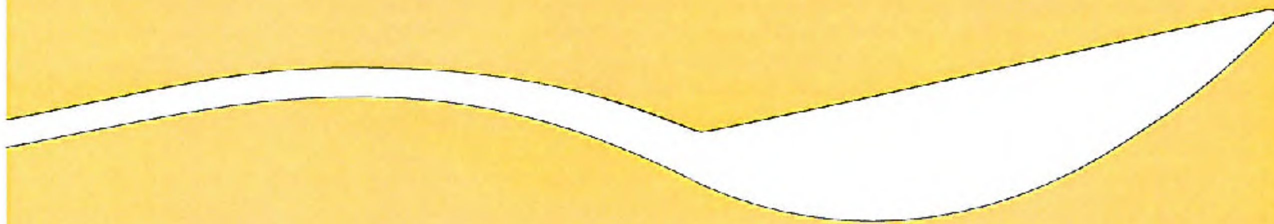
MARLEY SPOON

IFRS Consolidated Financial Statements

2017



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Marley Spoon GmbH

Consolidated Statement of Financial Position

EUR in thousands	Note	31 December 2017	31 December 2016	1 January 2016
Assets				
Non-current assets				
Property, plant and equipment	8.1	1,680	1,175	235
Intangible assets	8.2	613	60	1,052
Financial assets available for sale	7.7	26	-	-
Other non-current financial assets	7.6	873	901	299
Total non-current assets		**3,192**	**2,136**	**1,586**
Current assets				
Inventories	8.4	3,601	1,283	255
Trade and other receivables	7.4	362	9,645	76
Other non-financial assets	8.6	741	505	148
Cash and cash equivalents	7.5	2,327	1,689	9,009
Total current assets		**7,031**	**13,122**	**9,488**
Total assets		**10,223**	**15,258**	**11,074**
Equity and liabilities				
Equity				
Share capital	9.1	78	75	60
Capital reserve	9.1	47,651	40,393	20,294
Other reserves	9.2	5,611	3,295	1,433
Currency translation reserve	9.3	(51)	25	(10)
Accumulated net earnings (losses)		(64,185)	(36,149)	(12,005)
Equity attributable to equity holders		**(10,896)**	**7,639**	**9,772**
Non-controlling interests		(767)	(283)	-
Total equity		**(11,663)**	**7,356**	**9,772**
Non-current liabilities				
Long term debt	7.10	6,965	2,187	-
Total non-current liabilities		**6,965**	**2,187**	**-**
Current liabilities				
Trade and other payables	7.8	8,117	2,555	971
Derivative financial instruments	7.2	697	501	-
Deferred income	8.7	426	98	-
Long term debt – current	7.10	3,998	1,553	-
Other financial liabilities	7.9	1,148	516	-
Other non-financial liabilities	8.7	535	492	331
Total current liabilities		**14,921**	**5,715**	**1,302**
Total equity and liabilities		**10,223**	**15,258**	**11,074**

Marley Spoon GmbH

Consolidated Statement of Comprehensive income

EUR in thousands	Note	2017	2016
Revenue	3	**53,244**	**20,192**
Cost of goods sold	5.1	(34,513)	(16,721)
Gross profit		**18,731**	**3,471**
Fulfilment expenses	5.1	(9,919)	(5,307)
Marketing expenses	5.1	(15,735)	(8,110)
General & administrative expenses	5.1	(20,313)	(14,047)
Operating income (loss)		**(27,236)**	**(23,993)**
Earnings before interest & taxes (EBIT)		**(27,236)**	**(23,993)**
Financing income	5.2	14	5
Financing expense	5.2	(1,286)	(439)
Earnings before taxes (EBT)		**(28,508)**	**(24,427)**
Income tax expense	6	(12)	-
Net income for the period		**(28,520)**	**(24,427)**
Earnings for the year attributed to:			
Owners of the company		(28,036)	(24,144)
Non-controlling interest		(484)	(283)
Other comprehensive income for the year			
Items that may be subsequently reclassified to profit or loss	9.3	**(76)**	**35**
Owners of the company		(76)	35
Non-controlling interest		-	-
Total comprehensive income for the year, net tax		**(28,596)**	**(24,392)**
Total comprehensive income attributed to:			
Owners of the company		(28,112)	(24,109)
Non-controlling interests		(484)	(283)
Basic earnings per share	19	(0.37)	(0.38)
Diluted earnings per share	19	(0.37)	(0.38)

Marley Spoon GmbH

Statement of Changes in Equity

EUR in thousands	Note	Attributable to owners of the parent						Attributable to NCI	
		Share capital	Capital reserves	Other reserves	Accumulated net earnings	Currency translation reserve	Total	NCI	Equity
January 1, 2016		**60**	**20,294**	**1,433**	**(12,005)**	**(10)**	**9,772**	-	**9,772**
Net income for the period (loss)	2.1	-	-	-	(24,144)	-	(24,144)	(283)	(24,427)
Other comprehensive income	9.3	-	-	-	-	35	35	-	35
Total comprehensive income		-	-	-	**(24,144)**	**35**	**(24,109)**	**(283)**	**(24,392)**
Issuance of share capital	9.1	15	19,998	-	-	-	20,013	-	20,013
Share-based payment expense	9.2	-	-	1,963	-	-	1,963	-	1,963
Exercise of warrant	9.2	-	101	(101)	-	-	-	-	-
Balances as of December 31, 2016		**75**	**40,393**	**3,295**	**(36,149)**	**25**	**7,639**	**(283)**	**7,356**
Net income for the period (loss)	2.1	-	-	-	(28,036)	-	(28,036)	(484)	(28,520)
Other comprehensive income	9.3	-	-	-	-	(76)	(76)	-	(76)
Total comprehensive income		-	-	-	**(28,036)**	**(76)**	**(28,112)**	**(484)**	**(28,596)**
Issuance of share capital	9.1	3	7,038	-	-	-	7,041	-	7,041
Share-based payment expense	9.2	-	-	2,536	-	-	2,536	-	2,536
Exercise of warrant	9.2	-	220	(220)	-	-	-	-	-
Balances as of December 31, 2017		**78**	**47,651**	**5,611**	**(64,185)**	**(51)**	**(10,896)**	**(767)**	**(11,663)**

Marley Spoon GmbH

Statement of Cash Flows

EUR in thousands	Note	2017	2016
Operating activities			
Net income for the period (loss)		**(28,520)**	**(24,427)**
Adjustments for:			
Depreciation and impairment of property, plant and equipment	8.1	336	124
Amortization and impairment of intangible assets	8.2	69	1,000
Increase (decrease) in share-based payments	9.2	2,536	1,963
Financing expense	5.2	1,286	439
Interest paid	5.2	(472)	(259)
Other non-cash movements	9.3	190	(64)
Working capital adjustments:			
Decrease (increase) in inventory	8.4	(2,318)	(1,028)
Increase (decrease) in account payables	7.8	5,562	1,584
Decrease (increase) receivables	7.4	(210)	(1,035)
Increase (decrease) in other assets and liabilities	8.6/8.7	637	775
Net cash flows from operating activities		**(20,904)**	**(20,928)**
Investing activities			
Purchase of property, plant and equipment	8.1	(902)	(1,062)
Purchase of intangible assets	8.2	(627)	(8)
Purchase financial assets available for sale	7.7	(26)	-
Net cash flows used in investing activities		**(1,555)**	**(1,070)**
Financing activities			
Proceeds from the issuance of share capital	9.1	16,534	10,520
Proceeds from borrowings	10	8,200	5,000
Repayment of borrowings	10	(1,579)	(877)
Net cash flows from/(used in) financing activities		**23,155**	**14,643**
Net increase in cash and cash equivalents		696	(7,355)
Net foreign exchange difference		(58)	35
Cash and cash equivalents at 1 January		1,689	9,009
Cash and cash equivalents at December 31		**2,327**	**1,689**

How numbers are calculated

This section provides additional information about those individual line items in the financial statements that the directors consider most relevant in the context of the operations of the group, including:

Significant changes in the current reporting period & IFRS 1 adoption
Description of the business and segment information
Revenue
Material profit or loss items
Other income and expense items
Income tax expense
Financial assets and liabilities
Non-financial assets and liabilities
Equity
Cash flow information

1 Significant changes in the current reporting period & IFRS 1 adoption

These financial statements, for the year ended 31 December 2017, are the first Marley Spoon ("the Group") has prepared in accordance with the full International Financial Reporting Standards (IFRS). For periods up to and including the year ended 31 December 2016, the Group prepared its consolidated financial statements voluntarily while applying elements which comply with IFRS. The Group did not publish the 2016 Consolidated Financial Information.

Accordingly, the Group has prepared financial statements that comply with IFRS applicable as at 31 December 2017, together with the comparative period data for the year ended 31 December 2016, as described in the summary of significant accounting policies. In preparing the financial statements, the Group's opening Statement of Financial Position was prepared as of 1 January 2016, the Group's date of transition to (full) IFRS.

2 Description of the business & segment information

The Group's principal business activity is to create original recipes, which are sent along with fresh, high-quality, seasonal ingredients directly to customers for them to prepare, cook, and enjoy. Customers can choose which recipes they would like to receive in a given week, and get the pre-portioned ingredients delivered to their doorstep by third-party logistics partners.

Marley Spoon GmbH was incorporated in 2014 as a limited company per German law. The company is registered in the commercial register of Charlottenburg (Berlin) under HR B 158261B. It is domiciled in Germany and has its registered office at Paul-Lincke-Ufer 39/40, 10999 Berlin.

The activities currently span six countries, which comprise the three operating segments (AU, EU, and US): Australia (AU), Austria (EU), Belgium (EU), Germany (EU), the Netherlands (EU), and the United States of America (US).

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM is responsible for allocating resources and assessing performance of the operating segments and has been defined as the Chief Executive Officer (CEO) and Chief Financial Officer (CFO).

Segment results that are reported include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The accounting policies of the operating segments are the same as those described in chapter 22 ("Summary of significant accounting policies"). The Group accounts for inter-segment sales and transfers as if the sales or transfers were to third parties where the arm's length principle applies.

The Group does not separate operating segments based on the type of products, since the nature of the product, production processes and the method used for distribution are similar across all regions. In addition, no segmentation is provided on the Group assets and liabilities since these amounts are not regularly reviewed by the CODM.

2.1 Adjusted EBITDA

Adjusted EBITDA excludes the effects of equity-settled share-based payments, unrealized gains or losses on financial instruments, as well as significant items of income and expenditure that are the result of an isolated, non-recurring event such as certain impairments.

The reported operating segments are strategic business units that are managed separately. The holding represents royalty charges and interest income on subsidiaries. The group Consolidation ("Conso") eliminates intersegment transactions.

			2017				
EUR in thousands	**USA**	**Australia**	**Europe**	**Total**	**Holdings**	**Conso**	**Group**
Total revenue	18,838	19,869	14,537	53,244	2,258	(2,258)	53,244
Internal revenue	-	-	-	-	2,258	(2,258)	-
External revenue	18,838	19,869	14,537	53,244	-	-	53,244
Contribution margin (1)	2,196	4,552	2,064	8,812	2,258	(2,258)	8,812
Internal charges & royalty	957	651	650	2,258	-	(2,258)	-
Adjusted EBITDA	**(10,672)**	**(4,962)**	**(11,230)**	**(26,864)**	**2,258**	**-**	**(24,606)**
Special items (2)	-	-	(2,225)	(2,225)	-	-	(2,225)
Impairment losses (3)	-	-	-	-	-	-	-
Depreciation and amortization	(176)	(116)	(113)	(405)	-	-	(405)
EBIT	**(10,848)**	**5,078)**	**(13,568)**	**(29,494)**	**2,258**	**-**	**(27,236)**

			2016				
	USA	**Australia**	**Europe**	**Total**	**Holding**	**Conso**	**Group**
Total revenue	7,207	3,275	9,710	20,192	775	(775)	20,192
Internal revenue	-	-	-	-	775	(775)	-
External revenue	7,207	3,275	9,710	20,192	-	-	20,192
Contribution margin (1)	(1,342)	(73)	(421)	(1,836)	775	(775)	(1,836)
Internal charges & royalty	251	98	426	775	-	(775)	-
Adjusted EBITDA	**(7,926)**	**(2,322)**	**(11,433)**	**(21,681)**	**775**	**-**	**(20,906)**
Special items (2)	-	-	(1,963)	(1,963)	-	-	(1,963)
Impairment losses (3)	-	-	(914)	(914)	-	-	(914)
Depreciation and amortization	(45)	(23)	(142)	(210)	-	-	(210)
EBIT	**(7,971)**	**(2,345)**	**(14,452)**	**(24,768)**	**775**	**-**	**(23,993)**

(1) Contribution margin consists of revenue from external customers less cost of goods sold and fulfillment expenses
(2) Special items consist of the following items: employee virtual share program (VSP) EUR 2,073 thousand (2016: 1,411 thousand), Media for equity program EUR 152 thousand (2016: 552 thousand) accumulating to a total of special items of EUR 2,225 thousand (2016: 1,963 thousand)
(3) Balance contains total impairment losses of EUR 0 (2016: 914 thousand) and reversals of impairment losses of EUR 0 (2016: 0).

The 2017 revenues generated within Germany amounted to EUR 4,482 (2016: 2,661). Revenues from 2017 for all other countries amounted to EUR 48,762 (2016: 17,531). The United States of America and Australia represent the largest markets and are therefore separately segmented. Revenues in the Netherlands, Belgium, Austria and Germany are segmented as EU.

The Group has no intercompany transactions that cross continents with the exception of intercompany financing transactions between the parent and the subsidiaries, the associated interest, and royalty charges. The royalty and interest charges are based on independent benchmark studies.

3 Revenue

Marley Spoon provides delightful, market fresh, and easy cooking solutions to its customers in six countries. The product is a meal kit, which is delivered on a weekly basis directly to customers at a convenient time and it contains all key ingredients to prepare homemade meals. Since the establishment of the company in 2014, it has shown fast growth reaching a revenue of EUR 53.2 million in 2017, a year over year increase of 164%.

The business model differs from the conventional grocery supply chain by eliminating the need for intermediaries, such as wholesalers or distributors, and connecting producers directly with the customer. Ingredients can be purchased just-in-time, are packed in refrigerated fulfillment centers, and are delivered from there with insulated packaging and/or chilled transportation.

External revenue includes income from the core activities of the Group, which are sales of meal kits and related products to customers. Internal revenue results from inter-company recharges of goods or services between Group companies. No single customer accounts for more than 10%.

3.1 Segment revenue

The segment revenue breakdown is provided in paragraph 2.1 whereby a segmentation is made between Australia (AU), Europe (EU), and the United States of America (US). The Groups CODM reviews the segment as per the region and therefore no separate disclosure has been provided despite individual countries exceed the IFRS 8 threshold of 10%.

3. 2 Recognizing revenue from major business activities

The Group generates revenue primarily from the sale of food ingredients along with corresponding recipes as meal kits. Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of promotional discounts, rebates, allowances and value added tax. In case credits are granted as part of a sales transaction, a portion of revenue equal to the fair value of the award earned is deferred until redemption.

The Group recognizes revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow, and when the risk and rewards of the inventory have passed on, which is when the goods have been delivered to the customer.

The Group has concluded that it is the principal in all its revenue arrangements since it is the primary obligor, has pricing latitude and is also exposed to inventory and credit risk.

Sales to wholesalers have similar characteristics as listed above, whereby the wholesaler has no right of return, and is therefore not considered as a sale-through channel. The wholesaler has full discretion over the channel and price to sell the products, and therefore the Group has no unfulfilled obligation that could affect the wholesaler's acceptance of the products.

4 Material profit and loss items

The Group has identified a number of items which are material due to the significance of their nature and/or amount. These are listed separately here to provide a better understanding of the financial performance.

The identified material profit and loss items are disclosed separately in subsequent notes.

EUR in thousands	2017	2016
Kochabo brand impairment	-	914
Employee virtual share program	2,073	1,411
Derivative financial instrument	380	37

The Group conducts an annual impairment assessment which resulted in the full impairment of the intangible assets (brand) associated with the Kochabo acquisition in 2015 (EUR 914 thousand) and was expensed in 2016. Further details on the Kochabo brand impairment are provided in paragraph 8.2.

Derivative financial instrument adjustments are associated with the impact of forward hedges of EUR 229 thousand (2016: 0) and the fair value adjustments on warrants listed as fair value adjustments of EUR 152 thousand (2016: 37 thousand). Further details in regard to the employee virtual share program is provided in chapter 18.

5 Other income and expense items

This note provides a breakdown of the items included financing income, financing expense in the Statement of Comprehensive Income and an analysis of expenses by nature. Information about specific profit and loss items (such as gains and losses in relation to financial instruments) is disclosed in the related balance sheet notes.

5.1 Breakdown of expenses by nature

	2017			
EUR in thousands	**Cost of goods sold**	**Fulfillment**	**Marketing**	**General & administration**
Raw materials and direct fulfillment costs	27,923	9,919	-	-
Depreciation and amortization	181	-	-	224
Impairment of intangible assets	-	-	-	-
Employee benefits expenses				
Wages and salaries	5,617	-	1,225	9,978
Social security costs	453	-	120	1,239
Defined contribution plan expenses	339	-	84	515
Share-based payment expense	-	-	-	2,073
Total	**34,513**	**9,919**	**1,429**	**14,029**

	2016			
EUR in thousands	**Cost of goods sold**	**Fulfillment**	**Marketing**	**General & administration**
Raw materials and direct fulfillment costs	12,689	5,307	-	-
Depreciation and amortization	68	-	86	56
Impairment of intangible assets	-	-	914	-
Employee benefits expenses				
Wages and salaries	3,435	-	1,151	6,622
Social security costs	419	-	105	792
Defined contribution plan expenses	110	-	86	397
Share-based payment expense	-	-	-	1,411
Total	**16,721**	**5,307**	**2,342**	**9,278**

5.2 Financing income and expenses

Financial expenses are associated with the interest paid on borrowings, derivative financial instruments and the adjustments for loans which are valued at amortized costs. Differences between the proceeds (net of transaction costs) and the redemption value is recognized in the Statement of Comprehensive Income over the borrowing period using the effective interest method.

EUR in thousands	2017	2016
Interest earned on bank balances	14	5
Interest expense on borrowings	(630)	(259)
Derivative financial instrument adjustments	(380)	(37)
Effects from applying the effective interest method on borrowings	(276)	(143)
Total	**(1,272)**	**(434)**

6 Income tax expense

This note provides an analysis of the Group's income tax expense, deferred tax position and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Group's tax position and effective tax rate.

EUR in thousands	2017	2016
Current tax expense	(12)	-
Deferred tax benefit	-	-

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and established provisions where appropriate. Deferred tax is provided using the liability method or temporary differences between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

EUR in thousands	2017	2016
EBT	**(28,508)**	**(24,427)**
Tax calculation at domestic tax rates applicable to results in the respective jurisdiction	9,921	8,075
Tax impact of non-deductible expenses		
- Share-based payment expense	770	593
- Fair value adjustments derivatives	46	11
- Other	17	25
Unrecognized tax losses for the year	9,076	7,446
Income tax benefit (expense) for the year	**(12)**	-
Effective tax rate	**0%**	**0%**

The total historic income tax losses accumulate to EUR 58,848 thousand as per 31 December 2017 (31 December 2016: 30,306 thousand, 1 January 2016: 9,020 thousand) resulting in a potential deferred tax asset of EUR 18,985 thousand as per 31 December 2017 (31 December 2016: 9,991 thousand, 1 January 2016: 2,733 thousand). These losses relate to subsidiaries that have a history of losses, do not expire, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries currently have no taxable temporary differences (except to the extent provided in note 8.3) or any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognize deferred tax assets on the tax losses carried forward.

The weighted average applicable tax rate for the year ended 31 December 2017 was 34.8% (2016: 33.4%) which was derived from the tax rate in each jurisdiction weighted by the relevant pre-tax loss. No numerical reconciliation of income tax expense to prima facie tax payable has been calculated since no positions have been recognized in 2017.

7 Financial assets and liabilities

This note provides information about the Group's financial instruments, including:

- an overview of all financial instruments held
- specific information about each type of financial instrument
- related accounting policies
- information about determining the fair value of the instruments, including judgements and estimation uncertainty involved.

7.1 Disclosure of financial assets and financial liabilities

The Group holds financial instruments in the following categories:

- Financial Assets available for Sale (AfS)
- Loans and Receivables (LaR)
- Financial Assets Held for Trading (FAHfT)
- Financial Liabilities at amortized costs (FLaC)
- Financial Liabilities Held for Trading (FLHfT)

Financial assets (EUR in thousands)		Notes	31 December 2017	31 December 2016	1 January 2016
Other non-current financial assets	LaR	7.6	873	901	299
Trade and other receivables	LaR	7.4	362	9,645	76
Financial asset available for sale	AfS	7.7	26	-	-
Cash and cash equivalents	LaR	7.5	2,327	1,689	9,009
			3,588	**12,235**	**9,384**

Financial liabilities (EUR thousands)		Notes	31st December 2017	31st December 2016	1st January 2016
Long term debt	FLaC	7.10	10,963	3,740	-
Derivative Financial instruments	FLHfT	7.2	697	501	-
Trade and other payables	FLaC	7.8	8,117	2,555	971
Other financial liabilities	FLaC	7.9	1,148	516	-
Total			**20,925**	**7,312**	**971**

The financial instruments represent an absolute carrying value of EUR 3,562 thousand for LaR (2016: EUR 12,235 thousand), AfS EUR 26 thousand (2016: zero), EUR 20,228 thousand for FLaC (2016: EUR 6,811) and FlHft EUR 697 thousand (2016: EUR 501 thousand).

In accordance with IFRS 7.20 (a), net gains and losses of financial instruments are to be disclosed for each measurement category in line with IAS 39. The net results of the individual measurement categories pursuant to IAS 39 are as follows:

Financial assets and liabilities (EUR in thousands)	2017	2016
Financial Assets available for sale (AfS)	-	-
Loans and Receivables (LaR)	14	5
Financial Assets Held for Trading (FAHfT)	-	-
Financial Liabilities at amortized costs (FLaC)	(906)	(403)
Financial Liabilities Held for Trading (FLHfT)	(380)	(36)
Total	**(1,272)**	**(434)**

7.2 Derivative financial instruments

The derivative financial instruments break down as follows:

EUR in thousands	31st December 2017	31st December 2016
Derivative financial instruments – current	697	501

The current derivative financial instruments are associated with warrants. In the context of a loan agreement, the Group granted a warrant (see loan 1 paragraph 7.10), which is classified as a derivative financial liability at the date of initial recognition and initially recognized at fair value. It is then deducted from the redemption value of the loan along with transaction costs and amortized over the period of the loan using the effective interest method.

Subsequent measurements of the warrants are based on their fair value (Level 3). An option pricing model (binomial model) is used to determine the fair value of the warrant agreements at the relevant dates. Public market data, e.g. the risk-free interest rates (2017: 0.17 %; 2016: 0.66 %) and other input data were used. Especially relevant is the valuation of the company based on the last financing round (unobservable input parameter) and the calculated volatility (2017: 31.02 %; 2016: 35.29 %). Gains and losses arising from changes in fair value are recognized in the Statement of Comprehensive Income in the period during which they arise.

The current derivative financial instrument is also associated with a forward hedge, wherefore an active market is identified, and the fair value is defined on the current US-Dollar exchange rate and the contractual terms.

7.3 Fair value of financial instruments

The Group measures derivatives, at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their own economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 — valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 — valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Set out below is a comparison by category for carrying amounts and fair values of all the Group's financial instruments that are included in the financial statements.

EUR in thousands	Note	31 December 2017		31 December 2016		1 January 2016	
Financial assets		**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Other non-current financial assets	7.6	873	n/a	901	n/a	299	n/a
Financial asset AFS	7.7	26	n/a	-	n/a	-	n/a
Trade and other receivables	7.4	362	n/a	9,645	n/a	76	n/a
Cash and cash equivalents	7.5	2,327	n/a	1,689	n/a	9,009	n/a
Total		**3,588**		**12,235**		**9,384**	
Financial liabilities		**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Long term debt *	7.10	10,963	11,102	3,740	4,177	-	-
Trade and other payables	7.8	8,117	n/a	2,555	n/a	971	n/a
Derivative financial instruments**	7.2	697	697	501	501	-	-
Other financial liabilities	7.9	1,148	n/a	516	n/a	-	-
Total		**20,925**		**7,312**		**971**	

* Long term debt: Level 3 pursuant to the fair value hierarchy (measurement due to non-observable input factors)

** Warrant: Level 3 pursuant to the fair value hierarchy (measurement due to non-observable input factors); Forward hedge: Level 2 pursuant to the fair value hierarchy

For liquid assets, other short-term financial instruments and other non-current financial assets, the fair values equal approximately their carrying amounts at closing date.

The fair value disclosure of long term debt is determined based on discounted cash flows using appropriate market interest rates and current borrowing rates, for the purposes of disclosures in accordance with IFRS 7. They are classified as level 3 fair values due to the use of unobservable inputs, like the estimation for own credit risk.

The profit and loss impact of the level 3 financial instruments is associated with the non-current derivative financial instrument (warrant) and has the following impact:

EUR in thousands	Financial liabilities
December 31st 2017	**653**
Loss recognized	152
Additions due to acquisitions and issuances	-
December 31st 2016	**501**
Loss recognized	37
Additions due to acquisitions and issuances	464
January 1st 2016	-

Financial assets

Current financial assets

7.4 Trade and other receivables and other current financial assets

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. If collection of the amounts is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. The Group's trade receivables are generally due for settlement within 30 days and therefore are all classified as current. The Group's impairment and other accounting policies for trade and other receivables are outlined in notes 12.3 and 22.9, respectively.

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

EUR in thousands	31 December 2017	31 December 2016	1 January 2016
Trade and other receivables	362	9,645	76

Trade and other receivables amounted to EUR 362 thousand as of December 31, 2017 (2016: 9,645 thousand, including 152 thousand from trade receivables and 9,493 thousand from receivables for share capital issued on December 23, 2016, for which the Group held a legal claim to cash). The Group has no receivables against related parties.

The Group has not recorded an allowance for uncollectible amounts since all (material) receivables are collected by payment service providers (PSPs) prior to delivery of the product and therefore no collectability risk exists.

7.5 Cash and cash equivalents

Cash and cash equivalents are comprised as follows:

EUR in thousands	31 December 2017	31 December 2016	1 January 2016
Cash at bank	2,327	1,689	9,009

The above figures reconcile to the amount of cash shown in the Statement of Cash Flows at the end of the financial year.

Term deposits are presented as cash equivalents, if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest. Fair value of cash and cash equivalents equal their respective carrying amount due to the short-term maturities of these instruments.

The Group has pledged all bank lines to a loan provider as stated in chapter 21.

Non-current financial assets

7.6 Other non-current financial assets

Other non-current financial assets are driven by security deposits for leased properties. These deposits are subject to contractual restrictions and are therefore not available for general use by the Group.

EUR in thousands	31 December 2017	31 December 2016	1 January 2016
Other non-current financial assets	873	901	299

7.7 Financial assets available for sale

Financial assets available for sale are held for long term purpose and comprise of interest-bearing cooperative shares. The group has recognized the financial assets available for sale at costs since the fair value was not reliably measurable at the balance sheet date. During the year ended December 31, 2017, there was no identified impairment of the financial asset available for sale.

EUR in thousands	31 December 2017	31 December 2016	1 January 2016
Financial assets available for sale	26	-	-

Investments are designated as available-for-sale, if they do not have fixed maturities and fixed or determinable payments, and management intends to hold them for the medium to long term. Financial assets that are not classified into any of the other categories (at FVPL, loans and receivables or held-to-maturity investments) are also included in the available-for-sale category. The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months of the end of the reporting period.

Financial liabilities

Current financial liabilities

7.8 Trade and other payables

Trade and other payables are unsecured and are usually paid within 45 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature. Trade payables are primarily comprised of balances payable to food and packaging suppliers, transportation carriers and marketing partners.

EUR in thousands	31 December 2017	31 December 2016	1 January 2016
Trade and other payables	8,117	2,555	971

7.9 Other financial liabilities

Other current financial liabilities are associated with payroll accruals and accrued costs for which the service has been obtained, but the Group has not obtained the respective invoices.

EUR in thousands	31 December 2017	31 December 2016	1 January 2016
Other financial liabilities	1,148	516	-

Non-current financial liabilities

7.10 Long term debt

The Group holds the following interest-bearing loans & borrowings:

EUR in thousands	31 December 2017 Current	31 December 2017 Non-current	31 December 2016 Current	31 December 2016 Non-current	1 January 2016 Current	1 January 2016 Non-current
Borrowings						
Loan 1	1,731	728	1,553	2,187	-	-
Loan 2	-	6,158	-	-	-	-
Loan 3	2,215	-	-	-	-	-
Loan 4	52	79	-	-	-	-
Derivative financial instruments						
Warrant 1	653	-	501	-	-	-
Total	4,651	6,965	2,054	2,187	-	-

Loan 1

The Group has a secured loan with a carrying amount of EUR 2,459 thousand (2016: 3,740 thousand). This loan is repayable over a total period of 3 years with an option warrant, which has a fair value of EUR 653 thousand (2016: 501 thousand) and is recorded as a derivative financial instrument. The expense arising from changes in fair value in 2017 is EUR 152 (2016: 36) and classified as financing expense.

Warrant 1

In the context of the loan agreement, the Group granted a warrant (see loan 1), which is classified as a derivative financial liability at the date of initial recognition and recognized at fair value, which is then deducted from the redemption value of the loan along with transaction costs and amortized over the period of the loan using the effective interest method. The impact on comprehensive income as well as valuation techniques is provided in paragraph 7.2.

The Group has pledged all assets to the loan provider as stated in chapter 21.

Loan 2

Effective 16 August 2017, the Group entered into a EUR 6,000 thousand unsecured loan agreement with an affiliate of certain shareholders, with terms equivalent to those prevailing at the time the loan was concluded. The loan facility has been drawn down in full on December 31, 2017. Repayment will be in full including interest with annual settlements or at the end of the 2-year loan term. The loan amount as per 31 December 2017 is EUR 6,158 thousand, which includes accrued interest (2016: zero).

Loan 3

A EUR 2,200 thousand unsecured short-term loan has been obtained in 2017, of which the entire amount remained outstanding as of December 31, 2017. The loan amount as per 31 December 2017 is EUR 2,215 thousand, which includes accrued interest (2016: zero).

Loan 4

Loan 4 is associated with the financing of intangible assets. Total contract duration is three years. The loan amount as of December 31, 2017 is EUR 131 thousand (2016: zero).

8 Non-financial assets and liabilities

This note provides information about the Group's non-financial assets and liabilities.

Non-financial assets

8.1 Property, plant and equipment

Movements in the carrying amount of property, plant and equipment were as follows:

EUR in thousands	Plant and machinery	Furniture and office equipment	Total
As of 1st January, 2016			
Cost	229	27	256
Accumulated depreciation	(19)	(2)	(21)
Net book value	**210**	**25**	**235**
Year ended December 31, 2016			
Opening net book value	210	25	235
Exchange rate differences	2	-	2
Additions	807	255	1,062
Depreciation charge	(68)	(56)	(124)
Closing net book value	**951**	**224**	**1,175**
As of December 31, 2016			
Cost	1,038	282	1,320
Accumulated depreciation	(87)	(58)	(145)
Net book value	**951**	**224**	**1,175**
Year ended December 31, 2017			
Opening net book value	951	224	1,175
Exchange rate differences	(50)	(11)	(61)
Additions	805	97	902
Depreciation charge	(180)	(156)	(336)
Closing net book value	**1,526**	**154**	**1,680**
As of December 31, 2017			
Cost	1,793	368	2,161
Accumulated depreciation	(267)	(214)	(481)
Net book value	**1,526**	**154**	**1,680**

Leasehold improvements for offices and fulfillment centers as well as production equipment are included under plant and machinery above. Furniture and office equipment includes computers, electronics, office furniture and equipment.

The increase in plant and machinery is a result of development projects related to the fulfillment centers in New York (US) and Sydney (AU). During the year ended December 31, 2017, there was no identified impairment of property, plant and equipment.

All leases are considered operational leases and therefore not recorded on the Statement of Financial Position. Further information is provided in chapter 16. All assets are pledged as part of the a loan agreement as explained in chapter 21.

All property, plant and equipment is recognized at historical cost less depreciation. Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

- Computers & electronics — 3 years
- Office equipment / furniture — 3-7 years
- Machinery & Warehouse equipment — 3-10 years
- Leasehold improvements — 15 years

8.2 Intangible assets

The Group amortizes intangible assets with a limited useful life using the straight-line method.

- Brand 5 years
- Customer lists 1-3 years
- Software 3-5 years
- Trademarks and licenses 1-3 years

EUR in thousands	Brand & customer lists	Licenses & software	Total
As of 1 January, 2016			
Cost	1,111	55	1,166
Accumulated amortization	(111)	(3)	(114)
Net book value	**1,000**	**52**	**1,052**
Year ended 31 December, 2016			
Opening net book value	1,000	52	1,052
Additions	-	8	8
Exchange rate differences	-	-	-
Impairment losses	(914)	-	(914)
Amortization charge	(86)	-	(86)
Closing net book value	-	**60**	**60**
As of 31 December, 2016			
Cost	1,111	60	1,171
Accumulated amortization	(1,111)	-	(1,111)
Net book value	-	**60**	**60**
Year ended 31 December, 2017			
Opening net book value	-	60	60
Additions	-	627	627
Exchange rate differences	-	(5)	(5)
Impairment losses	-	-	-
Amortization charge	-	(69)	(69)
Closing net book value	-	**613**	**613**
As of 31 December, 2017			
Cost	1,111	682	1,793
Accumulated amortization	(1,111)	(69)	(1,180)
Net book value	-	**613**	**613**

Intangible assets are measured at their historical costs less accumulated amortization, impairment losses and reversal of impairment losses. Intangible assets are amortized on a straight-line basis over their expected useful life, which is between one and five years. If there is an indication of impairment, the intangible asset is tested for impairment. The expectations regarding the residual value are updated annually. The adequacy of the selected amortization method and the useful lives are subject to an annual review.

The Group tests whether the intangible assets have suffered any impairment on an annual basis for assets with an infinite useful life or on occurrence of an impairment indicator for all other intangible assets and property, plant and equipment items. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions.

The Kochabo brand was written down (asset impairment) to its recoverable amount of zero (fair value less cost to sell and value in use) as part of the rebranding of Kochabo into Marley Spoon in Austria in the fall of 2016 due to a management decision. The main valuation inputs used were the CGU assessment on the brand, the active customers and the LTV (life time value).

Self-developed intangible assets are not capitalized, since the Group does not fulfill the recognition criteria. IP rights have been fully pledged to loan provider, for details refer to chapter 21. During the year ended 31 December 2017, management has not identified any indicators of impairment of the intangible assets.

8.3 Deferred taxes

Deferred tax assets are recognized for unused tax losses and deductible temporary differences to the extent it is probable that taxable profit will be available against which the losses or temporary differences can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

EUR in thousands	31 December 2017		31 December 2016		1 January 2016	
	DTA	DTL	DTA	DTL	DTA	DTL
Non-current assets						
Property, plant and equipment	-	17	-	25	-	-
Intangible assets	-	-	-	-	-	276
Non-current liabilities						
Long term debt	-	34	-	116	-	-
Tax loss carryforward (TLCF)	51	-	141	-	276	-
Total	51	51	141	141	276	276
Netting	(51)	(51)	(141)	(141)	(276)	(276)
Total after netting	-	-	-	-	-	-
DTA on temporary differences (not recognized)	13	-	-	-	-	-
DTA (not recognized) on TLCF	18,934	-	9,850	-	2,456	-

All deferred tax assets are considered as non-current as per December 31st (2016: non-current).

8.4 Inventories

The individual items of inventory are valued at historical costs. The inventory balance contains food, packaging and marketing items with a net balance of EUR 3,601 thousand (2016: 1,283 thousand). No reserves for obsolete inventory were required due to just-in-time deliveries and inventories having a high turnover rate.

For non-sold inventory items, the Group designs new recipes to ensure that inventories are consumed, short shelf-life items ordered are directly included in cost of goods sold and not put into inventory. Therefore, the Group did not reverse previous inventory write-downs during 2016 or 2017.

Inventories recognized as an expense during the year ended December 31, 2017 amounted to EUR 21,651 thousand (2016: EUR 10,045 thousand).

EUR in thousands	31 December 2017	31 December 2016	1 January 2016
Raw materials	3,549	1,283	255
Work in progress	-	-	-
Finished goods	52	-	-
Reserve for obsolete inventory	-	-	-
Total	**3,601**	**1,283**	**255**

8.5 Employee benefit obligations

The Group does not contribute to or offer any defined benefit plans (only defined contribution plans), nor any post-employment benefits that require recognition on the Group's Statement of Financial Position.

Details regarding the Group's Virtual Share Program (VSP) have been provided in chapter 18. The associated liability is recognized under "Other reserves" on the Statement of Financial Position.

The total employee benefit costs (including defined contribution and social securities) are allocated to the various functional lines in the consolidated Statement of Comprehensive Income as listed in paragraph 5.1.

8.6 Other non-financial assets

Other non-financial assets are driven by prepayments to suppliers and tax authorities.

EUR in thousands	31 December 2017	31 December 2016	1 January 2016
Other non-financial assets	741	505	148

8.7 Other non-financial liabilities

Other non-financial liabilities amounted to EUR 961 thousand as of December 31, 2017 (2016: 590 thousand) and are related to deferred income, VAT payables and vacation allowances.

EUR in thousands	31 December 2017	31 December 2016	1 January 2016
Deferred income	426	98	-
Current other non-financial liabilities	535	492	331
Total	**961**	**590**	**331**

8.8 Provisions

The provision for onerous contracts results from promotional discounts given to customers through external providers, such as marketing portals or group buying websites. These promotional discounts may result in attributable costs exceeding net selling prices on individual orders and are therefore accrued. The Group conducted an assessment and concluded that the position was immaterial and therefore no reserve was established.

9 Equity

9.1 Share capital and capital reserve

EUR in thousands (unless noted otherwise)	Share capital Number of shares	Capital reserve Nominal amount	Capital reserve Paid in	Total
As of 01 January 2016	**59,671**	**60**	**20,294**	**20,354**
Issue of share capital 2016	14,847	15	20,099	20,114
As of 31 December 2016	**74,518**	**75**	**40,393**	**40,468**
Issue of share capital 2017	3,614	3	7,258	7,261
As of 31 December 2017	**78,132**	**78**	**47,651**	**47,729**

The Group holds 132 own shares as per December 31 (31 December 2016: 132, January 1 2016 500).

As of December 31, 2017, the issued registered share capital is EUR 78,132 (2016: 74,518) in nominal shares. The management board is authorized to increase the registered share capital upon consensus of the shareholders. The total amount of payments above the par value have been recorded as capital reserve in the Statement of Financial Position with a value of EUR 47,651 thousand as of December 31, 2017 (2016: 40,393 thousand). In addition to the

payments to capital reserve the Group granted EUR 220 thousand as part of a warrant conversion in 2017 (2016: 101).

The group has not recognized or assigned any dividends during the presented periods. All issued and outstanding shares are fully paid as of December 31, 2017 (2016: all nominal amounts recognized and collected in 2016, the capital was partly obtained in 2017).

9.2 Other reserves

The other reserves include a balance for the virtual share program (VSP) and non-converted equity grants. The VSP for employees has a value of EUR 4,816 thousand (2016: 2,743 thousand). Generally, employees are granted shares over a period of 48 months with a cliff period of 12 months. In case of a defined event (e.g. initial public offering), the Group can convert participation rights into company stocks. No owner rights, e. g. voting rights, are associated with the program.

A media-for-equity reserve with a value of EUR 704 thousand as of December 31, 2017 (2016: 552 thousand) has been established, which is for media services provided to the Group in (partial) exchange for equity. A reserve is established at fair value once the service is provided and converted into shares upon the reach of defined parameters.

The Group has entered into a brand licensing partnership in the US in 2016. The Group has recorded a warrant representing a value of EUR 91 thousand for future convertible shares (2016: zero). During 2017, the Group converted 109 shares from other reserves into equity representing a value of EUR 220 thousand (2016: zero). The shares are recognized upon the service received at it's fair value.

EUR in thousands	Number of awards	
	Media for equity	**Brand licensing**
Number of awards outstanding 1 January 2016	**123**	**-**
Thereof: exercisable/vested	123	
Granted during 2016	275	-
Forfeited during 2016	-	-
Exercised during 2016	(123)	-
Expired 2016	-	-
Number of awards outstanding 31 December 2016	**275**	**-**
Thereof: exercisable/vested	275	-
Granted during 2017	76	154
Forfeited during 2017	-	-
Exercised during 2017	-	109
Expired 2017	-	-
Number of awards outstanding 31 December 2017	**351**	**45**
Thereof: exercisable/vested	351	45

The share for the Media for equity program will be converted upon a predefined capital event for which it's probable that this will occur, the brand licensing shares will be converted on a quarterly basis. The group expects that for both share-based payments program additional grants will be provided.
Further details regarding the estimates for share-based payments are provided in chapter 18. All IFRS 2 expenses recognized in 2017 accumulate to EUR 2,536 thousand (2016: 1,963 thousand).

9.3 Currency translation reserve

Other comprehensive loss or income is associated with foreign currency translation (FCTA). Exchange differences arising on translation are recognized as described in note 22.3.2 and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit (loss) when the respective asset or subsidiary is disposed of.

The total balance as of December 31, 2017 is EUR (51) thousand, December 31,2016 25 thousand and the 2016 opening balance has a position of (10) thousand. All other comprehensive loss or income is classified as equity.

10 Cash flow information

The company's Statement of Cash Flow discloses detailed descriptions of operating, investing and financing activities. In the determination of cash flow, the indirect method has been used, whereby the profit (loss) for the period is adjusted for the effect of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items associated with investing or financing cash flows.

This section sets out an analysis of net debt and the movements in net debt for 2017.

EUR in thousands	1 January 2017	Net Cash flows	Acquisition	Amortizing effects	Exchange differences	31 December 2017
Loan 1	3,740	(1,553)	-	272		2,459
Loan 2	-	6,000	-	-	-	6,000
Loan 3	-	2,200	-	-	-	2,200
Loan 4	-	(26)	157	-	-	131
Net debt	**3,740**	**6,621**	**157**	**272**	-	**10,790**

Loan 2 and loan 3 have accrued interest expenses of respective EUR 158 thousand and 15 thousand that are due upon repayment of the loan (2016: 0).

Risk

This section of the notes discusses the Group's exposure to various risks and shows how these could affect its financial position and performance

Critical estimates, judgements and errors

Financial risk management

Capital management

11 Critical estimates, judgements and errors

11.1 Significant estimates or judgements

Key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described in the respective paragraphs of this document.

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Areas that involve significant estimates or judgements in the years ended on December 31, 2017 and December 31, 2016, as well as January 1, 2016 are disclosed in the list below, more specific details on the respective balances are included in the mentioned paragraphs.

- Intangible assets (paragraph 8.2)
- Deferred taxes (paragraph 8.3)
- Employee virtual share program (paragraph 9.2 and chapter 18)
- Derivative financial instruments (paragraph 7.2)

11.2 Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet all its financial commitments. The management acknowledges that material uncertainty remains over the ability of the Group to meet its funding requirements and the company continues to be reliant on external sources of funding.

As at 31 December 2017, the Group's current liabilities exceeded its current assets by EUR 7,890 thousand, which is an indication of the company negative working capital (resulting from its customers paying for delivery upfront, while most suppliers are paid on terms of commonly up to 45 days) and its continued investment into company growth and market expansion.

The Group's ability to meet its financial obligations and commitments as they fall due and continue as a going concern are dependent upon:

- receiving the continued support of its existing shareholders and loan providers;
- improving free cash flows from operations through an increase in market share, further improvements in profitability and working capital management;
- equity fundraising from private investors or via an initial public offering, and
- new or restructured loan agreements from new or existing loan providers

Management believes it's likely that the equity fundraising will occur in 2018, which will also put the company in a position to extend or refinance its outstanding loans. Therefore, the Group has adequate resources to continue its operations for the foreseeable future and, accordingly, has prepared the financial report on a going concern basis.

12 Financial risk management

This note explains the Group's exposure to financial risks and how these risks could affect its future financial performance. Current year profit and loss information has been included where relevant to add further context. The Group's risk management is carried out by the Finance and Legal teams under supervision of the CFO.

Principal financial liabilities comprise of loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance and provide guarantees to support operations. Principal financial assets include trade and other receivables, cash and cash equivalents that derive directly from operations.

The Group is exposed to market risk, credit risk and liquidity risk. Financial risk management is carried out by the Finance department, which is overseen by senior management. The objective of financial risk management is to establish limits and ensure that the risk exposure stays within these determined limits. The usage of this method does not guarantee that the company prevents all losses higher than these limits. Senior management reviews and agrees on policies for managing each of these risks.

12.1 Market risk

The Group has exposure to market risk. Market risk is the risk that changes in market prices, such as achievable selling prices for goods (e.g. the price level for food and other merchandise) will affect the Group's results of operations or the value of the financial instruments held. Market risk also arises from open positions in foreign currencies. Management sets limits on the value of risk that may be accepted, which are monitored on a regular basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Sensitivities to market risk included below are based on a change in one factor while holding all other factors constant. In practice, this is unlikely to occur and changes in some of the factors may be correlated.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. Financial instruments, which are denominated in a currency other than the measured functional currency, are subject of foreign currency risk. The Group operates on international markets through locally established subsidiaries, therefore the subsidiaries mainly complete their transactions in the local currency.

Since all entities only held balances in their functional currencies (intercompany is settled by month end) there is no foreign currency risk and therefore no disclosure is required.

Derivatives

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedging criteria, they are classified as 'held for trading' for accounting purposes.

Sensitivity analysis warrant

Derivative financial liabilities resulting from warrant agreements are measured at fair value. The most significant parameter in the applied option pricing model is the share price of the company derived from the last financing round. The sensitivity analysis for the share price as of Dec 31, 2017 shows a potentially negative earnings effect of EUR 102 thousand (2016: 78 thousand) if the share price would have been 10% higher and a potentially positive 2017 earnings effect of EUR 100 thousand (2016: 76 thousand) if the share price would have been 10% lower.

Interest rate risk

Interest rate risk is the risk that the future cash flows of financial instruments will fluctuate because of changes in the market interest rates.

The Group manages its interest rate risk by having fixed interest rates on loans and does not enter into any derivative financial instruments to manage its interest rate risk.

12.2 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk can arise as the company offers various payment methods and other transactions with counterparties. The exposure to credit risk in its operating activities exists primarily in the form of trade receivables and security deposits with banks and financial institutions. The nature of the business limits the exposure towards trade receivables, since customers usually pay before delivery, and hence no relevant information is disclosed. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial asset listed below:

EUR in thousands	31 December 2017	31 December 2016	1 January 2016
Trade and other receivables	362	9,645	76
Other non-current financial assets	873	901	299
Cash and cash equivalents	2,327	1,689	9,009
Total	**3,562**	**12,235**	**9,384**

Credit risk related to doubtful accounts that are subject to legal action or those overdue is monitored centrally on a regular basis. In certain countries, external collection agencies are engaged to pursue outstanding amounts.

The composition of trade and other receivables by geographic location of amounts due from payment service providers (PSPs) and customers, net of any allowances for uncollectible amounts, was as follows:

EUR in thousands	31 December 2017 PSP	Customers	Total	31 December 2016 PSP	Customers	Total	1 January 2016 PSP	Customers	Total
Europe	216	37	253	103	-	103	70	-	70
Australia	-	6	6	24	-	24	6	-	6
USA	-	103	103	25	-	25	-	-	-
Total	**216**	**146**	**362**	**152**	**-**	**152**	**76**	**-**	**76**

All boxes to customers that are shipped are immediately due for payment and generally also fully collected. Management regularly reviews these receivables and decides on write-offs on an individual basis as the case may be.

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly, as the case may be. Almost all financial assets and receivables are neither past due nor impaired. There was no indication on the reporting dates that the debtors would not meet their payment obligations.

12.3 Liquidity risk

The liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Management monitors cash balances and movements in cash regularly.

The objective of liquidity risk management is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, credit cards and bank loans. The company's liquidity management involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios and maintaining equity and debt financing plans.

For the year ended December 31, 2017 the current liabilities of EUR 14,268 thousand surpassed current assets of 7,031 thousand by 7,237 thousand.

The Company's non-current financial liabilities, which are mainly long-term borrowings, reached EUR 7,618 thousand in the year ended December 31, 2017 (2016: 2,688 thousand).

Maturity analysis

The table below summarizes the maturity profile of the financial liabilities based on contractual undiscounted payments including interest:

EUR in thousands	31 December 2017			31 December 2016			1 January 2016		
	1-3 months	4-12 months	1-5 years	1-3 months	4-12 months	1-5 years	1-3 months	4-12 months	1-5 years
Trade payables & other payables	8,117	-	-	2,555	-	-	971	-	-
Other financial liabilities	1,148	-	-	516	-	-	-	-	-
Long term debt	445	4,599	7,544	373	1,571	2,436	-	-	-
Derivative financial instrument	-	44	-	-	-	-	-	-	-
Total	**9,710**	**4,643**	**7,544**	**3,444**	**1,571**	**2,436**	**971**	-	-

13 Capital management

The Group's objective is to sustain a strong capital base, which maintains the confidence of investors and business partners, as well as helps to serve customers and develop the business (target equity ratio is 20%).

EUR in thousands	31 December 2017	31 December 2016	1 January 2016
Total equity	(11,663)	7,356	9,772
Total liabilities	21,886	7,902	1,302
Total equity and liabilities	10,223	15,258	11,074
Equity ratio in %	**-114%**	**48%**	**88%**

Group structure

This section provides information which will help users understand how the Group structure affects the financial position and performance of the Group as a whole. In particular, there is information about:

Subsidiaries

14 Group structure

14.1 Subsidiaries

The Group's principal subsidiaries at December 31, 2017 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name	Principal activities	Country of incorporation	% equity interest 2017	% equity interest 2016
Marley Spoon GmbH	Operations & Holding	Germany	100	100
MarleySpoon Pty. Ltd.	Operations	Australia	92	92
Marley Spoon GmbH	Operations	Austria	100	100
Marley Spoon B.V.	Operations	The Netherlands	100	100
MarleySpoon Ltd.	Operations	United Kingdom	100	100
Marley Spoon Inc.	Operations	United States of America	99	99

Country	Address
Germany	Paul-Lincke-Ufer 39/40, 10999 Berlin
Australia	Sydney Corporate Park 190 Bourke Road Alexandria, New South Wales 2015
Austria	Betriebsstraße 19, 3071 Böheimkirchen
The Netherlands	Industrieweg 1, 3433 NL Nieuwegein
United Kingdom	69 Great Hampton Street, Birmingham, B18 6EW
United States of America	601 West 26th Street, New York, New York 10001

Unrecognized items

This section of the notes provides information about items that are not recognized in the financial statements as they do not (yet) satisfy the recognition criteria.

Contingent liabilities and contingent assets

Commitments

15 Contingencies & commitments

The Group has no legal claim contingencies recognized nor have any (material) claims been raised against the Group or any of its subsidiaries.

16 Leases, commitments & guarantees

The Group leases various offices and fulfilment centers under non-cancellable operating leases expiring within one to five years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases can be renegotiated. Excess space is sub-let to third parties also under non-cancellable operating leases.

Operating lease commitments – Group as a lessee

Future minimum rent payables under non-cancellable operating leases are, as follows:

EUR in thousands	31 December 2017	31 December 2016	1 January 2016
Within one year	2,416	1,036	785
After one year but not more than five years	2,435	4,679	924
More than five years	-	-	-
Total	**4,851**	**5,715**	**1,709**

For the year ended December 31, 2017 total expenses for operating leases amounted to EUR 2,274 thousand (2016: 1,379 thousand).

Guarantees

The Group has not provided any guarantees at any point during the reporting periods other than the pledges described in chapter 21.

Other information

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

Related party transactions

Share-based payments

Earnings per share

Offsetting financial assets and financial liabilities

Assets pledged as security

Summary of significant accounting policies

New accounting pronouncements

Events occurred after reporting date

17 Related party transactions

Parties are considered to be related if they are under common control or if one of the parties has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. In addition, a related party is any executive officer (C-level), director (or nominee for director), including any of their immediate family members and any entity owned or controlled by such person.

17.1 Parent entities

The Group does not have a senior or ultimate holding company but has various shareholders. The table below shows all significant shareholders who have an accumulated interest greater than 10% of the shares in either 2016 and/or 2017. No entities have significant influence over the Group other than the one-vote-one-share structure as listed below:

	% equity interest	
Direct shareholder	**2017**	**2016**
Global Founders Capital GmbH & Co. Beteiligungs KG Nr. 1Global Founders Capital GmbH & Co. KG	23%	25%
AKW Capital UG	24%	22%
QD Investments Ltd.	10%	10%
Lakestar I LP	10%	9%
Shareholders under 10%	33%	34%

17.2 Balances and transactions with entities with significant influence over the group

AKW Capital UG

AKW Capital is the trust holder of various entities including the Marley Spoon Employee Trust UG (MSET) and MSSA KG, which is holding 7,201 shares on behalf of employees to be released under the circumstances stated in the VSP 1 to VSP 4 programs of the company. The trust is legally under MSET and Marley Spoon Series-A KG (MSSA),but was created to facilitate employee remuneration schemes. The sponsoring entity (AKW Capital) consolidates these trusts as if the sponsoring entity has control over them. Further details in regards to the share based payments see chapter 18.

In addition, the Group has the managing director of AKW Capital (Fabian Siegel) on payroll as CEO for the Group as well as managing director of all of the Group's subsidiaries. Further details are provided in section 17.4.

Moneda Top Holding

Effective 2017, the Group entered into a EUR 6,000 thousand loan agreement with Moneda Top Holding S.á.r.l (a Rocket Internet SE affiliate, which also applies for Global Founders Capital GmbH & Co. Beteiligungs KG Nr.1), with terms equivalent to those prevailing at the time the loan was concluded. The loan is unsecured and subordinated. The outstanding loan amount as per December 31, 2017 is EUR 6,158 thousand including accrued interest.

All transactions listed with entities with significant influence over the Group are made at terms equivalent to those that prevail in arm's length transactions.

17.3 Transactions with subsidiaries

All transactions with the Group's subsidiaries are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at year-end are unsecured, interest free and settled through intercompany settlement. Loan transactions are settled on an arm's length basis where interest studies substantiate the charges. There have been no guarantees provided or received for any related party receivables or payables. For the year ended December 31, 2017 the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2016: zero). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

The Group's subsidiary structure is set out in note 14.1.

17.4 Key management personnel compensation

Key management personnel include the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the Chief Marketing Officer, and the Chief Technology Officer.

EUR in thousands	2017	2016
Short-term employee benefits	546	403
Post-employment benefits	-	-
Long term benefits	-	-
Termination benefits	-	-
Share-based payments	490	489
Total compensation	**1,036**	**892**

The increase in management compensation is mostly driven by the appointment of two new officers in late 2016.

17.5 Transactions with other related parties

Apart from the related party transactions disclosed in paragraph 17.2, no other such transactions have occurred. Since the Group is reporting on the highest level of consolidation, all transactions between the parent and its subsidiaries are being eliminated in consolidation.

18 Share-based payments

In addition to the Employee share-based payments, the Group has 2 types of share-based payment obligations which are associated to media-for-equity and brand licensing, representing 505 shares of which 109 are exercised. Further details in regard to the media-for-equity and brand licensing are provide in paragraph 9.2. Chapter 18 only includes expenses arising from the share-based payments towards (former) employees.

The total costs of share-based payments in 2017 is EUR 2,536 thousand (2016: 1,963) of which 2,316 is reflected in other reserves (2016: 1,963) and 220 in the capital reserves (2016: 0) in the Statement of Financial Position.

The Group utilizes equity-settled share-based compensation benefits, which are provided to employees via a virtual share program (VSP). The cost of equity-settled transactions is recognized in employee benefits expense (see also paragraph 8.5), together with a corresponding increase in equity (other reserves) over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period).

For equity-settled transactions, the total amount to be expensed for services received is determined by reference to the grant date fair value of the share-based payment award. The options are granted without consideration of an exercise price. The fair value determined at the grant date is expensed on a graded vesting scheme, with a corresponding credit in equity.

The fair value measurement at grant date is determined by applying an option pricing model (Black-Scholes-Model), taking into account the estimated share price (including liquidity preferences and transaction costs), the risk-free rate, and the volatility. The aforementioned accounting estimations have a significant influence on the valuation of the provision. The share price estimation at grant date is based on the latest equity financing round.

Total expenses arising from share-based payments to employees recognized during the period were as follows:

EUR in thousands	31 December 2017	31 December 2016
Equity-settled plans	2,073	1,411
Cash-settled plans	-	-
Total	**2,073**	**1,411**

The rights generally vest over a period of 48 months (vesting period) with an initial cliff period of 12 months, no bad-leaver conditions exist after the respective cliff period and the (former) employee is therefore remains entitled to the vested shares. In the event of (i) a sale or transfer of at least 75% of the shares in the Company, or a swap or a take-over in an economically comparable way either in a single transaction or in close time proximity to one other, (ii) a sale or transfer of at least 75% of the assets of business of the company, (iii) the liquidation or de facto liquidation of the company, or (iv) an IPO, all virtual shares granted to a beneficiary shall be deemed immediately and fully vested as of the closing of the transaction which constitutes the exit provided, but the company is entitled to hold back payments, if the vesting period has not been completed. The Company has the right to replace granted shares or provide stock options or a similar instrument. The Group believes a kind of equity settlement is the most probable outcome. The beneficiaries do not have the right to receive dividends, nor are they entitled to any other shareholders' rights.

	Number of awards
Number of awards outstanding 1st January 2016	**5,300**
Thereof: exercisable/vested	2,741
Granted during 2016	2,102
Forfeited during 2016	(958)
Exercised during 2016	-
Expired 2016	-
Number of awards outstanding 31st December 2016	**6,444**
Thereof: exercisable/vested	4,406
Granted during 2017	1,694
Forfeited during 2017	(736)
Exercised during 2017	-
Expired 2017	-
Number of awards outstanding 31st December 2017	**7,402**
Thereof: exercisable/vested	5,854

EUR	31 December 2017	31 December 2016	1 January 2016
Weighted average fair value of options granted	2,012	1,592	818
Weighted average share price	2,012	1,592	818
Expected volatility	31%	35%	39%
Risk free interest rate	0,2%	0,7%	0,6%

Volatility is derived from historical volatility of transactions as of the reporting date.

19 Earnings per share

Basic earnings per share (EPS) from continuing operations is calculated by dividing the income/loss from operations attributable to shareholders of the ordinary shares by the weighted average undiluted shares in the respective year.

The weighted average number of ordinary shares is calculated from the number of shares in circulation at the beginning of a period adjusted by the number of shares issued during the period and multiplied by a time-weighting factor.

In accordance with IAS 33 Earnings per share, the effect of anti-dilutive potential shares have not been included when calculating diluted earnings per share for the year ended December 31, 2017 and December 31, 2016. As a result, the diluted loss per share is the same as the basic loss per share.

	2017	**2016**
Profit or (loss) attributable to ordinary equity holders	(28,036)	(24,144)
Weighted average number of ordinary shares for basic EPS	76,140	64,725
Basic & diluted earnings per share	**(0.37)**	**(0.38)**

The following equity instruments were not considered in determining the diluted earnings per share.

	2017	2016
	Dec 31	Dec 31
Warrants	3,134	275

The warrants include the grants in 2017 and the warrants provided as part of the financing activity in 2018.

Virtual shares granted to employees are granted under a special trust, which is holding the shares and are therefore considered to be ordinary shares. They have therefore not been included in the determination of diluted earnings per share. Details relating to the Virtual Share Program are set out in section 18.

20 Offsetting financial assets and financial liabilities

IFRS 7 requires an entity to disclose information about rights to offset financial instruments and related arrangements and will provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The Group is not setting off financial instruments in accordance with IAS 32 and does not have relevant offsetting arrangements. But if an entity has recognized financial instruments that are offset in accordance with IAS 32 or are subject to an enforceable master netting arrangement or similar agreement, even

if the financial instruments are not offset in accordance with IAS 32, then the disclosures in IFRS 7.13A-13E will be required.

21 Assets pledged as security

The Group has pledged all bank accounts, assets, subsidiary shares and IP rights to Kreos for the EUR 5,000 thousand loan granted in 2016. The total open loan amount as of December 31, 2017 represents a balance of EUR 2,459 (2016: 3,740 thousand). Further details regarding the loan as well as the related warrant Kreos holds has been provided in chapter 7.10.

22 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Marley Spoon GmbH and its subsidiaries.

These are the Group's first financial statements to be prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union — the Group is a first-time adopter.

22.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union on a historical cost basis, except for the derivative financial instruments that have been measured at fair value.

The consolidated financial statements are presented in Euros and all values are rounded to the nearest thousand (EUR thousand), except where otherwise stated.

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2017 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations have been set out in chapter 23.

22.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as of December 31, 2017. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group

loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to have control of the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

22.3 Accounting policies

The following are the significant accounting policies applied by the Group in preparing its consolidated financial statements:

22.3.1 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is the fair value measured at the acquisition date minus any non-controlling interest in the acquired company. For each business combination, the Group elects whether to measure the non-controlling interest in the acquired company at fair value or at the proportionate share of the acquirer's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and the designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. All contingent consideration (except that which is classified as equity) is measured at fair value with the changes in fair value being included in the Statement of Comprehensive Income. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in a fair value of net assets acquired in excess of the aggregate consideration transferred, then a gain is recognized in the Statement of Comprehensive Income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquired company are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash generating unit retained.

22.3.2 Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment which the entity operates in ('the functional currency'). The consolidated financial statements are presented in Euros, which is the Group's reporting currency.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in the Statement of Comprehensive Income.

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet and equity positions are translated at historic rates
- income and expenses are translated at month-end exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognized in other comprehensive income

22.3.3 Current versus non-current presentation

The Group presents assets and liabilities in the Statement of Financial Position based on a current/non-current classification. An asset is current when it is:

- expected to be realized or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading
- expected to be realized within twelve months after the reporting period, or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

It is expected to be settled in the normal operating cycle and

- it is held primarily for the purpose of trading
- it is due to be settled within twelve months after the reporting period, or

- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

22.4 Initial recognition and de-recognition of financial assets & liabilities

Initial recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets are classified, at initial recognition, as LaR, AfS or FAHfT. The Group determines the classification of its financial assets at initial recognition.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e. the date on which the Group commits to purchase or sell the asset.

Financial liabilities are classified, at initial recognition, as FLaC or FLHfT.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings, and derivative financial instruments.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired, or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and, to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognized to the extent of its continuing involvement in it. In that case, the Group also recognizes an

associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

22.5 Property, plant and equipment

The group's accounting policy for land and buildings is explained in paragraph 8.1. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The depreciation methods and periods used by the Group are disclosed in paragraph 8.1. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the Statement of Comprehensive Income. When revalued assets are sold, it is Group policy to transfer any amounts included in other reserves relating to these assets to retained earnings in the Statement of Financial Position.

22.6 Operating leases

Where an entity within the Group is a lessee in a lease which does not transfer substantially all the risks and rewards incidental to ownership from the lessor to the entity, the total lease payments are charged to the Statement of Comprehensive Income (net of any incentives received from the lessor) on a straight-line basis over the lease term.

22.7 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, are not capitalized and expenditure is recognized in the Statement of Comprehensive Income when it is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the Statement of Comprehensive Income in the expense category consistent with the function of the intangible assets.
Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Comprehensive Income when the asset is derecognized.

Goodwill
Goodwill is measured as described in note 22.3.1. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units (CGU) or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

Trademarks, licenses and customer contracts
Separately acquired trademarks and licenses are shown at historical cost. Trademarks, licenses and customer contracts acquired in a business combination are recognized at fair value at the acquisition date. Acquired brands

and customer contracts in general have a finite useful life. They are subsequently carried at cost less accumulated amortization and impairment losses.

Software

Purchased software solutions are recorded as intangible assets and amortized from the point at which the asset is ready for use. The Group does not capitalize self-developed software solutions since it's not yet capable to demonstrate the recognition criteria per IAS 38.

Refer to 8.2 for details about amortization methods and periods used by the Group for intangible assets.

22.8 Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents includes cash on hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

22.9 Trade receivables

Trade receivables are recognized at fair value. If they are long term in nature they are measured at amortized cost using the effective interest method, less provision for impairment.

22.10 Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realizable value. Cost comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

22.11 Derivatives and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

22.12 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 45 days of recognition. Trade and other

payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized at their fair value. If they are long term in nature they are measured at amortized cost using the effective interest method.

22.13 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the Statement of Comprehensive Income over the period of the borrowings using the effective interest method.

22.14 Provisions

Provisions for legal claims, service warranties and make good obligations are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

22.15 Employee benefits

Share-based compensation

The Group operates equity-settled share-based compensation benefits, which are provided to employees via a virtual share program (VSP). The accounting policies are described in chapter 18.

Other employee benefit obligations

The liabilities for annual leave are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are then measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period.

The Group does not operate any post-employment schemes other than mandatory defined contribution schemes.

22.16 Recognition of deferred tax assets

The Group has tax losses in several legal entities in different tax jurisdictions that have the potential to reduce tax payments in future years. Deferred tax assets are recognized only if it is probable that future taxable income will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.
Further details in regards to the deferred taxes are provided in section 8.3.

22.17 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

Further details in regards to revenue recognition and segmentation is provided in chapter 3.

22.18 Cost of goods sold

Cost of goods sold includes the purchase of goods, inbound shipping charges, costs attributable to picking and packaging materials and rent of the fulfillment centers. Shipping charges to receive products from suppliers are included in inventory and recognized as costs of goods sold upon the sale of product to a customer.

22.19 Fulfillment expenses

Fulfillment expenses represent shipping expenses for customer orders and customer payment fees.

22.20 Marketing expenses

Marketing expenses represent costs for the promotion of products and customer retention, including online and offline media expenses, related production and distribution costs of advertising material, and other costs associated with the Group's market presence.

22.21 General and administrative expenses

General and administrative expenses are costs not directly associated with the production and distribution of goods. They include management and staff salaries and benefits, consulting expenses, travel, rent, insurance, utilities, and other overhead costs.

23 New accounting pronouncements

The standards and interpretations that are issued, but not yet effective up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014 (endorsed November 2016), the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group plans to adopt the new standard on the required effective date. During 2017, the Group performed a high-level impact assessment of all three aspects of IFRS 9. Considering the limited number and low complexity of financial instruments utilized, the Group expects no significant impact on its Statement of Financial Position including equity from applying IFRS 9.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 (endorsed September 2016) and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a so called full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018.

Considering the revenue recognition methodology as described in chapter 22.17, no significant impact is estimated. Contracts with customers, in which the sale and delivery of meal kits is generally the principal performance obligation, are not expected to be impacted by adoption of the new standard. The Group expects revenue

recognition to continue to occur at the point in time when control of the asset is transferred to the customer, generally on delivery of the meal kit.

IFRS 16 Leases

IFRS 16 was issued in January 2016 (endorsed October 2017). It will result in almost all leases being recognized on the Statement of Financial Position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for almost all lease contracts. An optional exemption exists for short-term and low-value leases.
The standard will affect the accounting for the Group's leases but the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the its profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16.

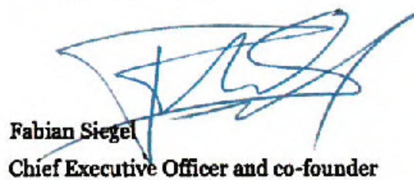
Mandatory for financial years commencing on or after 1 January 2019. At this stage, the group does not intend to adopt the standard before its effective date.

24 Events occurred after the reporting period

On January 11, 2018, the Group entered into new loan agreements for EUR 5,500 thousand including related warrants. Funds were fully received in January 2018 with a 12-month term. In addition, convertible notes were issued in February 2018 representing EUR 2,900 thousand.

The consolidated financial statements were authorized by management on March 21, 2018.

Berlin, March 21, 2018



Fabian Siegel
Chief Executive Officer and co-founder

Till Neatby
Head of Food Safety & Quality Assurance and co-founder

Independent Auditor's report

Marley Spoon GmbH
Berlin

Consolidated Financial Statements for the Period Ending December 31, 2017

Independent Auditor's report

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INDEPENDENT AUDITOR'S REPORT

To Marley Spoon GmbH, Berlin

Audit Opinion

We have audited the consolidated financial statements of Marley Spoon GmbH, Berlin, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1 to December 31, 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, on the basis of the knowledge obtained in the audit, the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2017, and of its financial performance for the financial year from January 1 to December 31, 2017.

Pursuant to § (Article) 322 Abs. (paragraph) 3 Satz (sentence) 1 HGB (Handelsgesetzbuch: German Commercial Code), we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements.

Basis for the Audit Opinion

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). We performed the audit of the consolidated financial statements in supplementary compliance with the International Standards on Auditing (ISAs). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Material Uncertainty Related to Going Concern

We draw attention to section 11.2 "Going concern" of the notes to the consolidated financial statements, which indicates that the Group´s ability to continue as a going concern depends on further external equity or loan funding from existing or new providers of finance. As stated in section 11.2 "Going concern" of the notes to the consolidated financial statements, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group`s ability to continue as a going concern and represents a risk that the Group`s ability to continue as a going concern is threatened pursuant to § (Article) 322 Abs. (paragraph) 2 Satz (sentence) 3 HGB ("Handelsgesetzbuch": "German Commercial Code"). Our opinion is not modified in respect of this matter.

Responsibilities of the Executive Directors for the Consolidated Financial Statements

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, as well as to issue an auditor's report that includes our audit opinion on the consolidated financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) and supplementary compliance with the ISAs will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of this system.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

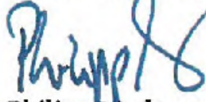
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an audit opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Berlin, March 23, 2018

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft



Philipp Medrow
Wirtschaftsprüfer
(German Public Auditor)

pp. Susanne Patommel
Wirtschaftsprüferin
(German Public Auditor)