



MARLEY SPOON

MARLEY SPOON SET TO RAISE NEW CAPITAL TO DRIVE NEXT STAGE OF GROWTH

Appendix 4C – Q3 2019 Review & Business Update

Berlin, Sydney, 31 October 2019: Marley Spoon AG (“Marley Spoon” or the “Company” ASX: MMM), a leading global subscription-based meal kit provider, has released its Appendix 4C for the three-month period ending 30 September 2019 (“Q3 2019”) (unaudited).

HIGHLIGHTS

- **Financial performance improving: on the path to positive operating EBITDA**
 - Q3 2019 revenue increased 38% (36% excluding FX impacts) compared to the prior corresponding period (PCP). Year to date revenue is up 49% (46% excluding FX impacts) compared to PCP, with both the US and AU segments showing strong growth, up 59% and 54% (excluding FX impacts), respectively.
 - Operating EBITDA improved ~€2 million year on year or 18 pts from (49)% in Q3 2018 to (31)% last quarter thanks to increasing revenue and contribution margin and stable investment into marketing.
 - Operating cash flow improved to €(6) million in Q3 2019, compared to €(11) million in Q3 2018 due to lower operating losses and improved working capital.
- **Debt raise:** Marley Spoon announces a new ~A\$22 debt capital raise to help fund it through the next stage of growth. A reputable Silicon Valley based venture debt lender has in principle agreed to provide a new ~A\$22 million (US\$15 million) senior secured debt facility, subject to finalizing the contractual documentation and satisfaction of conditions, including due diligence and formal approval of existing secured lenders.

COMPANY INFORMATION:
Fabian Siegel,
Marley Spoon CEO
fabian@marleyspoon.com

INVESTOR QUERIES:
Michael Brown, Pegasus
+61 400 24 8080
ir@marleyspoon.com

- **Guidance update:**

- CY 2019 revenue expected to be up 35-40% year on year, with a full year contribution margin within the lower end of the previously guided range after finishing at 24% through the first three quarters of CY 2019.
- Expecting robust revenue growth with continued margin and operating EBITDA improvements for 2020. Contribution margin as a % of revenue is expected to improve similarly to 2018 and 2019.
- H2 2019 should mark the point from which operating EBITDA losses in each half-year period are lower than in the PCP. Marley Spoon is working towards turning operating EBITDA positive by the end of CY 2020.
- Key sensitivities include the rate & timing of the expected improvement in the contribution margin, the timing and scale of marketing investments to drive further growth, and the timeframe for the delivery of the anticipated growth and synergy benefits from the Woolworths alliance.

Marley Spoon CEO, Fabian Siegel highlighted, “We have proven our business model in Australia and are seeing improvements towards positive operating EBITDA, attractive unit economics, high incremental margins and a growing subscription base on a global basis. We see significant opportunities for growth and have invested in our manufacturing capabilities globally in order to ensure that we have the right foundation to support continued expansion and customisation.

We are looking forward to raising this important new debt funding for Marley Spoon. This significant funding aims to bring on board a reputable, long-term oriented debt provider to support us on our path to profitability.”

Q3 2019 BUSINESS UPDATE

Over the past year, Marley Spoon has made solid progress in building a sustainable, recurring revenue business with global operations and scalable manufacturing technology. The Company is well positioned to take advantage of the ongoing transition of grocery shopping from offline to online, which is likely to continue for the years ahead. Marley Spoon is in the early stages of a 5-year strategic alliance with Woolworths Group, and the growth opportunities and operational synergies from this collaboration have only just begun.

In Q3 2019, Marley Spoon generated revenue of €33.1 million, up 38% on the previous corresponding period (36% excluding FX impacts). This revenue growth was driven by a 70% increase in Australia (74% excluding FX impacts) on the back of strong growth in both the Marley Spoon and Dinnerly brands, and 32% in the US (25% excl. FX). Year to date revenue is up 49% (46% excluding FX impacts) compared to PCP, with both the US and Australian segments growing more than 50% excluding FX impacts (59% and 54%, respectively).

Marley Spoon improved operating profitability in Q3 2019 with an operating EBITDA loss of ~€10 million in Q3 2019, compared to an operating EBITDA loss of ~€12 million in Q3 2018. The operating EBITDA margin improved significantly to (31)% in Q3 2019, from (49)% in Q3 2018. The lower loss was driven by higher revenue and contribution margins, while marketing spend was flat at €10 million year on year. Marley Spoon significantly improved operating cash flow in Q3 2019 with an outflow of ~€6 million,

COMPANY INFORMATION:

Fabian Siegel,
Marley Spoon CEO
fabian@marleyspoon.com

INVESTOR QUERIES:

Michael Brown, Pegasus
+61 400 24 8080
ir@marleyspoon.com

compared to an operating cash outflow of €11 million in Q3 2018, thanks to lower operating losses and improved working capital. At the end of Q3, the cash balance was ~€8 million.

Operationally, some highlights of the quarter included the execution of the first marketing campaigns and cost savings initiatives with Woolworths Group as well as reaching record labour productivity in Australia after the roll out of the Company's new manufacturing technology in Q2 2019. In Europe, Marley Spoon continued to lay the foundation for future growth and profitability by preparing the consolidation of its Austrian manufacturing centre and launching its service Denmark. Both were realized in October with production out of the Company's sole remaining European manufacturing centre in the Netherlands, which is now serving five different countries. CEO Fabian Siegel added: "We're excited to see the roll out of our new manufacturing technology bear fruit in terms of flexibility and choice for the customer, while helping us with productivity and cost as a business. The plan is to bring the same technology to the US market in 2020."

FINANCING UPDATE

Subject to finalizing the contractual documentation and satisfaction of conditions, including due diligence and formal approval of existing secured lenders, a reputable Silicon Valley based venture debt lender has in principle agreed to provide Marley Spoon with senior secured debt funding of ~A\$22 million (US\$15 million) based on the following key terms:

- Principal amount: US\$15 million to be disbursed in two tranches of US\$10 million (at closing of the transaction, contemplated in November 2019), subject to customary disbursement conditions, and US\$5 million (in mid-2020), subject also to the Company meeting certain revenue and operating expense targets;
- Interest rate: 12% p.a. plus a final payment amounting to 2.5% of the amounts funded;
- Term: 42 months (subject to customary termination rights);
- Warrants: to purchase shares/CDIs in the Company up to an amount of US\$3 million at an exercise price equivalent to the 30 trading days VWAP of such shares/CDI prior to closing of the transaction, contemplated in November 2019, subject to structuring. The warrants are intended to be exercisable for five years from the termination of the loan agreement, to be governed by German law and be subject to shareholder approval. In lieu of exercising such warrants, it is intended that the lender shall be entitled to receive a cash settlement of US\$ 5.75 million upon the earlier of a change of control or 31 December 2024.

If the parties are unable to agree on formal documentation or satisfy the conditions, the loan arrangement will not complete and the funding will not be available to Marley Spoon. In these circumstances, or if the loan does not complete this year, Marley Spoon will seek alternative funding, including €5m in 2019 from existing investors.

INVESTOR CONFERENCE CALL

An investor conference call will be held at 10.30 am AEDT on Thursday 31 October. Pre-registration links and dial in details have been released separately.

END

COMPANY INFORMATION:

Fabian Siegel,
Marley Spoon CEO
fabian@marleyspoon.com

INVESTOR QUERIES:

Michael Brown, Pegasus
+61 400 24 8080
ir@marleyspoon.com

About Marley Spoon

Marley Spoon 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, 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.

COMPANY INFORMATION:

Fabian Siegel,
Marley Spoon CEO
fabian@marleyspoon.com

INVESTOR QUERIES:

Michael Brown, Pegasus
+61 400 24 8080
ir@marleyspoon.com

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Marley Spoon AG

ABN

Not applicable

Quarter ended ("current quarter")

30 September 2019

Consolidated statement of cash flows	Current quarter EUR'000	Year to date (nine months) EUR'000
1. Cash flows from operating activities		
1.1 Receipts from customers	32,519	94,846
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(22,106)	(65,111)
(c) advertising and marketing	(7,184)	(27,699)
(d) leased assets	-	-
(e) staff costs	-	-
(f) administration and corporate costs	(8,817)	(24,186)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	9	25
1.5 Interest and other costs of finance paid	(49)	(704)
1.6 Income taxes paid	(6)	(138)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(5,634)	(22,907)

Consolidated statement of cash flows	Current quarter EUR'000	Year to date (nine months) EUR'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(682)	(3,978)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	(257)	(1,084)
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) 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) ¹	(186)	820
2.6 Net cash from / (used in) investing activities	(1,124)	(4,242)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	2,548
3.2 Proceeds from issue of convertible notes	15,900	27,916
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(97)	(261)
3.5 Proceeds from borrowings	5,427	35,873
3.6 Repayment of borrowings	(15,900)	(36,754)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material) ²	(1,005)	(2,641)
3.10 Net cash from / (used in) financing activities	4,325	26,681

¹ Sale and leaseback of property, plant, and equipment

² IFRS 16

Consolidated statement of cash flows	Current quarter EUR'000	Year to date (nine months) EUR'000
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	10,604	8,643
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(5,634)	(22,907)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(1,124)	(4,242)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	4,325	26,681
4.5 Effect of movement in exchange rates on cash held	(232)	(236)
4.6 Cash and cash equivalents at end of quarter	7,939	7,939

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 EUR'000	Previous quarter EUR'000
5.1 Bank balances	7,939	10,604
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)	7,939	10,604

6. Payments to directors of the entity and their associates

	Current quarter EUR'000
6.1 Aggregate amount of payments to these parties included in item 1.2	(84)
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Contracted salaries of Supervisory & Management Board members.

7. Payments to related entities of the entity and their associates	Current quarter EUR'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
Not applicable	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end EUR'000	Amount drawn at quarter end EUR'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

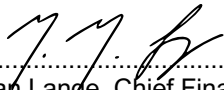
9. Estimated cash outflows for next quarter	EUR'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(29,190)
9.3 Advertising and marketing	(7,897)
9.4 Leased assets	-
9.5 Staff costs	-
9.6 Administration and corporate costs	(8,116)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(45,203)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

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.

Sign here:  Date: 31 October 2019
Fabian Siegel, Chief Executive Officer,
Chairman of the Management Board and Co-Founder

Sign here:  Date: 31 October 2019
Julian Lange, Chief Financial Officer,
Member of the Management Board

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.