



## MARLEY SPOON GROUP REPORTS POSITIVE OPERATING EBITDA IN Q1 2024 WITH €81M IN NET REVENUE

**LUXEMBOURG, 30 April 2024:** Marley Spoon Group SE (“Marley Spoon” or the “Company”), a leading global subscription-based meal kit provider, reported its results for the quarter ending 31 March 2024 (“Q1 2024”).

### Highlights:

- Q1 2024 net revenue of €80.7m, up nearly 10% quarter-over-quarter;
- Strong margin expansion with Contribution Margin in Q1 2024 of 34.4%, up 335 bps vs. the previous corresponding period;
- Q1 2024 Operating EBITDA of €0.2m, an improvement of €6.6m vs. the prior year;
- Operating Cash Flow of €2.9m in Q1 2024 and quarter-end cash balance of €26.6m;
- Smooth transition to asset-light model in the US.

Marley Spoon’s CEO Fabian Siegel, commented: *“After a challenging 2023, 2024 started with a stabilization of our customer base, resulting in quarter-over-quarter net revenue growth. This improvement on our revenue dynamic is a result of adjustments to our marketing strategy made at the end of Q3 2023, including greater focus on higher quality customer cohorts and lower discounts. It is great to see the benefits of these adjustments, such as improved customer retention, materializing. Noticeably, consumer sentiment also stabilized.*

*At the same time, the team worked hard on executing our strategic shift to an asset-light model for our US business which is expected to provide us with a scalable platform at an improved cost structure. The transition has been smooth with our meal-kit business having been transferred in early February. Since then, customer satisfaction has remained high, and the first cost savings have been realized. At the same time, our US team has begun integrating our newly acquired bistroMD operations. The combination of strong operational execution globally and our lower-discount marketing strategy led to a record contribution margin for the quarter, significantly up year-on-year.*

*The higher contribution margin paired with cost reductions as a result of last year's restructuring programs led to the first ever profitable first quarter on an Operating EBITDA level, despite the seasonally higher marketing investments. Overall, we had a good start to the year with heavy lifting on the execution of two transformative strategic transactions and year-over-year improved financial performance. I want to thank everybody at Marley Spoon for their teamwork that allowed us to deliver a good start into the year."*

## **Q1 2024 Business Update**

Q1 2024 net revenue landed at €80.7m, a decline of 9.5% in constant currency year-over-year, but up 10% Q-o-Q (3% excluding bistroMD). The improved revenue trajectory is driven by an adjusted customer acquisition strategy focusing on higher quality customer cohorts at lower discounts, implemented at the end of Q3 2023. Also, the company is experiencing a stabilization of consumer sentiment, leading to improvements in order frequency. A 14% (in constant currency) increase Y-o-Y in AOV was primarily driven by customers opting for higher-priced recipes and incremental Market items. Pricing also accounted for the increase in AOV, though to a lower degree than in the previous corresponding period (PCP).

The improved marketing performance allowed the Company to reduce its marketing investments in Q1 2024 to 17.1% of net revenue compared to 22.5% of net revenue in the PCP.

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, Q1 2024 CM was up 335 bps vs. the PCP to 34.4%, the highest margin on record for the Company. Q1 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, was lower at 40.9% compared to the PCP of 43.7%. This was driven by a conscious decision to provide more value to customers and re-invest in recipe ingredients.

During Q1 the Company transitioned to an asset-light manufacturing and fulfillment model and effectively moved all US meal-kit operations to its partner FreshRealm. The transition succeeded smoothly with customer satisfaction remaining high while first cost savings in the logistics area were achieved.

G&A decreased approximately 3% vs. the PCP, excluding the impact of one-off costs in connection with the strategic transactions in Q1 and follow-on costs of the restructuring in 2023. This is a result of the Company's financial discipline and continued cost reduction program which is expected to yield incremental process optimizations and savings through automation and business service centralization over the coming quarters.

The margin improvement and G&A savings led to Marley Spoon's first ever positive Q1 Operating EBITDA of €0.2m, an improvement of €6.6m vs. the PCP.

## MARLEY SPOON GROUP SE CONSOLIDATED INCOME STATEMENT (UNAUDITED)

| € in millions                   | Q1 2024      | Q1 2023      | % vs. PY     |
|---------------------------------|--------------|--------------|--------------|
| <b>Revenue</b>                  | <b>80.7</b>  | <b>91.4</b>  | <b>(12)%</b> |
| <b>Revenue €CC</b>              | <b>82.7</b>  | <b>91.4</b>  | <b>(10)%</b> |
| Cost of goods sold              | 43.8         | 48.4         | (10)%        |
| <b>Gross Profit</b>             | <b>36.9</b>  | <b>43.0</b>  | <b>(14)%</b> |
| % of revenue                    | 45.7%        | 47.0%        | (1)pt        |
| Fulfilment expenses             | 9.2          | 14.6         | (37)%        |
| <b>Contribution margin (CM)</b> | <b>27.7</b>  | <b>28.4</b>  | <b>(2)%</b>  |
| <b>% of revenue</b>             | <b>34.4%</b> | <b>31.0%</b> | <b>3pt</b>   |
| Operating CM %                  | <b>40.9%</b> | <b>43.7%</b> | <b>(3)pt</b> |
| Marketing expenses              | 13.8         | 20.6         | (33)%        |
| % of revenue                    | 17.1%        | 22.5%        | (5)pt        |
| G&A expenses                    | 21.5         | 19.3         | 11%          |
| % of revenue                    | 26.7%        | 21.1%        | 6pt          |
| EBIT                            | (7.6)        | (11.5)       | 34%          |
| % of revenue                    | (9.4)%       | (12.6)%      | 3pt          |
| <b>Operating EBITDA*</b>        | <b>0.2</b>   | <b>(6.4)</b> | <b>6.6</b>   |
| % of revenue                    | 0.2%         | (7.0)%       | 7pt          |

\*Figures exclude: Q1 2023: (i) severance payments/restructuring costs in the amount of €0.9m; Q1 2024: (i) severance payments/restructuring costs in the amount of €0.3m; (ii) M&A transaction fees of €3.1m at Marley Spoon SE and €0.2m at Marley Spoon Group SE.

### SEGMENT REVIEW

#### United States

- Q1 2024 net revenue at €44.0m, (2.5)% vs. the PCP on a reported basis / (1.3)% in constant currency vs. the PCP;
- Contribution Margin in Q1 2024 expanding Y-o-Y by 2.0 pts to 37.7%, while reducing Operating CM by 4.3 pts Y-o-Y, to 43.5%;
- Positive Operating EBITDA of €4.1m, including bistroMD, an improvement of €3.2m compared to the PCP.

In Q1, US net revenue grew Q-o-Q and was stable Y-o-Y driven by higher order frequency and AOV as well as the consolidation of bistroMD, offsetting lower marketing investment. Strong margin expansion was realized owing to the changed marketing strategy which featured fewer discounts. Operating CM decreased due to conscious reinvestments in customer value and external factors such as produce price fluctuations and weather disruptions. G&A increases were driven principally by the addition of bistroMD, one-time M&A transaction fees and the addition of the FreshRealm platform fee (offset by removal of D&A in COGs). Overall the US segment realized strong improvements in Operating EBITDA Y-o-Y driven by the improved margin.

## Australia

- Q1 2024 net revenue of €29.5m, down 17.8% on a reported basis and (13.6)% in constant currency, both vs. the PCP;
- Q1 2024 CM at 31.2%, up by 4.9 points vs. the PCP, and Operating CM at 39.0%, a decline of 1.2 points vs. the PCP;
- Positive Operating EBITDA of €1.4m, an improvement of €2.7m compared to the PCP.

Australia's revenue stabilized Q-o-Q while still in decline Y-o-Y, driven by lower marketing investment and the delayed impact of high inflation and interest rates on consumer sentiment, leading to lower order frequency Y-o-Y. Contribution Margin improved due to the adjusted marketing strategy leading to lower levels of customer discounts. Operating Contribution Margin was impacted by temporary costs related to the integration of Chefgood box assembly into Marley Spoon's meal kit operations. Overall the margin improvement and leaner cost structure led to improvements in Operating EBITDA performance in the quarter despite lower revenue.

## Europe

- Q1 2024 net revenue at €7.3m, a (30.9)% decline vs. the PCP;
- Q1 2024 CM at 27.1%, flat Y-o-Y and Operating CM at 32.3%, down 5.3 points compared to the PCP;
- Operating EBITDA excluding headquarter costs amounted to a loss of €0.5m in Q1 2024, in-line with PCP.

Europe faced stronger consumer headwinds than the other regions throughout 2023, resulting in the biggest decline in revenue base. Throughout Q1 consumer confidence is showing a gradual improvement compared to last year, aided by lower inflation resulting in order frequency and LTV improvement. This led to revenue stabilizing quarter-over-quarter while it remains lower year-over-year. Contribution Margin was stable as benefits from reduced marketing discounts offset re-investment in customer value, an increase in the minimum wage in the Netherlands as well as adverse effects from lower scale. Overall the lower fixed cost base and marketing investment allowed the region to keep Operating EBITDA flat despite Y-o-Y lower revenue base.

## KEY OPERATING METRICS\*

In Q1 2024 Active Subscribers declined (23)% compared to the PCP to 194k, 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 in Q1 which is slightly up Q-o-Q despite a significantly reduced marketing investment at 17.1% of net revenue compared to 22.5% in the PCP.

Orders per subscriber increased by 2% vs. the PCP and average order value increased 14% in constant currency, driven primarily by the expansion of product offerings and larger plan sizes. Pricing also drove AOV expansion though to a lower degree than in the PCP.

#### Operating KPIs\*

|  | Q1 2024 | Q1 2023 | % vs. PY |
|--|---------|---------|----------|
| <b>Group</b>                                   |         |         |          |
| Active customers <sup>1</sup> (k)              | 266     | 394     | (32)%    |
| Active subscribers <sup>2</sup> (k)            | 194     | 250     | (23)%    |
| Number of orders (k)                           | 1,261   | 1,590   | (21)%    |
| Orders per customer                            | 4.7     | 4.0     | 17%      |
| Orders per subscriber                          | 6.5     | 6.4     | 2%       |
| Meals (m)                                      | 11.4    | 14.6    | (22)%    |
| Average order value (€, net)                   | 64.0    | 57.5    | 11%      |
| Average order value (€ constant currency, net) | 65.6    | 57.5    | 14%      |
| <b>Australia</b>                               |         |         |          |
| Active customers <sup>1</sup> (k)              | 108     | 161     | (33)%    |
| Active subscribers <sup>2</sup> (k)            | 68      | 89      | (23)%    |
| Number of orders (k)                           | 522     | 679     | (23)%    |
| Meals (m)                                      | 5.1     | 6.7     | (24)%    |
| <b>USA</b>                                     |         |         |          |
| Active customers <sup>1</sup> (k)              | 125     | 173     | (28)%    |
| Active subscribers <sup>2</sup> (k)            | 95      | 113     | (16)%    |
| Number of orders (k)                           | 592     | 685     | (14)%    |
| Meals (m)                                      | 5.2     | 6.1     | (15)%    |
| <b>Europe</b>                                  |         |         |          |
| Active customers <sup>1</sup> (k)              | 33      | 60      | (45)%    |
| Active subscribers <sup>2</sup> (k)            | 30      | 48      | (37)%    |
| Number of orders (k)                           | 147     | 227     | (35)%    |
| Meals (m)                                      | 1.2     | 1.8     | (35)%    |

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

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

<sup>2</sup>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 Q1 2024 ending cash balance for the combined Marley Spoon Group (including bistroMD) and Marley Spoon SE was €26.6m. Cash from operations in Q1 2024 was €2.9m, driven by a combination of improved profitability as compared to the previous year, as well as working capital benefits. Improved payment terms from the FreshRealm transaction, the quarter-over-quarter revenue improvement and the timing of payments contributed to working capital benefits in the quarter.

Cash from investing activities amounted to a positive €17.8m. This is comprised of nearly €24m received as proceeds from the sale of the Company's US operations assets to FreshRealm as well as the cash acquired through the purchase of bistroMD. Offsetting this amount was a payment of €3.6m toward bistroMD's loan facility as part of the closing of the transaction, €1.7m in expenditure against the

Company's digital platforms and an earnout payment to the owner of Chefgood in connection with the acquisition of that business in early 2022. The last earnout is expected to be paid later this year.

Finally, cash from financing activities was €(6.7)m. Proceeds from a capital raise in February 2024 in connection with the FreshRealm and bistroMD transactions were €8.0m, but were offset by repayment of borrowings, most notably a €10.5m pre-payment at no penalty to Runway against the Company's largest loan balance. Lease and interest payments of €4.2m made up the balance.

## **RECONFIRMING 2024 GUIDANCE**

Marley Spoon CFO, Jennifer Bernstein, commented, "We are pleased with how we began the year, stabilizing or improving on our key revenue metrics, delivering our strongest contribution margin on record and continuing to operate with a leaner cost structure as a result of the cost reduction programs we executed in 2023. This led to the Company's first profitable Q1 on record on an Operating EBITDA level despite the seasonally higher investment in marketing. Our financial performance in Q1 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 10:00 am CEST on 30 April 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 Group 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 and bistroMD are our direct-to-consumer ready-to-heat (RTH) services that offer tasty, high-quality, healthy, and nutritious RTH meals and eating solutions for our wellness and health-focused customers.

#### Disclaimer

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