MARLEY SPOON

Appendix 4D, Directors' Report and Condensed Consolidated Interim Financial Statements For The Half-Year Ended 30 June 2018

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Marley Spoon AG

Appendix 4D

1 Results for announcement to the market

Marley Spoon AG (Marley Spoon or the Company) and its subsidiaries (together the Group) consolidated results for announcements to the market are detailed below (Results):

For the six months to	**June 2018** EUR thousands	**June 2017** EUR thousands	**Change** EUR thousands	**Change** %
Revenue	39,532	21,276	18,256	85.8
Profit / (Loss) after tax	(19,429)	(13,187)	(6,242)	47.3
Profit / (Loss) after tax attributable to members	(19,334)	(12,983)	(6,351)	48.9
Operating EBITDA*	(14,132)	(10,988)	(3,144)	28.6

* Operating EBITDA excludes the effects of special items. Refer to Note 6 for further details and definitions.

Please refer to the 'Review of Operations' in the Directors' Report for explanation of the Results. The Group has not recognized or assigned any dividends during the presented periods.

The Appendix 4D, the Directors' Report, the condensed consolidated interim financial statements of the group and the explanatory notes (Condensed Consolidated Interim Financial Statements) and the Directors' Declaration (together this Report) do not include all of the information required for an annual financial report (*Jahresabschluss*) and should be read in conjunction with the IFRS Consolidated Annual Financial Report of the Group for the year ended 31 December 2017. This Report should also be read in conjunction with any public announcements made by the Group in accordance with continuous disclosure requirements arising under ASX Listing Rules.

The Condensed Consolidated Interim Financial Statements have been prepared in accordance with International Accounting Standard (IAS) 34: Interim Financial Reporting as adopted by the European Union.

2 Emphasis of Matter

Management notes the emphasis of matter paragraph in the Auditor's Review Report regarding the Group's ability to continue as a going concern.

The Group's ability to meet its financial obligations and commitments as they fall due and continue as a going concern are dependent upon improving free cash flows from operations through continued market growth, an increase in market share, further improvements in profitability and/or enhanced working capital management and the ability to attract future debt for refinancing activities.

On the reporting date the Group has adequate resources to continue its operations for the foreseeable future and, accordingly, has prepared the Condensed Consolidated Interim Financial Statements on a going concern basis.

3 Other Information

	June 2018 EUR	**December 2017** EUR
Net Tangible Assets per ordinary share	109.1	(157.1)

Marley Spoon AG

Directors' Report

The executive directors (*Vorstände*) and members of the management board (Directors) present their report (Directors' Report) together with the Condensed Consolidated Interim Financial Statements for the half-year ended 30 June 2018 and the Independent Auditor's Review Report thereon.

1 Supervisory Board and Management Board

The members of the supervisory board (*Aufsichtsrat*) and the management board of Marley Spoon AG at any time during or since the end of the half-year are as follows:

Supervisory Board (*Aufsichtsrat*)

Name	Period of Directorship
Deena Shiff, Chairperson	Current, appointed 5 June 2018
Patrick O'Sullivan	Current, appointed 5 June 2018
Kim Anderson	Current, appointed 5 June 2018
Christoph Schuh	Current, first appointed 13 April 2018, re-appointed 5 June 2018
Oliver Samwer	Previous, appointed 13 April 2018, resigned as of 5 June 2018
Olesya Zaychenko	Previous, appointed 13 April 2018, resigned as of 5 June 2018
Jonathon Green	Previous, appointed 13 April 2018, resigned as of 5 June 2018

Management Board (*Vorstände*)

Name	Period of Directorship
Fabian Siegel, Chief Executive Officer, Chairman & Co-Founder	Current, appointed 13 April 2018
Julian Lange, Chief Financial Officer	Current, appointed 13 April 2018

The members were appointed to Marley Spoon AG upon conversion from Marley Spoon GmbH.

2 Review of Operations

This marks Marley Spoon's first financial report as a public company. Being listed is a milestone for this Company which is barely four years old and would not have been possible without the hard work and dedication of its employees. Many of us have been with the Company for years and are also shareholders in the Company.

In preparing for the Initial Public Offering (IPO), the Company changed its legal structure and put in place a new supervisory board, which will help and guide us in the years to come.

Operationally, the first half of 2018 is a continuation of Marley Spoon’s development over the past years:

- high top-line growth, with all segments contributing based on attractive unit economics;
- strong margin improvement based on increasing scale, higher labor productivity thanks to process standardization and early-stage automation, and using our close supplier relationships to improve input costs while maintaining or improving quality;
- general and administrative cost leverage as we only incrementally add to our team and structure to fulfill on the top-line growth.

While the Company achieved a lot over the past years, we would like to remind our shareholders that this is still ‘Day One’ for us in a new segment of the overall massive grocery market that is just starting to go online. While many other consumer goods verticals have switched a large proportion of their sales from offline to online, the vast majority of groceries sales are still sold offline through traditional channels such as supermarkets. Marley Spoon so far only has around 125,000 active customers even though our current infrastructure reaches close to 180 million households across the three regions in which we operate.

We look forward to continued growth and thank you for your trust and support.

Marley Spoon AG

Consolidated Statement of Financial Position

EUR in thousands	Note	30 June 2018	31 December 2017
Assets			
Non-current assets			
Property, plant and equipment	9	1,946	1,680
Intangible assets	10	1,405	613
Other non-current financial assets		853	899
Total non-current assets		**4,204**	**3,192**
Current assets			
Inventories		2,999	3,601
Trade and other receivables	8	3,629	362
Derivative financial instruments	8	40	-
Other non-financial assets		823	741
Cash and cash equivalents		39,807	2,327
Total current assets		**47,298**	**7,031**
Total assets		**51,502**	**10,223**
Equity and liabilities			
Equity			
Share capital	12	140	78
Capital reserve	12	94,867	47,651
Other reserves	12	5,689	5,611
Currency translation reserve		(110)	(51)
Accumulated net earnings (losses)		(83,519)	(64,185)
Equity attributable to equity holders		**17,067**	**(10,896)**
Non-controlling interests		(340)	(767)
Total equity		**16,727**	**(11,663)**
Non-current liabilities			
Borrowings – non-current	11	6,568	6,965
Total non-current liabilities		**6,568**	**6,965**
Current liabilities			
Trade and other payables	8	10,688	8,117
Derivative financial instruments	8	255	697
Deferred income		837	426
Borrowings – current	11	12,303	3,998
Other financial liabilities		3,484	1,148
Other non-financial liabilities		640	535
Total current liabilities		**28,207**	**14,921**
Total equity and liabilities		**51,502**	**10,223**

Marley Spoon AG

Consolidated Statement of Comprehensive Income

EUR in thousands	Note	For the six months ended 30 June 2018	For the six months ended 30 June 2017
Revenue		**39,532**	**21,276**
Cost of goods sold		(23,033)	(14,190)
Gross profit		**16,499**	**7,086**
Fulfilment expenses		(7,905)	(4,260)
Marketing expenses		(12,486)	(5,608)
General & administrative expenses		(11,553)	(9,580)
Operating income (loss)		**(15,445)**	**(12,362)**
Earnings before interest & taxes (EBIT)		**(15,445)**	**(12,362)**
Financing income	11	465	6
Financing expense	11	(4,445)	(821)
Earnings before taxes (EBT)		**(19,425)**	**(13,177)**
Income tax expense	7	(4)	(10)
Net income / (loss) for the period		**(19,429)**	**(13,187)**
Net Income / (loss) for the year attributed to:			
Owners of the Company		(19,334)	(12,983)
Non-controlling interest		(95)	(204)
Other comprehensive income / (loss) for the year			
Items that may be subsequently reclassified to profit or loss			
Exchange rate differences on translation of foreign operations		(59)	(85)
Owners of the Company		(59)	(85)
Non-controlling interest		-	-
Total comprehensive income / (loss) for the year, net tax		(19,488)	(13,272)
Total comprehensive income attributed to:			
Owners of the Company		(19,393)	(13,068)
Non-controlling interests		(95)	(204)
Basic earnings per share (EUR)		(214)	(175)
Diluted earnings per share (EUR)		(214)	(175)

Marley Spoon AG

Consolidated Statement of Changes in Equity

		Attributable to owners of the parent						Attributable to NCI	
EUR in thousands	**Note**	**Share capital**	**Capital reserves**	**Other reserves**	**Accumulated net earnings**	**Currency translation reserve**	**Total**	**NCI**	**Equity**
January 1, 2018		**78**	**47,651**	**5,611**	**(64,185)**	**(51)**	**(10,896)**	**(767)**	**(11,663)**
Net income for the period (loss)		-	-	-	(19,334)	-	(19,334)	(95)	(19,429)
Other comprehensive income		-	-	-	-	(59)	(59)	-	(59)
Total comprehensive income		**-**	**-**	**-**	**(19,334)**	**(59)**	**(19,393)**	**(95)**	**(19,488)**
Issuance of share capital	12	51	39,799	-	-	-	39,850	-	39,850
Employee share-based payment expense	14	-	-	875	-	-	875	-	875
Other share-based payment expense	14	-	-	202	-	-	202	-	202
Issuance of warrants	11	-	-	2,710	-	-	2,710	-	2,710
Exercise of warrants	12	4	3,709	(3,709)	-	-	4	-	4
Conversion of bonds	12	5	4,230	-	-	-	4,235	-	4,235
Purchase of non-controlling interest	12	2	(522)	-	-	-	(520)	522	2
Balances as of June 30, 2018		**140**	**94,867**	**5,689**	**(83,519)**	**(110)**	**17,067**	**(340)**	**16,727**
January 1, 2017		**75**	**40,393**	**3,295**	**(36,149)**	**25**	**7,639**	**(283)**	**7,356**
Net income for the period (loss)		-	-	-	(12,983)	-	(12,983)	(204)	(13,187)
Other comprehensive income		-	-	-	-	(85)	(85)	-	(85)
Total comprehensive income		**-**	**-**	**-**	**(12,983)**	**(85)**	**(13,068)**	**(204)**	**(13,272)**
Employee share-based payment expense	14	-	-	934	-	-	934	-	934
Other share-based payment expense	14	-	-	232	-	-	232	-	232
Balances as of June 30, 2017		**75**	**40,393**	**4,461**	**(49,132)**	**(60)**	**(4,263)**	**(487)**	**(4,750)**

Marley Spoon AG

Consolidated Statement of Cash Flows

		For the six months ended	
EUR in thousands	**Note**	**30 June 2018**	**30 June 2017**
Operating activities			
Net income for the period (loss)		**(19,429)**	**(13,187)**
Adjustments for:			
Depreciation and impairment of property, plant and equipment		148	175
Amortization and impairment of intangible assets		89	35
Increase (decrease) in share-based payments	14	1,077	1,165
Financing expense	11	3,980	820
Interest paid		(222)	(217)
Other non-cash movements		69	(17)
Working capital adjustments:			
Decrease (increase) in inventory		602	(417)
Increase (decrease) in account payables		1,526	1,436
Decrease (increase) receivables		(4)	(107)
Increase (decrease) in other assets and liabilities		2,817	392
Net cash flows from operating activities		**(9,347)**	**(9,922)**
Investing activities			
Purchase of property, plant and equipment	9	(419)	(463)
Purchases/development of intangible assets	10	(881)	(28)
Purchase of other financial assets		-	(26)
Net cash flows used in investing activities		**(1,300)**	**(517)**
Financing activities			
Proceeds from the issuance of share capital	12	41,090	9,493
Costs from the issuance of share capital	12	(3,473)	-
Proceeds from borrowings	11	10,673	2,200
Repayment of borrowings		(168)	(755)
Net cash flows from/(used in) financing activities		**48,122**	**10,938**
Net increase in cash and cash equivalents		37,475	499
Net foreign exchange difference		5	(34)
Cash and cash equivalents at 1 January		2,327	1,689
Cash and cash equivalents at 30 June		**39,807**	**2,154**

Selected Explanatory Notes to the Condensed Consolidated Interim Financial Statements

1 Reporting Entity

Marley Spoon AG was incorporated in 2014 as a limited liability company (*Gesellschaft mit beschränkter Haftung*) per German law and subsequently converted to a stock corporation (*Aktiengesellschaft*) in 2018. The Company is registered in the commercial register of Charlottenburg (Berlin) under HR B 195994B. It is domiciled in Germany and has its registered office at Paul-Lincke-Ufer 39/40, 10999 Berlin (Germany).

These Condensed Consolidated Interim Financial Statements as at and for the six months ended 30 June 2018 comprise the Group.

The Group's principal business activity is to create original recipes, which are sent along with fresh, high-quality, seasonal ingredients and cooking instructions directly to customers for them to prepare, cook, and enjoy.

2 Statement of Compliance

The Condensed Consolidated Interim Financial Statements have been prepared in accordance with International Accounting Standard 34: Interim Financial Reporting as adopted by the European Union.

The Condensed Consolidated Interim Financial Statements do not include all the information required for an annual financial report (*Jahresabschluss*) and should be read in conjunction with the IFRS Consolidated Financial Statements of the Group for the year ended 31 December 2017. This Report should also be read in conjunction with any public announcements made by the Group in accordance with continuous disclosure requirements arising under Australian Stock Exchange (ASX) Listing Rules.

The Condensed Consolidated Interim Financial Statements are presented in Euros, which is the presentation currency of the Group, and all values are rounded to the nearest thousand (EUR thousand), except where otherwise stated.

3 Summary of Significant Accounting Policies

The significant accounting policies applied by the Group in these Condensed Consolidated Interim Financial Statements are the same as those applied by the Group in the IFRS Consolidated Financial Statements for the year ended 31 December 2017.

The Group has initially adopted IFRS 15 (Revenue from Contracts with Customers) and IFRS 9 (Financial Instruments) from 1 January 2018, but these do not have a material effect on the Condensed Consolidated Interim Financial Statements. The Group considers IFRS 15 requirements to disaggregate revenue from contracts with customers by geographical region as disclosed in Note 6.

4 Critical Estimates and Judgements

4.1 Significant estimates or judgements

In preparing these Condensed Consolidated Interim Financial Statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in IFRS Consolidated Financial Statements of the Group for the year ended 31 December 2017. Further details on significant judgements of intangible assets are disclosed in Note 10. In addition, refer to Note 8.2 for further information on significant estimates used in determining the share price appropriate in the measurement of fair values.

4.2 Going concern

The Condensed Consolidated Interim 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 debt funding requirements and the company continues to be reliant on external sources of funding.

The Group's ability to meet its financial obligations and commitments as they fall due and continue as a going concern are dependent upon improving free cash flows from operations through continued market growth, an increase in market share, further improvements in profitability and/or enhanced working capital management and the ability to attract future debt for refinancing activities.

On the reporting date the Group has adequate resources to continue its operations for the foreseeable future and, accordingly, has prepared the Condensed Consolidated Interim Financial Statements on a going concern basis.

5 Significant Changes in the Current Reporting Period

The financial position and performance of the Group was particularly affected by the following events and transactions during the six months to 30 June 2018:

- Conversion of the Company's legal entity structure from GmbH (Gesellschaft mit beschränkter Haftung), i.e. limited liability company) to AG (Aktiengesellschaft i.e. stock corporation)
- Initial Public Offering whereby CHESS Depository Interests (CDI) over ordinary shares were issued, and consideration received during the period (Note 12)
- Unsecured short-term loan and issuance of warrants (Note 11)
- Issuance of EUR and AUD denominated convertible bonds (Note 11)
- Conversion of convertible bonds and warrants (Note 12)

6 Segment Reporting

The reported operating segments are strategic business units that are managed separately. The "Holdings" column represents royalty charges and interest income on subsidiaries. The Group consolidation (''Conso'' column) eliminates intercompany transactions.

Operating 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.

	For the half-year ended 30 June 2018						
EUR in thousands	**USA**	**Australia**	**Europe**	**Total**	**Holdings**	**Conso**	**Group**
Total revenue	13,733	15,067	10,732	39,532	1,900	(1,900)	39,532
Internal revenue	-	-	-	-	1,900	(1,900)	-
External revenue	13,733	15,067	10,732	39,532	-	-	39,532
Contribution margin [1]	1,789	4,939	1,940	8,668	1,900	(1,900)	8,668
Intercompany charges	903	562	435	1,900	-	(1,900)	-
Operating EBITDA	**(7,629)**	**(1,755)**	**(6,648)**	**(16,032)**	**1,900**	**-**	**(14,132)**
Special items [2]	(100)	-	(977)	(1,077)	-	-	(1,077)
Depreciation and amortization	(37)	(55)	(144)	(236)	-	-	(236)
EBIT	**(7,766)**	**(1,810)**	**(7,769)**	**(17,345)**	**1,900**	**-**	**(15,445)**
Net financing Costs	(5)	-	(3,975)	(3,980)	-	-	(3,980)
Earnings before tax	**(7,771)**	**(1,810)**	**(11,744)**	**(21,325)**	**1,900**	**-**	**(19,425)**

For the half-year ended 30 June 2017

	USA	Australia	Europe	Total	Holding	Conso	Group
Total revenue	8,186	6,823	6,267	21,276	847	(847)	21,276
Internal revenue	-	-	-	-	847	(847)	-
External revenue	8,186	6,823	6,267	21,276	-	-	21,276
Contribution margin (1)	822	1,197	901	2,920	847	(847)	2,920
Intercompany charges	339	214	294	847	-	(847)	-
Operating EBITDA	**(4,557)**	**(1,981)**	**(5,297)**	**(11,835)**	**847**	**-**	**(10,988)**
Special items (2)	(135)	-	(1,029)	(1,164)	-	-	(1,164)
Depreciation and amortization	(89)	(60)	(61)	(210)	-	-	(210)
EBIT	**(4,781)**	**(2,041)**	**(6,387)**	**(13,209)**	**847**	**-**	**(12,362)**
Net financing costs	(6)	6	(815)	(815)	-	-	(815)
Earnings before tax	**(4,787)**	**(2,035)**	**(7,202)**	**(14,024)**	**847**	**-**	**(13,177)**

(1) Contribution margin consists of revenue from external customers less cost of goods sold and fulfillment expenses and associated depreciation.

(2) Special items consist of the following items: employee virtual share program (VSP) / stock option plan (ESOP) EUR 875 thousand (30 June 2017: 933 thousand), media for equity partnerships EUR 102 thousand (30 June 2017: 96 thousand) and Martha Stewart royalty EUR 100 thousand (30 June 2017: 135 thousand) accumulating to a total of special items of EUR 1,077 thousand (30 June 2017: 1,164 thousand)

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 and considered to be at arm's length.

7 Income Tax Expense

The Group's consolidated weighted current tax rate for the six months ended 30 June 2018 was 28.1% (six months ended 30 June 2017: 34.8%). The reduction in the weighted current tax rate is predominately driven by the enactment of tax legislation in the United States of America on 22 December 2017.

The Group has tax losses in several legal entities in different tax jurisdictions that have the potential to reduce tax payments in future years. 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 tax planning opportunities available that 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 or the associated tax expense benefit in the Statement of Comprehensive Income.

8 Financial Instruments

8.1 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

EUR in thousands		**30 June 2018**		**31 December 2017**	
Financial assets	**Fair Value Hierarchy**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Other non-current financial assets	n/a	853	n/a	899	n/a
Derivative financial instruments	3	40	40	-	n/a
Trade and other receivables	n/a	3,629	n/a	362	n/a
Cash and cash equivalents	n/a	39,807	n/a	2,327	n/a
Total		**44,329**		**3,588**	

Financial liabilities	**Fair Value Hierarchy**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Borrowings	3	18,871	19,280	10,963	11,102
Trade and other payables	n/a	10,688	n/a	8,117	n/a
Derivative financial instruments	3*	255	255	697	697
Other financial liabilities	n/a	3,484	n/a	1,148	n/a
Total		**33,298**		**20,925**	

*Derivative financial liabilities include a forward derivative categorized within level 2 of the fair value hierarchy. At 30 June 2018, the forward derivative had a carrying amount of EUR 27 thousand (31 December 2017: EUR 44 thousand). All other derivative financial liabilities are categorized within level 3 of 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.

8.2 Measurement of fair values

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 Condensed Consolidated Interim 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. There were no transfers between the levels in the hierarchy during the period.

The Group has four financial assets and liabilities measured at fair value in the statement of financial position during the period:

- Warrant agreements;
- Convertible feature of bonds issued;
- Loan prepayment option; and
- Forward derivative.

Warrant agreements

The Group granted warrants during prior and current periods, which are classified as a derivative financial liabilities at the date of initial recognition and recognized at fair value. An option pricing model (binomial model) is used to determine the fair value of the warrant agreements at the relevant dates (level 3). Public market data, e.g. the risk-free interest rates (30 June 2018: 0.29 %; 2017: 0.17 %) and other input data were used. Especially relevant is the valuation of the company based on the IPO list price (EUR 899 per share) and the calculated volatility (six months to 30 June 2018: 35.14 %; 2017: 31.02 %). Previously, the Group had valued warrants using the share price of the Company derived from the last financing round. At 31 December 2017, this value represented EUR 2,013 per share. With the listing on the ASX, the estimated share price can now be valued based on public market data. Gains and losses arising from changes in fair value are recognized in the Statement of Comprehensive Income in the period during which they arise.

Convertible feature of bonds issued

In the six-months to 30 June 2018, the Group issued EUR and AUD denominated convertible bonds for cash consideration of EUR 3,373 thousand (see Loan 2, Note 11) which contained contracted equity conversion events. The conversion features of the bonds issued are classified as a derivative financial liability at the date of initial recognition and measured at fair value (level 3). The fair value of the conversion right at initial recognition is deducted from the issuance proceeds of the loan. The host contract of the loan is subsequently recognized on an amortized cost basis until resolved on conversion of the loan. Public market data e.g. corporate interest yields, estimated share price and other input data were used. Gains and losses arising from changes in fair value are recognized in the Statement of Comprehensive Income in the period during which they arise.

Loan prepayment option

During the period, the Group entered into a short-term, unsecured and subordinated loan for EUR 5,500 thousand (see Loan 1, Note 11). As part of the loan agreement, the Group was entitled, for a fee, to make prepayments of the loan prior to maturity. The inclusion of this prepayment option in the agreement is classified as a derivative financial asset at the date of initial recognition and recognized at fair value. A probability-weighted discount model is used to determine the fair value of the option at the relevant dates (level 3). Public market data e.g. corporate interest yields and other input data were used. In particular, probability data of exercising the option was used (unobservable input parameter). Gains and losses arising from changes in fair value are recognized in the Statement of Comprehensive Income in the period during which they arise.

Forward derivative

The derivative financial instruments also include a forward hedge, and the fair value is defined on the current exchange rate and the contractual terms (level 2).

8.3 Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

EUR in thousands		**2018**	
	Conversion Option	**Loan Prepayment Option**	**Warrant**
Balance at 1 January	-	-	(653)
Issuances	(283)	-	-
Gains / (losses) included in profit & loss			
Net change in the fair value	(578)	40	425
Transfers	861	-	-
Balance at 30 June	-	40	(228)

EUR in thousands		**2017**	
	Conversion Option	**Loan Prepayment Option**	**Warrant**
Balance at 1 January	-	-	(501)
Gains / (losses) included in profit & loss			
Net change in the fair value	-	-	(167)
Balance at 30 June	**-**	**-**	(668)

For those financial assets and liabilities held at fair value at the end of 30 June 2018, EUR 465 thousand was included in financing income in the Statement of Comprehensive Income which was attributable to financial instruments that are not yet exercised during the six months to 30 June 2018 (six months to 30 June 2017: EUR (167) thousand).

Sensitivity analysis

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 based on the IPO list price. The sensitivity analysis for the share price as of 30 June 2018 shows a potentially negative earnings effect of EUR 52 thousand if the share price would have been 10% higher and a potentially positive earnings effect of EUR 41 thousand if the share price would have been 10% lower.

9 Property, Plant and Equipment

During the six months ended 30 June 2018, the Group acquired assets with a cost of EUR 419 thousand (six months ended 30 June 2017: EUR 463 thousand).

10 Intangible Assets

During the six months ended 30 June 2018, the Group capitalized EUR 881 thousand (six months ended 30 June 2017: EUR 28 thousand) relating to licenses & software developments. Of this, EUR 545 thousand related development costs associated with internally generated software of new customized tools (six months ended 30 June 2017: EUR 0 thousand).

Consistent with the Group's accounting policies, development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and use the asset. Management has made judgements and estimates regarding the future economic benefits of internally generated software. Actual results may differ from these estimates. The Group tests whether the intangible assets have suffered any impairment on occurrence of an impairment indicator for all intangible assets. No impairment was recorded during the period.

11 Loans and Borrowings

The following table shows a reconciliation from the opening balances to the closing balances for loans and borrowings:

EUR in thousands	2018	2017
Opening balance, as of 1 January	**10,963**	**3,740**
Proceeds from borrowings	10,673	2,200
Warrants and conversion rights	(2,995)	-
Repayments of borrowings	(168)	(755)
Conversion of bonds	(3,372)	-
Accrued interest and fees	1,075	15
Effects of effective interest method on borrowings	2,695	165
Closing balance, as of 30 June	**18,871**	**5,365**

During the reporting period the Group entered into three separate financing arrangements and entered into one deed of amendment.

Loan 1

During the reporting period, the Group entered into a short-term, unsecured and subordinated loan for cash consideration of EUR 5,500 thousand. The loan is repayable over a period of 12-months with interest payable upon termination of the loan. As further consideration for the granting of the loan, the Group also granted 1,369 warrant shares to the lenders which are classified as an equity instrument and recognized in Other reserves in the Statement of Financial Position. The warrants represented a value of EUR 1,355 thousand which were recognized as transaction costs against the carrying value of the loan and amortized over the life of the loan. The warrants carried a subscription price of EUR 1 per warrant share and upon being issued, have the same rights as common shares and become exercisable upon the earlier of the one year's anniversary of the grant date or the IPO. As a result of the completion of the settlement of the IPO which occurred between 27th and 29th June 2018, the warrants were converted to 1,369 shares of the Group. The represented value of EUR 1,355 thousand (half year to 30 June 2017: EUR 0) was transferred from other reserves into Share capital.

In addition, the Group issued warrants to a related party, Moneda, with the entitlement to subscribe for 1,369 shares in the Company (Note 13.2). The warrants were issued to Moneda in return for approval of the conclusion of Loan 1. The warrants represented a value of EUR 1,355 thousand which were recognized as transaction costs against the carrying value of the loan and amortized over the life of the loan.

The Group recognized EUR 2,327 thousand (half year to 30 June 2017: EUR 0) as financing costs during the reporting period for this loan.

Loan 2

In addition to the above, the Group issued EUR 1,000 thousand and AUD 3,750 thousand convertible bonds of which, EUR 1,000 thousand was issued to Lakestar, a shareholder of the Company. Each bond carries an interest charge which accrues throughout the term of 18 months. The bonds contained contracted conversion events that were triggered as a result of the completion of the settlement of the IPO which occurred between the 27th and 29th June 2018. Upon this event, the bonds were converted to a relevant number of shares. The conversion factor of this loan has been separately recognized as a derivative financial liability at the date of initial recognition and recognized at fair value. The impact on the Statement of Comprehensive Income of the conversion feature is provided in Note 8.3.

Loan 3

Loan 3 represents an unsecured short-term loan which was fully drawn during the period for cash consideration of EUR 1,800 thousand. The loan is repayable over a period of three months, with interest payable upon termination of the loan. The loan amount as per 30 June 2018 is EUR 1,832 thousand, which includes accrued interest (2017: EUR 0).

Loan amendment

In addition, during the period the Group entered into a deed of amendment with an existing loan provider for postponement of the notional repayments in 2018 of the debt facility for which the Group granted warrants with fair value at June 30th 2018 of EUR 51 thousand. Pursuant to the terms of the deed, the Group granted 183 warrants which are classified as a derivative financial liability at the date of initial recognition and recognized at fair value. The impact on the Statement of Comprehensive Income as well as valuation techniques is provided in Note 8.

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	**30 June 2018**	**30 June 2017**
Interest earned on bank balances	1	6
Derivative financial instrument changes in fair value	464	-
Finance income	**465**	**6**

EUR in thousands	**30 June 2018**	**30 June 2017**
Nominal interest expense on borrowings	(1,171)	(242)
Effects of effective interest method on borrowings	(2,695)	(165)
Total interest expense	**(3,866)**	**(407)**
Derivative financial instrument changes in fair value	(579)	(414)
Finance expense	**(4,445)**	**(821)**

12 Share Capital and Capital Reserve

	Share capital		**Capital reserve**	**Total**
	Number of shares	**Nominal amount**	**Paid in**	
In thousands		**(EUR)**	**(EUR)**	**(EUR)**
As of 1 January 2018	**78**	**78**	**47,651**	**47,729**
Issue of share capital 2018	51	51	39,799	39,850
Exercise of warrants	4	4	3,709	3,713
Conversion of bonds	5	5	4,230	4,235
Purchase of non-controlling interest	2	2	(522)	(520)
As of 30 June 2018	**140**	**140**	**94,867**	**95,007**

As of 30 June 2018, the issued registered share capital is EUR 140,470 (31 December 2017: 78,132) in nominal shares (*Stückaktien*).

During the period 49,296 shares were issued as part of the completion of settlement of the IPO on the Australian Stock Exchange. Total consideration of EUR 44,340 thousand less transaction costs of EUR 4,518 thousand was recorded in equity. In addition, 2,262 shares were issued during 2018 with a nominal value of EUR 1. The shares were dedicated to the MSET UG trust for future equity commitments totaling 1,867 shares and 395 shares are assigned to compensation for the supervisory board and IPO advisors with the value of EUR 32 thousand.

Further, the Group granted 1,369 shares with value of EUR 1,355 thousand as part of Moneda warrant conversion (Note 11 and Note 13.2); 1,369 shares with the value of EUR 1,355 thousand as part of warrants conversion for financiers (Note 11); and 1,294 shares with the value of EUR 999 thousand relating to other share-based payments (Note 14).

The Group also granted 4,708 shares with value of EUR 4,230 thousand as a result of the conversion of bonds issued during the period to 30 June 2018.

Effective March 2018 the Group has obtained the minority interest in the operating Australian subsidiary and converted the impact respectively in the equity position. This was acquired through the issuance of 2,040 shares with nominal value of EUR 1. The fair value of consideration given was EUR 2,022 thousand, with the Group consolidating EUR (522) thousand in non-controlling interest.

The Group has not recognized or assigned any dividends during the presented periods. All issued and outstanding shares with the exception of EUR 3,263 thousand are fully paid as of 30 June 2018. The non-paid shares were received on 2 July.

13 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.

13.1 Parent entities

The Group has no significant changes in the parent structure as of 30 June 2018 any other than the general percentage of ownership has been diluted due to the IPO.

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

AKW Capital GmbH

AKW Capital GmbH (fka AKW Capital UG (haftungsbeschränkt)) holds a significant share in the Company. AKW Capital GmbH is an entity solely held and controlled by Fabian Siegel. Fabian Siegel is also the controlling direct or indirect shareholder of several other entities including the Marley Spoon Employee Trust UG (MSET) and Marley Spoon Series A UG (*haftungsbeschränkt*) & Co. KG, which are holding shares in the Company, inter alia, for the benefit of employees to be released under the circumstances stated in the employee stock option program (ESOP) of the company. Due to being jointly controlled these entities exercise their voting and other shareholder rights in the company along with AKW Capital GmbH. In addition, the Group has the managing director of AKW Capital GmbH (Fabian Siegel) on payroll as CEO for the Group as well as managing director of all of the Group's subsidiaries.

In January 2018, AKW Capital GmbH granted a loan to the Company representing a balance of EUR 100 thousand (part of Loan 1, Note 11). In consideration of this loan, AKW Capital GmbH received warrants entitling it to subscribe for 25 shares in the company with a nominal value of EUR 1.00 each. As a result of the completion of the settlement of the IPO, the warrants were converted to shares of the Group.

In March 2018, the Company issued 3,907 shares, with a nominal value of EUR 1.00 per share being contributed. Out of this, 2,040 shares were issued to AKW Capital GmbH against contribution of the Australian minority interest as well as cash consideration at the nominal amount and 1,867 shares were issued to MSET against contribution in cash at the nominal amount. Further details are provided in Note 12.

Further, as part of the completion of the settlement of the IPO, AKW Capital GmbH was issued 3,521 shares for an investment of EUR 3,114 thousand, with terms equal to those prevailing at the time of the IPO. The total amount remains outstanding at 30 June 2018 and was received subsequent to the reporting period.

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, Rocket Internet Capital Partners SCS and Rocket Internet Capital Partners (Euro) SCS, who all hold shares/CDI in Marley Spoon AG). The loan is unsecured and subordinated. The outstanding loan amount as per 30 June 2018 is EUR 6,516 thousand (2017: EUR 6,158 thousand) including accrued interest.

In addition, Moneda received warrants in January 2018 entitling to subscribe for 1,369 shares in the Company. The warrants were issued to Moneda in return for approval of the conclusion of Loan 1 (Note 11) and were recognized as transaction costs. The warrants were issued for a subscription price of EUR 1.00 per warrant share and upon being issued, have the same rights as common shares. The total amount of the warrants had a fair value of EUR 1,355 thousand recognized in other reserves in the Statement of Financial Position. As a result of the completion of the settlement of the IPO which occurred between 27 and 29 June 2018, the warrants were converted to 1,369 shares of the Group. This represented a value of EUR 1,355 thousand (half year to 30 June 2017: EUR 0) being transferred from other reserves into Share capital.

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.

13.3 Remuneration of members of key management including the supervisory board

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 (Key executive management) and the Supervisory Board.

Key executive management

The total remuneration is listed in the table below:

		Transactions for the six months ended
EUR in thousands	**30 June 2018**	**30 June 2017**
Short-term employee benefits	304	273
Post-employment benefits	-	-
Long term benefits	-	-
Termination benefits	-	-
Share-based payments	45	263
Total compensation	**349**	**536**

Supervisory Board

The supervisory board was assigned in June 2018 and represents a total compensation of EUR 43 thousand (2017: zero since no board was assigned). The members of the supervisory board have been elected to that position for a period terminating at the end of the Company's general meeting in CY2021 (Supervisory Board Initial Term) and contain the following members as listed in the Directors' Report.

The Chairman and two other members will be entitled to receive base compensation of EUR 82 thousand (AUD 130 thousand) and EUR 51 thousand (AUD 80 thousand), respectively, per annum during the Supervisory Board Initial Term. Further, the chair of the Audit & Risk Management Committee and the chair of the Remuneration & Nomination Committee will each be entitled to receive additional compensation of EUR 12.5 thousand (AUD 20 thousand) per annum during the Supervisory Board Initial Term.

During the Supervisory Board Initial Term, the Members will receive (a) 50% of their base compensation in shares (calculated at the offer price of EUR 899 per one thousand CDIs (CHESS Depository Interests) whereby 1,000 CDIs represent 1 actual share) and issued to the respective member for a subscription price of EUR 1 and (b) the remainder in cash. Shares in respect of the entire Supervisory Board Initial Term will be issued to members upon the completion of the settlement of the IPO, but if the member does not serve in that capacity for the entire Supervisory Board Initial Term, a proportion of such member's shares will be transferred back by the member as directed by the Company (that proportion reflecting the proportion of the Supervisory Board Initial Term not served as a member). Members of the Supervisory Board will receive CDIs on completion of the settlement of the IPO in respect of their entitlement to shares which has an accounted position of EUR 29 thousand (graded vesting) as per 30 June 2018.

For the financial year ending 31 December 2018, the cash fees payable to the current members of the Supervisory Board will amount to approximately EUR 50,000 (AUD 80,000) in aggregate (excluding in respect of their shares).

EUR in thousands	Transactions for the six months ended 30 June 2018	30 June 2017
Short-term employee benefits	14	-
Post-employment benefits	-	-
Long term benefits	-	-
Termination benefits	-	-
Share-based payments	29	-
Total compensation	**43**	-

14 Share-based Payments

At 30 June 2018, the Group had the following share-based payment arrangements. The shares granted to the supervisory board are described in Note 13.3.

The total costs of share-based payments for the six months ended 30 June 2018 is EUR 1,077 thousand.

14.1 Employee stock option program (ESOP)

Prior to the IPO, the Company issued rights under historical “virtual share plans” to certain employees. Following the listing on the ASX, all of these then outstanding rights (whether vested or unvested) will be consolidated and replaced with substantially equivalent rights over shares (or CDIs) referred to as “Option Rights” under a plan referred to in this Prospectus as the “Existing Option Rights Plan”. Unvested rights will continue to vest in accordance with their current vesting schedule. No further rights will be issued under the Existing Option Rights Plan (or the historical “virtual share plans”) following completion.

All options and rights for employees have remained the same. The ESOP for employees has a value of EUR 5,671 thousand (31 December 2017: 4,816 thousand). Generally, employees are granted shares over a period of 48 months with a cliff period of 12 months. No owner rights, e. g. voting rights, are associated with the program.

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. Further details of the program are provided in the Consolidated Annual Report for the year ended 31 December 2017.

During the six months ended 30 June 2018, the following transactions occurred:

	Number of awards
Number of awards outstanding 1 January 2018	**7,402**
Thereof: exercisable/vested	5,854
Granted during 2018	875
Forfeited during 2018	(425)
Exercised during 2018	-
Expired 2018	-
Number of awards outstanding 30 June 2018	**7,852**
Thereof: exercisable/vested	**6,437**

The fair value measurement at grant date is determined by applying an option pricing model (Black-Scholes-Model), with the main determinates being the share price, risk-free rate and volatility. The aforementioned accounting estimations have a significant influence on the valuation of the provision.

Total expenses arising from share-based payments to employees recognized during the period were EUR 875 thousand.

14.2 Other share-based payments

In addition to the Employee share-based payments (ESOP) and the remuneration for the supervisory board, the Group has two types of share-based payment obligations which are associated to media-for-equity and brand licensing, representing 1,294 shares of which all are exercised. As the Group completed the settlement of the offer related to the IPO between 27 and 29 June 2018, all warrants issued were herein converted to shares of the Group.

	Number of awards	
	Media for equity	**Brand licensing**
Number of awards outstanding 1 January 2018	**351**	**45**
Granted during the half-year ended 2018	785	113
Forfeited during the half-year ended 2018	-	-
Exercised during the half-year ended 2018	(1,136)	(158)
Expired the half-year ended 2018	-	-
Number of awards outstanding 30 June 2018	**-**	**-**

The media-for-equity reserve has a value of EUR 0 as of 30 June, 2018 (31 December 2017: EUR 706 thousand) representing media services provided to the Group in (partial) exchange for equity. During the half-year ended 30 June 2018, the Group converted 1,136 shares from other reserves into equity representing a value of EUR 807 thousand (six-months to 30 June 2017: 0). The shares are recognized upon the service received at its fair value. During the period, EUR 102 thousand (six-months to 30 June 2017: EUR 96 thousand) of services provided was recorded under Marketing expenses.

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 0 for future convertible shares (31 December 2017: 91 thousand). During the half-year ended 30 June 2018, the Group converted 158 shares from other reserves into equity representing a value of EUR 192 thousand (six months to 30 June 2017: EUR 0). The shares are recognized upon the service received at its fair value. During the period, EUR 100 thousand (six-months to 30 June 2017: EUR 135 thousand) of services provided was recorded under Marketing expenses.

15 Events Occurred after the Reporting Period

During the reporting period, the Company completed settlement of the offer related to the IPO. On 2 July 2018 (listing date) the Company listed CHESS Depositary Interest (CDIs) over ordinary shares of the IPO on the Australian Securities Exchange. The total number of CDI available on the market is 49,296,000 subject to the understanding that certain CDI are subject to a mandatory or voluntary escrow preventing the respective owner to sell or otherwise transfer the CDI to any third party for a period of, generally, 12 or 24 months after the IPO.

On 20 July 2018 the Group announced it has extended its license and promotion agreement with Martha Stewart Living Omnimedia (MSLO) which allows the Group to co-brand its meal kits in the United States as 'Martha and Marley Spoon'. Under the revised terms, the agreement will be extended by two years until 31 December 2022. As foreshadowed in Marley Spoon's prospectus, the revised agreement includes a restructure of the minimum annual royalty payments, which will now be payable over a longer period. The adjusted contractual terms resulted in a USD 1,000 thousand (additional) payable to MSLO that is due in two equal installments in 2018 and 2019.

The Condensed Consolidated Interim Financial Statements were authorized by the management board on August 28, 2018.

Fabian Siegel
Chief Executive Officer, Chairman of the Management Board and Co-Founder

Julian Lange
Chief Financial Officer, Member of the Management Board

Berlin, August 28, 2018

Marley Spoon AG

Directors’ Declaration

Following review of the Report, the members of the management board (*Vorstand*) declare that in their reasonable opinion:

- The Condensed Consolidated Interim Financial Statements and accompanying Notes give a true and fair view of the financial position of the Group as at 30 June 2018 and of its performance, for the half-year ended on that date;
- The Condensed Consolidated Interim Financial Statements and accompanying Notes comply with International Accounting Standard 34: Interim financial reporting as adopted by the European Union; and
- There are reasonable grounds to believe that Marley Spoon AG will be able to pay its debts as and when they fall due and payable.

Fabian Siegel
Chief Executive Officer, Chairman of the Management Board and Co-Founder

Julian Lange
Chief Financial Officer, Member of the Management Board

Report on review of condensed consolidated interim financial statements

To Marley Spoon AG, Berlin

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of Marley Spoon AG, Berlin, and its subsidiaries (the "Group") - comprising the consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and selected explanatory notes - for the period from January 1, 2018, to June 30, 2018. Management is responsible for the preparation and presentation of these consolidated interim financial statements in accordance with IFRS applicable to interim financial reporting as adopted by the EU. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence
We are independent of the Group in accordance with the ethical requirements that are relevant to our review of the condensed consolidated interim financial statements in Germany, and we have fulfilled our other responsibilities in accordance with these requirements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial statements are not prepared, in all material respects, in accordance with IFRS applicable to interim financial reporting as adopted by the EU.

Material Uncertainty Related to Going Concern

We draw attention to section 4.2 "Going concern" in the condensed consolidated interim financial statements, which indicates that the Group´s ability to continue as a going concern depends on further loan funding from existing or new providers of finance. As stated in section 4.2 "Going concern", these events or conditions, along with other matters as set forth in note section 4.2 "Going concern", indicate that a material uncertainty exists that may cast significant doubt on the Group`s ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Berlin, August 28, 2018

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Philipp Medrow
Wirtschaftsprüfer
(German Public Auditor)

pp. Susanne Patommel
Wirtschaftsprüferin
(German Public Auditor)