marley Spoon and Dinnerly meal kits as well as Chefgood and Bezzie

Active Customers are customers who have made a purchase at least once over the past 3 months.

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

Marley Spoon ended the quarter and H1 2022 with €29m in cash. Cash flow from operations was €(5.3)m in the quarter, tracking lower than Operating EBITDA due to working capital impacts. For the first half, cash from operations was €(9.4)m.

Cash flow from investing activities landed at €(2.9)m, almost equally split between the purchase of efficiency-generating and infrastructure items for the Company's FCs and investment in product development. For H1 2022, cash from investing activity was €(12.8)m, or €(6.2)m excluding the impact of the purchase of Chefgood in Q1 2022.

Finally, cash from financing activities was €20.4m for the quarter, reflecting the proceeds of 1) tranche 2, US\$20m or €19.3m, of our debt facility with Runway Growth Capital and 2) the renewal of the Company's

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€5m term loan with BVB, offset by cash outflows for lease and interest payments and repayment of borrowings.

For the second quarter, cash payments to related parties of the entity were €343 thousand in aggregate. These payments were personnel compensation for key executive management, including the Management Board and the Supervisory Board.

2022 OUTLOOK AND GUIDANCE RE-AFFIRMED

Having delivered another quarter in line with the Company's expectations, Marley Spoon reaffirms its full year guidance. Marley Spoon expects inflation globally and supply chain volatility in Australia to continue, and as such will maintain its focus on operating with financial discipline and within its balance sheet capacity.

Guidance is affirmed:

- Mid-to-high teens YoY net revenue organic growth plus full year contribution from Chefgood
- Contribution Margin in-line with 2021
- Operating EBITDA better than €(15)m

INVESTOR CONFERENCE CALL

An investor conference call will be held at 9:00 am AEST on 29 July 2022. 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, Dinnerly, and Chefgood 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

625 684 068

Quarter ended ("current quarter")

30 June 2022

Consolidated statement of cash flows	Current quarter € '000	Year to date (6 months) € '000
1. Cash flows from operating activities		
1.1 Receipts from customers	107,858	221,310
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(77,232)	(149,119)
(c) advertising and marketing	(18,636)	(40,734)
(d) leased assets	49	96
(e) staff costs	-	-
(f) administration and corporate costs	(17,226)	(30,884)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	20
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(65)	(70)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(5,252)	(9,381)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	(17)	(6,630) ¹
(c) property, plant and equipment	(1,355)	(2,781)
(d) investments	-	-

¹ Cash paid for the purchase of Chefgood Pty Ltd net of the opening balance sheet cash balance of the acquired entity.

Consolidated statement of cash flows		Current quarter € '000	Year to date (6 months) € '000
	(e) intellectual property	(1,587)	(3,415)
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	20	20
	(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	(2,939)	(12,806)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	5,001
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	(50)	(10)
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(13)
3.5	Proceeds from borrowings	24,255	24,255
3.6	Repayment of borrowings	(450)	(5,926)
3.7	Transaction costs related to loans and borrowings	(199)	(199)
3.8	Dividends paid	-	-
3.9	Other (IFRS 16 lease payments and interest paid)	(3,116)	(6,991)
3.10	Net cash from / (used in) financing activities	20,440	16,117
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	20,046	38,659
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(5,252)	(9,381)

Consolidated statement of cash flows		Current quarter € '000	Year to date (6 months) € '000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,839)	(12,806)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	20,440	16,117
4.5	Effect of movement in exchange rates on cash held	(3,063)	(3,358)
4.6	Cash and cash equivalents at end of period	29,232	29,232

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	29,232	25,046
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	(5,000)
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	29,232	20,046

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	343
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
<i>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.</i>		
7.1 Loan facilities	79,450	79,450
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	79,450	79,450
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.		
<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 2021 annual report.</p> <p>During the current quarter, the Company drew down Tranche 2, US\$20M (€19.3M) of the group's existing debt facility with Runway Growth Capital, which carries the same conditions as the previously drawn (\$53.1M) of the debt facility. Additionally, the Company repaid the €5M account overdraft facility with Berliner Volksbank (BVB) drawn in Q1 2022 and subsequently drew down a new €5M loan from BVB in Q2 2022. This €5M money market loan carries an interest rate of 7% per annum, has been drawn down for 90 days and renews in 90-day increments until repayment in January 2023.</p> <p>During Q1 2022, the Company repaid the outstanding aggregate short-term loan balance of €5M due to BVB by drawing a €5M account overdraft facility with BVB which carried an interest rate of 5.5% per annum.</p> <p>The Company's remaining debt includes asset financing in Australia of €4.6m and the existing €50.7m (\$53.1M) debt facility from Runway Growth Capital.</p>		

8. Estimated cash available for future operating activities	€ '000
8.1 Net cash from / (used in) operating activities (item 1.9)	(5,252)
8.2 Cash and cash equivalents at quarter end (item 4.6)	29,232
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	29,232
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	5.6
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
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?	
Answer: N/A	

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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 July 2022

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*)

Authorised by: 
 Rolf Weber, Chief Operating 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

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

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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