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# Marley Spoon (ASX.MMM) Company presentation

May 4, 2020



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# MARLEY SPOON

is bringing delightful, market-fresh and easy cooking back to the people.



7.5 million meals in Q1 2020<sup>1</sup>



92% revenue from repeat customers in 2019



Active in 8 countries



**FY guidance increased** after 46% revenue growth in Q1 2020 vs Q1 2019, mostly pre COVID impact



**Positive operating cash flow** for the 1<sup>st</sup> time since the IPO in Q1 2020



>26,000 recipes developed

1) For full details on Q1 2020, please refer to the related ASX announcement dated April 28, 2020

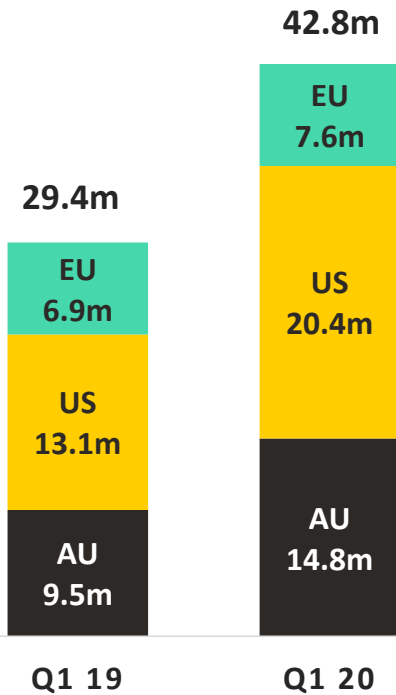
## Strong performance even before recent COVID-19 related tailwinds

- **Strong growth** in Q1 2020 ... revenue +46% vs. prior corresponding period (PCP), growth accelerated at the end of the quarter due to the COVID-19 crisis ... surge in global demand since mid-March, leading to €22m revenue during calendar weeks 14-17 of 2020, more than double compared to the PCP
- Achieved **positive operating cash flow** on a global basis for the first time in Q1 2020
- Significantly **lower customer acquisition costs** recently due to inbound customer interest and lower advertising rates
- **Record global contribution margin (CM)** in Q1 at 29.5%, up 5 pts year over year (YOY)
- **Path to profitability accelerated**: MMM now expects to achieve positive operating EBITDA on a group level in Q2 2020 ... Q1 loss almost halved at €6.4 million vs. €12.2 million in PCP

# Double digit Q1 growth in all segments

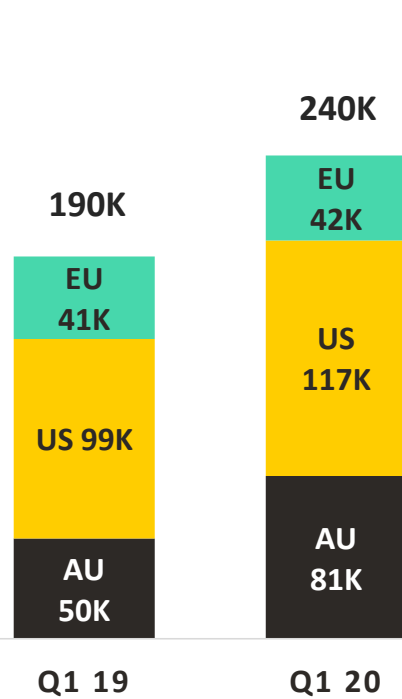
## Net revenue (€)

+46%



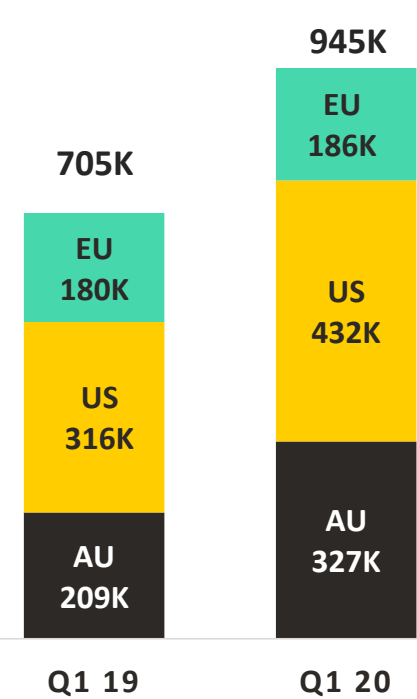
## Active customers

+26%



## Total orders

+34%



**US and AU main revenue growth drivers with >50% Q1 2020 vs PCP ... revenue growth > active customer growth due to strong retention and customer loyalty**

# Key metrics – growth across the Group

	Q1 20	Q1 19	V%	CY2019	CY2018	V%
<b>Group</b>						
Active customers <sup>1</sup> (k)	240	190	26%			
Number of orders (k)	945	705	34%	2,969	2,153	38%
Orders per customer	3.9	3.7	5%			
Meals (m)	7.5	5.1	46%	22.4	15.2	47%
Avg. order value (€, net)	45.6	41.7	9%	43.7	42.7	2%
<b>Australia</b>						
Active customers <sup>1</sup> (k)	81	50	62%			
Number of orders (k)	327	209	57%	1,070	688	56%
Meals (m)	2.7	1.6	69%	8.6	5.1	67%
<b>USA</b>						
Active customers <sup>1</sup> (k)	117	100	17%			
Number of orders (k)	432	316	37%	1,272	865	47%
Meals (m)	3.4	2.2	55%	9.4	5.9	59%
<b>Europe</b>						
Active customers <sup>1</sup> (k)	42	40	5%			
Number of orders (k)	186	180	3%	627	600	5%
Meals (m)	1.4	1.3	8%	4.5	4.2	7%

## Key developments

- YOY order growth across all regions, driven by increased orders per customer and higher average order value.
- US and Australia main growth drivers ... strong performance in Europe compared to Q4-19

1) Active customers are customers who have purchased a Marley Spoon or Dinnerly meal kit at least once over the past three months

# Q1 2020 regional performance vs PCP



Australia

REVENUE €14.8m ↑ 56%

CONTRIBUTION MARGIN 38% ↑ +6pts

OPERATING EBITDA % break-even ↑ +19 pts

## Key developments

- Positive operating EBITDA over the last 12 months
- CM increased 2 pts vs Q4-19 despite bush fires impact on food supply chain
- Expanded Marley Spoon menu to 30 weekly options, Dinnerly now at 20



United States

REVENUE €20.4m ↑ 56%

CONTRIBUTION MARGIN 26% ↑ +6pts

OPERATING EBITDA % (14)% ↑ +28 pts

## Key developments

- Growth accelerated ... 36% revenue increase vs Q4-19, driven by both brands
- Continued margin improvements ... up 3 pts from Q4-19 ... mainly driven by increased productivity & quality in the manufacturing centres
- Licensing deal with Martha Stewart extended to 2023 at favourable terms



Europe

REVENUE €7.6m ↑ 11%

CONTRIBUTION MARGIN 21% ↑ +2pts

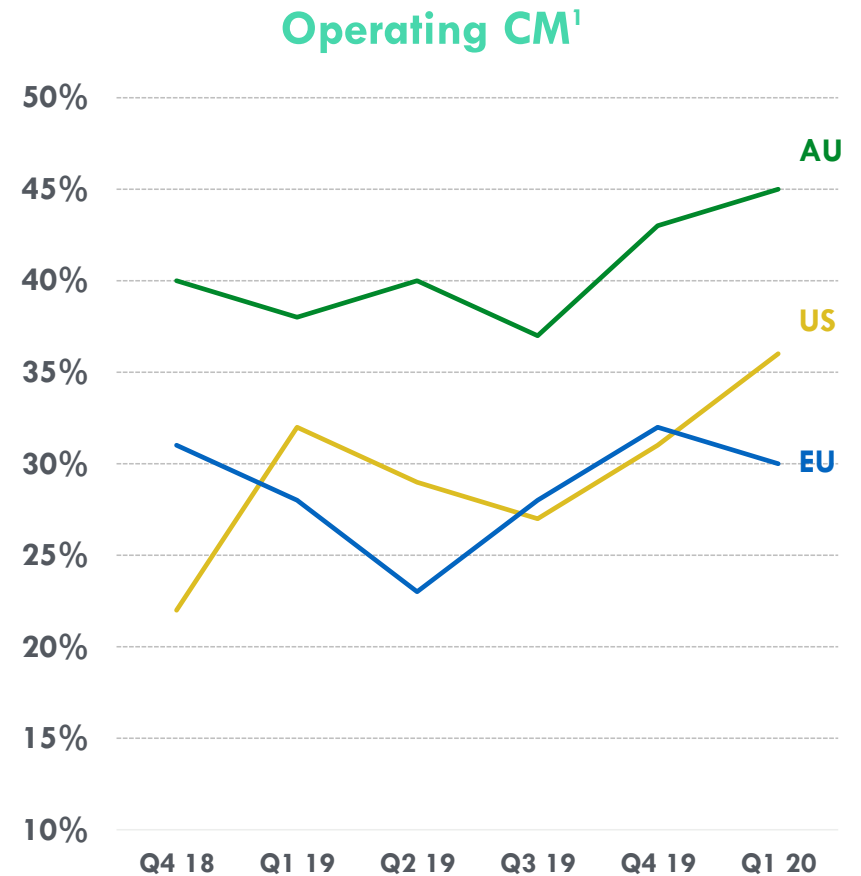
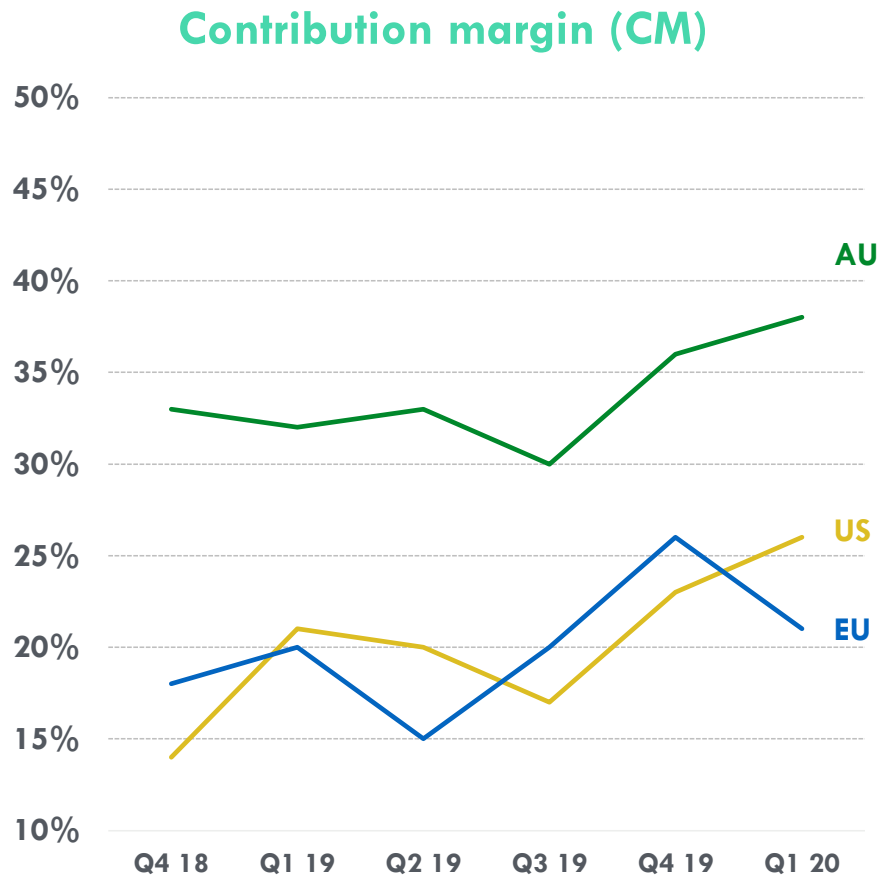
OPERATING EBITDA %<sup>1</sup> (23)% ↑ +26pts

## Key developments

- Positive growth trajectory ... revenue up 19% vs Q4-19 ... new markets in northern Europe with promising start
- CM improvements thanks to higher manufacturing productivity

<sup>1</sup> excluding HQ cost





**Already reached FY guidance in Q1 with 29% contribution margin<sup>2</sup> ... all regions up vs. PCP**

<sup>1</sup> Operating CM = CM excluding the impacts of marketing vouchers and fixed costs such as manufacturing centre rent

<sup>2</sup> FY guidance as included in the Outlook section of the Marley Spoon 2019 Annual report

in € millions	Q1 2020	Q1 2019
<b>Operating EBITDA</b>	<b>(6.4)</b>	<b>(12.2)</b>
Change in working capital	7.2	5.5
Interest & taxes paid, other	(0.3)	(0.1)
<b>Net cash flows from operating activities</b>	<b>0.5</b>	<b>(6.8)</b>
<b>Net cash flows from investing activities</b>	<b>(1.3)</b>	<b>(3.1)</b>
Net change in equity	-	-
Proceeds from convertible notes	2.2	12.0
Net change in borrowings	0.3	(2.0)
IFRS 16 lease payments	(1.1)	-
<b>Net cash flows from financing activities</b>	<b>1.4</b>	<b>10.0</b>
<b>Net increase in cash &amp; cash equivalents</b>	<b>0.4</b>	<b>0.1</b>
Cash and cash equivalents at 31 Mar	5.9	8.8

Reached positive operating cash flow on a global basis for the 1<sup>st</sup> time in Q1

As confirmed in the ASX announcement on April 28, 2020:

- Marley Spoon is expecting stronger **revenue growth** than its previous guidance of ~30% YOY growth for CY 2020. However, the Company is currently unable to quantify expected growth above this level beyond the next several weeks, as there is no precedent for the current significant, accelerated shift in consumer behaviour to online ordering for groceries and home cooking and the COVID-19 crisis.
- **Contribution margin** has already reached the previously guided level for the year with 29% in Q1.
- The Company expects to turn **operating EBITDA** positive on a group level for the first time in Q2 2020 (previously expected in late 2020).

*Refer to the disclaimer on page 3 in regard to forward looking statements and key risks on pages 13 to 20*



## **Strong Q1 2020 topline growth ... guidance exceeded**

- Revenue increased +46% YOY to EUR 42.8m ... growth accelerated even before COVID-19 related tailwinds
- Growth led by US and Australia with >50% YOY ... EU with strong growth vs Q4-19
- Surge in demand since mid-March ... calendar weeks 14-17 revenue more than doubled YOY



## **Continuous operational improvements ... platform to support significant scale**

- Contribution margin up 5 pts to 29% ... already reached guidance for the year
- US most improved at 26%: +6 pts YOY, +3 pts vs. Q4-19 ... AU also increased YOY and vs. Q4, now at 38%
- Continued margin improvements expected in 2020



## **Expecting to reach positive operating EBITDA in Q2 now ... 6 months earlier than previously guided<sup>1</sup>**

- Q1 2020 EBITDA improved from EUR (12.2)m to EUR (6.4)m, representing an operating EBITDA margin improvement from (41%) to (15%) of revenue
- Reaching positive operating EBITDA earlier, supported by recent tailwinds ... previous guidance late 2020



## **Meal-kits an early industry in a vast market ... multi-year growth runway**

- Groceries remains one of the largest untapped opportunities as consumer purchasing shifts online
- Marley Spoon is well positioned to capture future growth with its 2 brands, across three continents
- Continue to focus on innovation through technology investments in manufacturing, software as well as data & personalisation platforms

The risks associated with Marley Spoon's business set out in the prospectus dated 6 June 2018 (Prospectus) and Marley Spoon's 2019 annual report still apply as updated by the risks set out below. If any of these risks eventuate, they could have a material adverse effect on Marley Spoon's business, financial condition, operating and financial performance and return to shareholders.

The risk factors set out below and in the Prospectus are not exhaustive. Additional risks that Marley Spoon is unaware of or that Marley Spoon currently considers to be immaterial also have the potential to have a material adverse effect on Marley Spoon's business, financial condition and operating and financial performance.

Before making an investment decision, potential investors should thoroughly review all publicly available information (including this presentation and the risk factors set out within) concerning Marley Spoon and carefully consider whether Marley Spoon CDIs are suitable to acquire having regard to their own investment objectives and financial circumstances.

References to "Marley Spoon" or the "Company" refer to Marley Spoon AG. References to "Group" refer to Marley Spoon and its subsidiaries.

Risk	Description
<p>COVID-19 related risks</p>	<p>Marley Spoon is currently monitoring the actual and potential impact of COVID-19 on its business and the broader economy. Despite current customer order levels and behaviour, given the high degree of uncertainty surrounding the extent and duration of government and regulatory responses to COVID-19, it is not currently possible to assess the full impact of COVID-19 on Marley Spoon's business or the economy generally. The adoption of unprecedented preventative measures by governments and other authorities, including a prolonged period of social distancing, quarantines, travel restrictions, work stoppages, health authority actions, restriction of access to services and the closure of stores and businesses lockdowns, and other related measures within Australia and internationally, or an escalation of existing measures, may directly or indirectly impact a number of aspects of Marley Spoon's business positively or negatively and in different ways. Factors like these may have a material adverse impact on Marley Spoon including, for example, on its ability to:</p> <ul style="list-style-type: none"> <li>• ensure supply chain continuity (including in relation to any suppliers that are based overseas, as this exposes Marley Spoon to an additional layer of regulation and uncertainty);</li> <li>• maintain customer engagement and communication;</li> <li>• protect the health (both mental and physical), safety and security of staff;</li> <li>• maintain adequate cash flows and manage liquidity; and</li> <li>• comply with requirements under its debt financing arrangements, leases, and its regulatory framework (including in relation to corporate governance and financial reporting requirements).</li> </ul> <p>If any factors like these arise, there is a risk that Marley Spoon's performance, position or reputation will be adversely affected.</p> <p>It is not yet known to what extent the COVID-19 pandemic will continue to disrupt domestic and international economic activity. The indirect impact of the pandemic on the broader economy is likely to affect retail activity generally and may have a material positive, negative or dampening effect on Marley Spoon's long-term business performance and profitability. While the Company has recently experienced a strong surge in demand, the COVID-19 pandemic may also disadvantageously alter consumer behaviour (for example, it may cause consumers to reduce household spending) and such changes may adversely affect Marley Spoon's financial performance. Further, the easing of movement restrictions may lead to a softening of current strong order frequencies, average baskets/portions and average revenue per user, and increase in churn. Demand in subsequent quarters may also be adversely impacted by seasonal variations as well as reduced marketing activities due to rebounding marketing prices. There are also other changes in the domestic and global macroeconomic environment associated with the events relating to COVID-19 that are beyond the control of Marley Spoon and may be exacerbated in an economic recession or downturn. These include, but are not limited to:</p> <ul style="list-style-type: none"> <li>• changes in inflation, interest rates and foreign currency exchange rates;</li> <li>• changes in employment level and labour costs;</li> <li>• changes in aggregate investment and economic output; and</li> <li>• other changes in economic conditions which may affect the revenue or costs of Marley Spoon.</li> </ul>

Risk	Description
Working capital risk	<p>Maintaining sufficient working capital is a fundamental requirement for Marley Spoon to meet its financial obligations and continue operations. In Marley Spoon's business model, customers generally pay before or around the time of delivery, while its suppliers usually grant payment terms, which means the Company carries a negative working capital balance. Any decreases in overall volume or changes in payment terms with suppliers or customers may have a material adverse impact and affect Marley Spoon's ability to meet its ongoing liquidity needs or fund its operations.</p>
Requirement of further funding and ability to access debt and equity markets	<p>The drawdown of the 2<sup>nd</sup> tranche of the WTI loan is not finalised and as such the funds are not guaranteed. There is a risk that Marley Spoon may be required to raise further capital through public or private financing or other arrangements. The Company's ability to raise additional funds will be subject to, among other things, factors beyond the control of the Company and the members of the Supervisory Board (Aufsichtsrat) and Management Board (Vorstand), including cyclical factors affecting the economy and the stock markets generally. Private or other debt or equity financing may not be available on acceptable terms. If Marley Spoon cannot raise funds in a timely manner and on acceptable terms, it may not be able to meet its ongoing liquidity needs and sustain its operations or grow its business or respond to competitive pressures.</p> <p>Marley Spoon currently relies on and may in the future continue to rely on additional debt funding, to help fund its business operations. If debt financing is used in the future, Marley Spoon will face refinancing risk if it is unable to refinance its debt when it falls due. If this occurs, the terms available to Marley Spoon (including in relation to pricing) on refinancing with a new debt facility may not be as favourable as those under its existing debt facilities at the time and, if there is a deterioration in the level of debt market liquidity, this may prevent Marley Spoon from being able to refinance some of all of its debt and give rise to the risks above.</p>
Limited trading history	<p>Marley Spoon was founded in 2014 and listed with the ASX in 2018. Given its limited trading history, it may be more difficult to fully and accurately evaluate its business, performance and prospects than would be the case for a long-established business. In addition, the business model that Marley Spoon employs is relatively new. It is therefore difficult to comprehensively assess the risks and challenges Marley Spoon may be exposed to and Marley Spoon's insurance program may not cover (or it may not be able to insure cost-effectively) all risks that Marley Spoon may be exposed to or experience.</p> <p>Marley Spoon was loss making in CY 2019. No assurance can be given that Marley Spoon will achieve its growth objectives, deliver expected returns or ultimately be profitable. Marley Spoon's ability to achieve its objectives relies on its ability to implement the proposed business plan and to respond in a timely manner to any unforeseen circumstances. Any failure to do so could have a material adverse impact on Marley Spoon's business, operating or financial performance.</p>
Foreign exchange risks	<p>Marley Spoon's operating activities in the United States are denominated in U.S. dollars and in Australia are denominated in Australian dollars, whereas the Company reports in Euros. As a result of the use of these different currencies, the Company is subject to foreign currency fluctuations which may materially affect its financial position and operating results. The CDIs will be listed on the ASX and priced in Australian dollars. However, the Company's reporting currency is Euros. As a result, movements in foreign exchange rates may cause the price of the Company's securities to fluctuate for reasons unrelated to the Company's financial condition or performance and may result in a discrepancy between the Company's actual results of operations and investors' expectations of returns on securities expressed in Australian dollars.</p>
Other financial risks	<p>Marley Spoon is subject to other financial risks including price risk and liquidity risks which are set out in Section 5.3 General Risks in Marley Spoons prospectus released to ASX and dated 6 June 2018.</p>

# Key risk factors (cont.)

Risk	Description
Supply Chain	Operational failure or changes within Marley Spoon's supply chain, including failures or delays associated with moving or expanding its manufacturing centres, altering its manufacturing processes, change of supplier or developing its technology platform or related to COVID-19, could significantly impact Marley Spoon's ability to prepare and deliver meal kits of the requisite quality and with the correct ingredients and in a timely manner to its customers.
Communications with Customers	There is a risk that if Marley Spoon is unable to deliver messages, in the form of email or otherwise, to its customers (whether because of operational, legal or other reasons) or its customers do not engage with these messages, Marley Spoon's reputation or performance could be adversely affected. There could also be a decline in the use of social networking services by customers and potential customers. Any of these events could restrict or limit Marley Spoon's ability to enhance the reputation and brand and continue to grow its business and customer base.
Suppliers of Ingredients, Including Perishable Products	<p>If Marley Spoon's suppliers for ingredients terminate their relationships with Marley Spoon, cease operations during an order cycle or cause other disruptions, including as a result of COVID-19, Marley Spoon may not be able to adjust its meal kits in time to deliver the desired quality and variety of products to customers which may adversely affect its performance and reputation.</p> <p>Further, errors, disruptions, delays or increased logistics demand from COVID-19 or inaccurate temperature control along the supply chain (including over the 'last-mile' to customers) may lead to spoiled products or food safety concerns or incidences. Incidences of this nature could have significant impact on the quality of meal kits, health or wellbeing of customers and harm Marley Spoon's reputation and/or have a material adverse effect on its operational and financial performance or position.</p>
Other Supply and Service Agreements to Marley Spoon	Marley Spoon relies on relationships with third parties which provide various goods and services such as picking, packaging, delivery, software, programming and payment processing and data hosting services. There is a risk that these third party providers do not perform adequately, terminate their relationship with Marley Spoon, refuse to supply goods and services on commercially acceptable terms (without alternative suppliers being available at commercially acceptable terms), become insolvent, are acquired by a competitor or that losses may be incurred by the supplier and others which are the responsibility of Marley Spoon, including as a result of COVID-19.
Availability and cost of labour	Various labour laws and regulations govern Marley Spoon's relationships with its employees and affect Marley Spoon's operating costs. Increases in labour costs generated by statutory and regulatory developments including increases in applicable industrial or enterprise arrangements or minimum wage requirements, as well as unionisation activities on the part of Marley Spoon's employees, could materially and adversely affect Marley Spoon's business, financial position and results.
Reliance on key staff	The loss of one or more of Marley Spoon's key employees and any delay in their replacement may adversely impact the ability of Marley Spoon to implement its business and growth strategies. Most of Marley Spoon's senior staff (particularly those in the United States) are not required to give long notice periods if they wish to resign. Conversely, a number of Marley Spoon's executives are under unlimited contracts with 3 months' notice period or less. In addition, there is a risk that Marley Spoon may have difficulty sourcing and retaining appropriately qualified workers or other full time or casual labour for its manufacturing centres. There can be no assurance that Marley Spoon will be able to hire, integrate and retain key employees or, in the event that their employment is terminated, be able to replace them with appropriately qualified individuals in a timely manner. This could have a material adverse impact on Marley Spoon's business, operating or financial performance.
IT system risk	Marley Spoon relies on software and telecommunication systems to run its website, applications and internal operations. All customer ordering is conducted via online platforms and software systems. A material software malfunction, disruption or information technology (IT) security breach may adversely affect its business operations, such risks include, system failure, hardware burglary and hacking; reliance on IT systems; failure to improve current apps; and privacy and security breaches.
Protection of intellectual property	There is a risk that unauthorised use or copying of Marley Spoon's intellectual property (including in its trademarks, data or software) will occur. In addition, there is a risk that the validity, ownership or authorised use of intellectual property relevant to Marley Spoon's business may be successfully challenged by third parties. This could involve significant expense and potentially the inability to use the intellectual property in question, and if an alternative cost-effective solution were not available, it may materially adversely impact Marley Spoon's financial position and performance. There is also a risk that Marley Spoon will be unable to register intellectual property or otherwise protect or stop competitors using new intellectual property it develops in the future.




# Key risk factors (cont.)

Risk	Description
<p>Food costs volatility and changes in availability could materially adversely affect business</p>	<p>There is a risk that the cost of Marley Spoon’s inputs and operations may increase as a result of factors beyond Marley Spoon’s control, such as general economic conditions, changes resulting from COVID-19, market movements, increased competition, inflation, seasonal fluctuations, shortages or interruptions (e.g., due to animals being mass culled to fight disease in local or foreign markets or pandemics), weather conditions, climate change, consumer demand, food safety concerns, changes in the regulatory environment and products recalls.</p> <p>While Marley Spoon is able to adapt its menus each week, there is risk that Marley Spoon may not respond and adapt in a timely and cost-efficient manner. Any increases in costs that Marley Spoon were unable to pass on to customers could adversely affect its margins, performance and position.</p>
<p>Failure to attract new or retain existing customers</p>	<p>Marley Spoon’s business model is reliant on its ability to retain existing customers and attract new customers with sufficient loyalty in a cost-effective way. If customers (including new customers) do not perceive Marley Spoon’s products to be of sufficient value, quality, and utility and an appropriate alternative to the previous habits, or if Marley Spoon fails to develop new and relevant products, it may not be able to attract, engage and retain customers.</p>
<p>Marley Spoon may fail to recoup the investments made into their manufacturing centres and offices</p>	<p>Any factor inhibiting the ability of Marley Spoon to manage its manufacturing centres and offices in an efficient and successful manner could generate increased costs and other adverse effects. In addition, there is a risk that Marley Spoon has overestimated the fulfilment capacity required to accomplish its continued growth. Marley Spoon leases all the sites on which its manufacturing centres and offices are located. Leases for certain sites expire over the short and medium term (e.g., the Sydney manufacturing centre for which an extension / replacement is currently being pursued). There is an actual risk that Marley Spoon faces increased costs in renegotiating leases for its sites or material disruption to its business if it is required to or chooses to move location, in addition to increased costs.</p>
<p>Managing future growth</p>	<p>If Marley Spoon does not skilfully and effectively manage any future growth it experiences, there is a risk that it will not maintain or improve its competitive position, satisfy customers or offer high quality products in a cost-effective manner or at all.</p>
<p>The Marley Spoon brand portfolio may diminish in reputation and value</p>	<p>Marley Spoon’s brands and related intellectual property are key assets. The reputation and value associated with the brand portfolio and related intellectual property could be adversely impacted by a number of factors, including, among other risk factors, failure to provide customers with the quality of service they expect; disputes or litigation with third parties, such as employees, suppliers and/or customers; failure to adequately protect Marley Spoon’s intellectual property; failure to comply with legal and regulatory frameworks; and adverse media (including social media) coverage and/or research findings, in relation to Marley Spoon as well as its competitors and the industry more broadly.</p> <p>Significant erosion in the reputation of, or value associated with, the Marley Spoon brand portfolio could have an adverse impact on consumer loyalty and retention, relationships with suppliers, and employee retention rates, all of which may adversely affect Marley Spoon’s operational and financial performance. With the growing market reception of Marley Spoon and its products these risks are likely to increase.</p> <p>In the United States, the Marley Spoon brand is closely associated to the Martha Stewart brand. Any damage to, or reduction in, Martha Stewart’s brand or reputation may have negative implications for the Marley Spoon brand.</p>
<p>Risk associated with expansion into new and adjacent markets</p>	<p>Marley Spoon’s geographic reach exposes it to a variety of economic, political and social conditions in each of the jurisdictions in which it operates. If it expands into new geographies, like it recently did with Denmark &amp; Sweden, there is a risk that Marley Spoon would be vulnerable to a wide range of challenges, unforeseen costs and ultimately failed investments. There is also the risk that expansion into new markets may not produce the results required by Marley Spoon in the time required and result in Marley Spoon ceasing to operate in that market.</p>

Risk	Description
Competitive Industry	<p>The competitive landscape in which Marley Spoon operates includes a range of other food and meal-kit delivery companies, online and physical supermarkets, specialty and online retailers and potentially take away outlets as well as restaurants. Some of these have significantly larger resources, technical capabilities, operating histories, physical and technological infrastructure and customer bases than Marley Spoon.</p> <p>The nature of competition faced by Marley Spoon may change over time, for example, participants in one region may expand into new regions that Marley Spoon operates in or new competitors may enter those markets. It is also possible that existing competitors may further diversify their offering (for example, increased number of restaurants offering takeaway options, more restaurants/takeaway outlets using delivery companies or high price direct competitors offering low cost meal-kits).</p> <p>Even a perceived increase in competition, new partnership, acquisition or other market development, or new strategy by other participants (for example the filing of a meal kit related patent application) can have an actual or perceived impact on Marley Spoon's ability to compete and contrive to grow.</p> <p>The meal-kit delivery industry is a relatively new business model that is still developing and consolidating (with some competitors having left the market already). There is a risk that an existing or new entrant develops an entire new strategy or model or a material enhancement to the existing model and Marley Spoon is not able to adapt to a new environment in sufficient time to maintain (and grow) its market share.</p>
Compliance with laws and regulations	<p>Marley Spoon's entrepreneurial culture over its limited operational history has focused on its meal kits, manufacturing processes, supply chain, customer acquisition, service and other operational matters. While it is increasingly focusing attention on the development of internal compliance guidelines, manuals and procedures and its compliance and control environment, these may not currently be sufficiently sophisticated enough to ensure compliance with all relevant laws and regulations across all the jurisdictions it operates in (or to have ensured such compliance).</p> <p>Accordingly, actions are likely to have been taken that were unintentionally not in compliance with all applicable laws and regulations (including in particular laws relating to employment terms and conditions, occupational health and safety and relating to intellectual property), and it is conceivable that actions should have been taken to comply with such legal and regulatory requirements and were not taken.</p> <p>It is also possible that its developing compliance structures may not yet be or become sufficient to ensure that the business complies with all such applicable laws and regulations or enable the business to address the changing regulatory environment and any changing expectations from government regulators regarding its business model or that certain acts or omissions in the future otherwise result in a noncompliance with all applicable laws and regulations. Any past or future violations of applicable laws and regulations may have a material adverse effect on our reputation, assets, financial condition, cash flows and operational outcomes.</p> <p>There is also a risk that changes to the legal and regulatory environment which affects the business (including for example in the area of e-commerce, privacy and data regulation or in response to COVID-19) and food and safety laws may require the business to incur additional costs in order to comply with those laws and regulations. The materialisation of any of the risks described above could have a material adverse effect on Marley Spoon's business, financial condition, cash flows, cost of customer acquisition, reputation and operational outcomes. All of the above particularly applies in time when pandemics or other global crisis result in high pace initiatives by international, national, state or local governments.</p>
Government regulation of consumer privacy and use of data	<p>Government regulation and oversight of e-commerce is constantly evolving and may change in a manner that is unfavourable to Marley Spoon. There is a risk that Marley Spoon will not always be in full compliance with all applicable laws and regulations.</p> <p>There are a variety of federal and state laws and regulations that govern Marley Spoon's business activities in the jurisdictions in which they operate. As the regulation of privacy and data retention become increasingly stringent, there is a risk that Marley Spoon will not implement/maintain systems and procedures necessary to ensure full compliance with these requirements or that the systems and procedures necessary to satisfy those requirements prove costly and adversely affect Marley Spoon's position and prospects.</p>

Risk	Description
<p>Food product contamination and compliance with legal and regulatory codes</p>	<p>There is a risk that Marley Spoon:</p> <ul style="list-style-type: none"> <li>• does not accurately anticipate the time it will take to obtain supplies or if it miscalculates customer demand, it may be unable to pack and ship inventory in a timely manner and perishable products may spoil, leading to substantial financial implications. In addition, third party suppliers may fail to comply with food safety, temperature control and other requirements when handling or transporting Marley Spoon’s products. Any such failure may increase the likelihood of contamination;</li> <li>• in the case of a contamination or alleged contamination of an ingredient, would potentially be required to recall certain products or meal kits. This may lead to reputational damage, a decrease in demand for Marley Spoon’s products, operational disruptions, civil or criminal liability and sanctions and significant costs which may have an adverse effect on the Company’s business, financial performance and operations;</li> <li>• products contain packaging errors or mislabelling of ingredients could cause customers to suffer allergic reactions and other health concerns and lead to associated claims against Marley Spoon;</li> <li>• could be affected by the outbreak of diseases or other health-related concerns associated with or caused by food products; and</li> <li>• fails to comply with various health and safety laws and regulations including rules for labelling and disclosing the content of specific types of food, the nutritional value of that food and its serving size, as well as rules that protect against contamination of products by food borne pathogens.</li> </ul>
<p>German incorporation</p>	<p>Marley Spoon is incorporated and registered in Germany and German laws relating to the protection of the interests of minority shareholders and the fiduciary responsibilities of directors differ from Australian laws. In particular, shareholders of German stock corporations do not generally have rights to take action against directors or officers of German stock corporation, and may only do so in limited circumstances.</p> <p>As Marley Spoon is incorporated under German law, it is not subject to the Australian Corporations Act provisions that may protect the interests of shareholders where a person seeks to acquire a substantial interest in, or control of, Marley Spoon. As Marley Spoon is not listed at a German stock exchange, it is also not subject to an equivalent regime under German law and there are presently no requirements under any German laws or regulations of general application requiring persons who acquire significant shareholdings in Marley Spoon to make takeover offers for its CDIs or shares. (Marley Spoon is also unable under German law to incorporate into its Constitution equivalent shareholder protection provisions.) There is a risk that without such a regime, transactions involving substantial or control holdings may occur without all CDI Holders or shareholders being notified of those changes or necessarily having the opportunity to participate in the sale nor receive a premium payment for CDIs and/or shares that they may wish to sell. In addition, the lack of an applicable takeovers regime may make it difficult for a potential bidder to complete a control transaction or acquire the entire company if it is unable to bring Marley Spoon and/or its CDI Holders or/and shareholders within a regime that would compel minority shareholders to sell their CDIs or shares.</p> <p>Further, certain other provisions of the Corporations Act do not apply to Marley Spoon, including in relation to financial assistance, related party transactions and voting on remuneration reports. In addition, any claim against Marley Spoon for a contractual breach of its Constitution would need to be brought in Germany. Any such claim would be contractual in nature and would therefore not have the same level of enforceability as a claim under the Corporations Act. There is therefore a risk that CDI Holders and shareholders would not benefit from the same level of protection under German law as under the Corporations Act. As a result of Marley Spoon being incorporated in Germany, it may also be difficult for investors to effect service of process upon Marley Spoon within Australia. While there is a mechanism for enforcing judgements through the German Code of Civil Procedure (Zivilprozessordnung), there may be circumstances in which the relevant legislation does not apply to certain judgements obtained in the courts of Australia, making such judgements difficult to enforce against Marley Spoon.</p>

Risk	Description
Risks associated with an investment in CDIs	<p>There are general risks associated with investments in equity capital such as Marley Spoon CDIs. The trading price of Marley Spoon CDIs may fluctuate with movements in equity capital markets in Australia and internationally. Generally applicable factors that may affect the market price of CDIs include:</p> <ul style="list-style-type: none"> <li>• general movements in Australian and international stock markets;</li> <li>• investor sentiment;</li> <li>• Australian and international economic conditions and outlook;</li> <li>• changes in the interest rate and the rate of inflation;</li> <li>• changes in government legislation and policies, in particular taxation laws and International Financial Reporting Standards;</li> <li>• announcement of new technologies;</li> <li>• natural disasters and geo-political instability, including international hostilities and acts of terrorism;</li> <li>• demand for and supply of Marley Spoon CDIs; and</li> <li>• analyst reports.</li> </ul> <p>The operational and financial performance and position of Marley Spoon and the price of Marley Spoon CDIs may be adversely affected by a worsening of general economic conditions in Australia, the U.S. or Europe, as well as international market conditions and related factors. It is also possible that new risks might emerge as a result of Australian, U.S. or global markets experiencing extreme stress or that existing risks manifest themselves in ways that are not currently foreseeable.</p>
Risk of dilution	<p>In the future, Marley Spoon may elect to issue new securities or hybrid instruments (e.g. convertible bonds or warrants), including in connection with fundraisings, to deliver its growth strategy and support the move to profitability. While Marley Spoon will be subject to the constraints of the ASX Listing Rules and German law regarding the percentage of its capital it is able to issue within a 12-month period (other than where exceptions apply), investors may be diluted as a result of such issues of securities.</p>



## Company contacts

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## Investor relations

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