

MARLEY SPOON

Appendix 4C – Q2 2024 & Business Activity Report

MARLEY SPOON GROUP REPORTS POSITIVE OPERATING EBITDA IN Q2 2024 AND YOY GROWTH TO €86.8M IN NET REVENUE

Berlin, Sydney, 31 July 2024: Marley Spoon SE (“MS” ASX: MMM), a leading global subscription-based meal kit provider is pleased to share with investors its highlights from the quarter ended 30th June 2024 (“Q2 2024”) (unaudited). The Business Activity Report includes a consolidated view of its ~95% owner Marley Spoon Group SE (“MSG” or “Marley Spoon” or the “Company”).

Highlights for MSG during Q2 2024:

- Net revenue of €86.8m, up 0.9% year-over-year (YoY);
- Strong margin expansion to 34.6%, up 270 bps YoY;
- Operating EBITDA of €1.1m, down €1.4m YoY;
- Operating Cash Flow of €(5.0)m in Q2 2024 and quarter-end cash balance of €16.6m;
- The Company reaffirms full year 2024 guidance

Marley Spoon’s CEO Daniel Raab, commented: *“We are pleased to see an acceleration in revenue growth vs. Q1 2024 driven by both our acquisition of bistroMD as well as positive trends in retention and LTV for meal kits, stemming from a focus on higher quality customer cohorts and lower discounts. These improvements in customer lifetime value enabled a disciplined increase in spend to deliver future growth.*

The result of the lower marketing discounts paired with continued efficient operational execution led to another strong contribution margin expansion year-over-year in the second quarter. This, combined with cost reductions as a result of last year’s restructuring programs, led to another positive Operating EBITDA quarter for the third consecutive quarter. The careful re-investment in marketing can be seen as an investment in future growth at attractive customer economics. We want to thank our teams in all regions for continuing to deliver on our plan enabling us to confirm our full year guidance”

Q2 2024 Business Update

MSG Q2 2024 net revenue landed at €86.8, 0.9% growth year-over-year. In addition to benefiting from the addition of bistroMD to the Company's portfolio, meal kits saw improvement in key topline performance indicators such as revenue retention and lifetime value, driven by an adjusted customer acquisition strategy focusing on higher quality customer cohorts at lower discounts, implemented at the end of Q3 2023. The Company also saw continued improvements in order frequency, which is up 5% in the quarter vs. the prior year. A 15% increase YoY in AOV (in constant currency) was driven by the addition of bistroMD as well as more accretive offerings, with pricing contributing minimally to the improvement.

Marley Spoon achieved strong Contribution Margin (CM) expansion in the quarter, driven by its focus on continuous improvement and cost management, as well as the lower level of marketing discounts given. As a result, Q2 2024 CM was up 270 bps YoY to 34.6%. Q2 2024 Operating Contribution Margin ("Operating CM"), defined as CM excluding the impacts of marketing vouchers and fixed costs such as expenses relating to site leases, contracted 170 bps YoY to 40.3% driven by a conscious decision to provide more value to customers and re-invest in recipe ingredients.

In marketing, the Company saw better unit economics and higher repurchase rates due to the reduced discounting offered and subsequent higher-quality cohorts, allowing the Company to carefully increase media investments, albeit in an inflationary media environment. This led to an increase in marketing spend of 18.4% YoY. The media investments increased more than proportionally in the US region and in the Ready-to-Heat businesses, reflecting the Company's ambition to grow strategically in these areas.

G&A decreased 11.8% YoY as a result of the Company's financial discipline and last year's cost reduction programs.

The margin improvement and G&A savings offset the increased marketing investments to deliver positive Operating EBITDA in the quarter of €1.1m. However, due to lapping the add-back of high one-off transaction costs last year, Operating EBITDA declined vs. the prior year by €1.4m. Correcting for this, Operating EBITDA would have increased by approximately €2m.

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MARLEY SPOON GROUP SE CONSOLIDATED INCOME STATEMENT (UNAUDITED)

€ in millions	Q2 2024	Q2 2023	% vs. PY	H1 2024	H1 2023	% vs. PY
Revenue	86.8	86.0	1%	167.5	177.4	(6)%
Cost of goods sold	44.5	45.3	(2)%	85.6	93.8	(9)%
% of revenue	51.3%	52.7%	(1)pp	51.1%	52.9%	(2)pt
Gross Profit	37.5	40.6	4%	81.9	83.7	(2)%
% of revenue	48.7%	47.3%	1pp	48.9%	47.1%	2pt
Fulfillment expenses	12.2	13.3	(8)%	24.1	27.9	(14)%
% of revenue	14.1%	15.4%	(1)pp	14.4%	15.7%	(1)pp
Contribution margin (CM)	30.0	27.4	10%	57.7	55.8	4%
% of revenue	34.6%	31.8%	3pp	34.5%	31.4%	3pp
Operating CM %	40.3%	42.0%	(2)pp	40.6%	42.9%	(2)pp
Marketing expenses	14.7	12.4	18%	28.5	33.0	(14)%
% of revenue	16.9%	14.4%	2pp	17.0%	18.6%	(2)Pp
G&A expenses	18.5	21.1	(12)%	40.1	40.3	(1)%
% of revenue	21.4%	24.5%	(3)Pp	23.9%	22.7%	1pp
EBIT	(3.2)	(6.0)	2.8	(2.4)	(17.5)	15.2
Operating EBITDA *	1.1	2.4	(1.4)	1.3	(3.9)	5.2
% of revenue	1.2%	2.8%	(2)pp	0.8%	(2.2)%	3pp

*Figures exclude:

2023: (i) severance payments/restructuring costs in the amount of €4.2m in Q2 and €5.1m in H1; (ii) one-time sales tax charge in the US in the amount of €0.5m in Q2 and H1.

2024: (i) severance payments/restructuring costs in the amount of €0.7m in Q2 and €1.1m in H1; (ii) M&A transaction fees of €0.1m in Q2 and €3.4m in H1.

SEGMENT REVIEW

United States

- Q2 2024 net revenue of €47.8m, 16.6% growth YoY on a reported basis;
- Contribution Margin in Q2 2024 expanded YoY by 2.7 pts to 37.2%, while Operating CM contracted by 2.7 pts YoY, to 41.5%;
- Positive Operating EBITDA of €3.7m, a decrease of €1.1m compared to the prior year.

In Q2 2024, US net revenue grew 16.6% YoY driven by the consolidation of bistroMD. The region saw a healthy increase in order frequency and average order value but this was not enough to offset challenges in scaling acquisitions, particularly on Dinnerly, due to media cost inflation.

The US realized solid margin expansion in the quarter due to a marketing strategy which featured fewer discounts in order to focus on higher quality cohorts. Operating CM decreased due to conscious reinvestments in customer value.

Operating EBITDA was positive in the quarter, though down €1.1m YoY driven principally by an increase in marketing spend and one off G&A expenses.

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Australia

- Q2 2024 net revenue of €31.8m, down 12.0% on a reported basis vs. the prior year;
- Q2 2024 CM at 32.4%, up 1.4 points YoY, and Operating CM at 40.1%, a decline of 1.3 points YoY;
- Positive Operating EBITDA of €3.0m, in line with the prior year.

Australia's revenue improved quarter-over-quarter (QoQ) with customer retention and order frequency trending positively. Declines versus the previous year persisted, largely due to the focus on higher-quality cohorts that generate a higher LTV, combined with higher media costs to acquire customers. Balancing the topline softness was Contribution Margin expansion YoY due to the lower levels of customer discounts. Operating Contribution Margin, however, contracted, with additional cost absorbed from moving Chefgood fulfillment to the Melbourne meal kit facility. Nevertheless, a leaner cost structure helped the region deliver positive Operating EBITDA performance in the quarter.

Europe

- Q2 2024 net revenue at €7.2m, an 18.6% decline vs. the prior year;
- Q2 2024 CM at 27.1%, an improvement of 4.0 pts YoY and Operating CM at 33.5%, down 1.5 points compared to the prior year;
- Operating EBITDA excluding headquarter costs amounted to a loss of €0.5m in Q2 2024, an improvement of €0.3m YoY.

Europe revenue declined YoY though at a slower rate vs. Q1 2024. The region also saw a stabilization in key metrics including retention and customer value and revenue holding constant versus the previous two quarters. This was driven by improvements in order frequency and continued AOV expansion. Contribution Margin margin expanded meaningfully YoY, driven by the benefits of reduced marketing discounts. Operating CM was down due to planned re-investments in customer value initiatives. Given the improvements in customer economics the Company decided to carefully increase its growth investment, increasing marketing by 7% YoY. Despite this step up in cost, a lower fixed cost base and improved margin enabled the region to deliver Operating EBITDA improvement YoY.

KEY OPERATING METRICS*

In Q2 2024 Active Subscribers declined (17)% compared to the prior year to 195k, an anticipated outcome of 2023 revenue dynamics and the Company's discount-heavy marketing strategy that was in place until the end of Q3 2023. Since then the implementation of the lower discount strategy has led to a stabilization of Active Subscribers which is up 1% QoQ.

Orders per subscriber increased by 5% vs. the previous year and average order value increased 15% in constant currency, driven primarily by the expansion of product offerings and larger plan sizes. Pricing also drove AOV expansion though to a lesser degree than in the previous year.

Operating KPIs*

Group	Q2 2024	Q2 2023	% vs. PY	H1 2024	H1 2023	% vs. PY
Active customers ¹ (k)	264	346	(24)%	382	541	(30)%
Active subscribers ² (k)	195	235	(17)%	194	243	(20)%
Number of orders (k)	1,287	1,473	(13)%	2,547	3,064	(17)%
Orders per customer	4.9	4.3	15%	6.7	5.7	18%
Orders per subscriber	6.6	6.3	5%	13.1	12.6	4%
Meals (m)	11.8	13.4	(12)%	23.3	28.0	(17)%
Average order value (€ net)	67.4	58.4	16%	65.7	57.9	14%
Average order value (€ constant currency, net)	67.1	58.4	15%	66.4	57.9	15%
Australia						
Active customers ¹ (k)	108	150	(28)%	157	227	(30)%
Active subscribers ² (k)	70	88	(21)%	69	89	(22)%
Number of orders (k)	547	670	(18)%	1,068	1,349	(21)%
Meals (m)	5.3	6.5	(18)%	10.4	13.2	(21)%
USA						
Active customers ¹ (k)	124	142	(12)%	178	232	(23)%
Active subscribers ² (k)	96	103	(7)%	95	108	(12)%
Number of orders (k)	596	610	(2)%	1,188	1,295	(8)%
Meals (m)	5.3	5.4	(0)%	10.6	11.5	(8)%
Europe						
Active customers ¹ (k)	31	54	(42)%	46	83	(45)%
Active subscribers ² (k)	29	44	(33)%	30	46	(35)%
Number of orders (k)	144	193	(25)%	291	420	(31)%
Meals (m)	1.2	1.6	(26)%	2.3	3.4	(31)%

*All metrics include the full Marley Spoon portfolio (Marley Spoon and Dinnerly meal kits, Chefgood, Bistro, Market and Bezzie), except Meals, which exclude Bezzie

¹Active Customers are customers who have made a purchase at least once over the past 3 months.

²Active 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 Q2 2024 ending cash balance for the combined Marley Spoon Group (including bistroMD) and Marley Spoon SE was €16.6m. Cash from operations in Q2 2024 was €(5.0)m, driven by a slight increase in inventory and a decrease in accounts payable on account of timing and volumes as compared to the end of Q1. At the end of H1 2024, cash from operations was €(2.2)m.

Cash from investing activities amounted to €(1.9)m almost entirely comprised of expenditure against the Company's digital platforms.

Finally, cash from financing activities was €(3.4)m consisting of the Company's lease and interest payments, which are now lower versus historical levels given the pre-payment to Runway and the assignment of the Company's US lease assets to FreshRealm in Q1 2024. In Q2, the Company also paid back its €2.5m loan facility to Berliner Volksbank which had matured in May, but renewed the loan in the same amount in June with a maturity in November 2024.

For the second quarter, cash payments to related parties of Marley Spoon SE were €388 thousand in aggregate. These payments were personnel compensation for key executive management, including the Management Board and the Supervisory Board.

RECONFIRMING 2024 GUIDANCE

Marley Spoon CFO, Jennifer Bernstein, commented, “We are pleased with performance in the first half of the year, stabilizing or improving on our key revenue metrics, delivering strong contribution margin expansion and continuing to operate with a leaner cost structure as a result of the cost reduction programs we executed in 2023. This led to another profitable quarter on an Operating EBITDA level. Our financial performance in Q2 allows us to reconfirm our guidance for the full year 2024.”

2024 Guidance:

- Single-digit net revenue growth vs. FY 2023 in constant currency
- Contribution Margin in line with the prior year
- Full-year mid-single-digit positive Operating EBITDA

Conference Call

Management will present a business update to investors on a conference call at 9:00 am CEST on 31 July 2024, the details of which have been released separately.

To pre-register for the call, please follow this link:

<https://montegaconnect.de/event/hbt89hn3b80ewh55ihex591aiibmccps>

About Marley Spoon

Marley Spoon SE, is a global direct-to-consumer (DTC) meal-kit company. Our Vision is to “Build a better everyday, just for you, just right”. We started Marley Spoon in 2014 to help our customers to cook for their families and deal with their busy lives. We also felt there should be a more sustainable way to cook at home, reducing food waste that traditional supermarket supply chains generate. Marley Spoon currently operates various brands in three regions: Australia, the United States, and Europe (Austria, Belgium, Germany, and the Netherlands). Our meal-kit brands, Marley Spoon, Martha Stewart & Marley Spoon, and Dinnerly, bring pre-portioned fresh ingredients with tasty and simple recipes and other eating solutions reliably to our customers every week. Our customers just decide what to eat, when to eat, and leave behind the hassle of grocery shopping. Chefgood is our direct-to-consumer ready-to-heat (RTH) services that offers tasty, high-quality, healthy, and nutritious RTH meals and eating solutions for our wellness and health-focused customers.

Disclaimer

This announcement constitutes neither an offer to sell nor a solicitation to buy securities. Certain statements contained in this release may constitute “forward-looking statements” that involve a number of risks and uncertainties. Forward-looking statements are generally identifiable by the use of the words “may”, “will”, “should”, “plan”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “goal” or “target” or the negative of these words or other variations on these words or comparable terminology.

Forward-looking statements are based on assumptions, forecasts, estimates, projections, opinions or plans that are inherently subject to significant risks, as well as uncertainties and contingencies that are subject to change. No representation is made or will be made by Marley Spoon Group SE or any of their respective affiliates that any forward-looking statement will be achieved or will prove to be correct. The actual future business, financial position, results of operations and prospects may differ materially from those projected or forecast in the forward-looking statements. Neither Marley Spoon Group SE nor any of their respective affiliates assume any obligation to update, and do not expect to publicly update, or publicly revise, any forward-looking statements or other information contained in this release, whether as a result of new information, future events or otherwise, except as otherwise required by law.

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Appendix 4C

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

Name of entity

Marley Spoon SE

ABN

625 684 068

Quarter ended ("current quarter")

30 June 2024

Consolidated statement of cash flows	Current quarter € '000	Year to date (6 months) € '000
1. Cash flows from operating activities	77,313	153,522
1.1 Receipts from customers		
1.2 Payments for	-	-
(a) research and development		
(b) product manufacturing and operating costs	(51,681)	(94,984)
(c) advertising and marketing	(13,309)	(24,134)
(d) leased assets	28	72
(e) staff costs	-	-
(f) administration and corporate costs	(16,147)	(33,778)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(88)	51
1.6 Income taxes paid	(35)	(40)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	(14)	-
1.9 Net cash from / (used in) operating activities	(3,933)	709
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) property, plant and equipment	(223)	(260)
(b) businesses	-	(238)
(c) investments	-	(3,680)
(d) intellectual property	(1,329)	(3,078)
(e) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter € '000	Year to date (6 months) € '000
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	22	22
	(b) businesses	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
	(f) property, plant and equipment	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other ¹	-	22,409
2.6	Net cash from / (used in) investing activities	(1,530)	15,175

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	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(27)	(54)
3.5	Proceeds from borrowings	5,545	7,545
3.6	Repayment of borrowings	(3,281)	(14,231)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (IFRS 16 lease payments and interest paid)	(3,044)	(7,647)
3.10	Net cash from / (used in) financing activities	(807)	(14,387)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	17,891	10,851
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,933)	709

¹ Cash received as part of the initiation of a strategic partnership for manufacturing and fulfilment, executed in February 2024 between Marley Spoon SE's US subsidiary, MMM Consumer Brands, Inc. and FreshRealm, Inc.

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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)	(1,530)	15,175
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(807)	(14,387)
4.5	Effect of movement in exchange rates on cash held	456	(271)
4.6	Cash and cash equivalents at end of period	12,077	12,077

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	12,077	17,891
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)	12,077	17,891

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	388
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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7.	Financing facilities <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>	Total facility amount at quarter end € '000	Amount drawn at quarter end € '000
7.1	Loan facilities	62,921	62,921
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	62,921	62,921
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 6.6 (Interest bearing loans and borrowings) within the notes to the financial statements in the Marley Spoon 2023 annual report.</p> <p>During the current quarter, the Company repaid borrowings in the amount of €2.5M to BVB and drew down a new €2.5M loan, due in November 2024 carrying an interest rate of 7.75% + 3-month EURIBOR. A further €3M was received from and €0.4M repaid to Marley Spoon Group SE in the quarter under the existing credit facility agreement.</p> <p>During Q1 2024, the Company repaid borrowings in the amount of €10.9M primarily comprised of a €10.5M repayment on the Runway Growth Capital loan, at no penalty. A further €2M was received in the quarter from Marley Spoon Group SE under the existing credit facility agreement.</p> <p>The Company's total debt as at 30 June 2024 includes asset financing in Australia of €4.7M, €55M (\$59.2M) in a debt facility from Runway Growth Capital, a €2.5M money market loan from BVB. Additionally, there is an intercompany loan from Marley Spoon Group SE of €8.9M.</p>		
8.	Estimated cash available for future operating activities	€ '000	
8.1	Net cash from / (used in) operating activities (item 1.9)	(3,933)	
8.2	Cash and cash equivalents at quarter end (item 4.6)	12,077	
8.3	Unused finance facilities available at quarter end (item 7.5)	-	
8.4	Total available funding (item 8.2 + item 8.3)	12,077	
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	3.1	
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: 30 July 2024

Authorised by: 
 Daniel Raab, Chief Executive Officer,
 Chairman of the Management Board (*Vorstandsvorsitzender*)

Authorised by: 
 Jennifer Bernstein, Chief Financial Officer,
 Member of the Management Board (*Vorstand*)

Authorised by: 
 Nasreen AbdulJaleel
 Member of the Management Board (*Vorstand*)

Authorised by: 
 Federico Rossi
 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.

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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.