

MARLEY SPOON

Appendix 4D, Directors' Report and
Condensed Consolidated Interim
Financial Statements
For the Half-Year Ended
30 June 2020

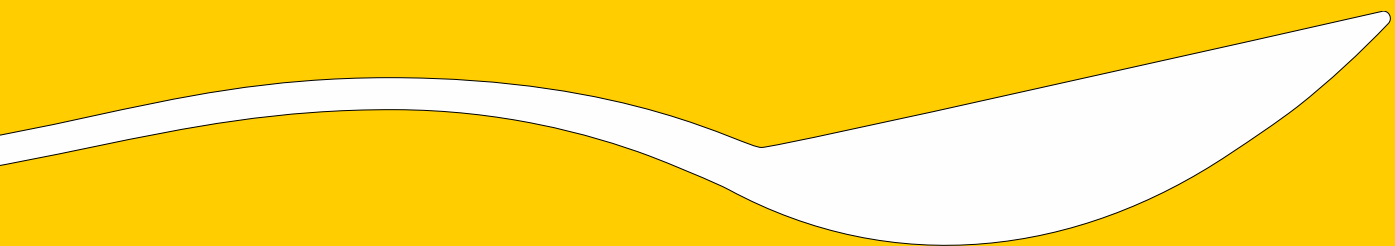




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Marley Spoon AG

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 2020 EUR thousands	June 2019 EUR thousands	Change EUR thousands	Change %
Revenue	116,152	61,380	54,772	89
Profit / (Loss) after tax	(67,499)	(21,738)	(45,762)	211
Profit / (Loss) after tax attributable to shareholders	(67,455)	(21,604)	(45,851)	212
Operating EBITDA*	(2,018)	(17,213)	15,196	-88

* Operating EBITDA excludes the effects of special items. Refer to Note 5 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 (together the “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 2019. 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 Other Information

	June 2020 EUR	June 2019 EUR
Net Tangible Assets per ordinary share	(564.8)	(165.2)



Marley Spoon AG

Directors' Report

The executive directors (*Vorstandsmitglieder*) and members of the Management Board (together the "Directors") present their report ("Directors' Report") together with the Condensed Consolidated Interim Financial Statements for the half-year ended 30 June 2020 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
Robin Low	Current, appointed 29 January 2020
Kim Anderson	Current, appointed 5 June 2018
Christoph Schuh	Current, first appointed 13 April 2018, re-appointed 5 June 2018

Management Board (*Vorstand*)

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



2 Review of Operations

Marley Spoon, for the first half of 2020, saw record revenue, growth, and contribution margin across all markets, reporting positive operating cashflow (CFOA) for the period, with the effects of the Covid-19 pandemic accelerating the Company's growth. Alongside Marley Spoon's ability to scale, and increase operational efficiencies, a number of key strategic and operational objectives were delivered, including key enhancements to its products and launching in new markets.

Highlights:

- H1 2020 revenue rose to €116.2m, +89% versus the prior corresponding period (PCP) with all segments contributing. Growth was achieved together with improved marketing efficiencies, with marketing expenses as a percentage of revenue reducing to 18%, compared to 29% in the PCP.
- Global Contribution Margin (CM) in H1 2020 hit a record 30.1%, up 6 pts versus PCP thanks to scale benefits in purchasing as well as improved labour productivity through process standardisation and automation.
- General and administrative expenses reduced to 15% of revenue, compared to 26% versus the PCP, thanks to continued control on overhead costs.
- Global operating EBITDA of €(2.0)m, compared to a loss of €17.2m in H1 2019, while reaching positive territory on a global basis for the first time in Q2 2020.

With the outbreak of Covid-19 and the related government countermeasures, Marley Spoon saw a surge in demand for its home-delivered meal kits, in all markets. In the 1st half of 2020, Marley Spoon expanded its workforce, and overall production to fulfil 2.52m orders, with 13.2m meals cooked, +143% compared to H1 2019. The Company saw its active customers increase to 350,000, +104% YOY, cementing its place as a key player in a growing market. There is still ample room for growth, with a potential reach of 180 million households across the three regions the Company operates in. Additionally, Marley Spoon extended its footprint in Europe, with the start of its services in Sweden in early 2020.

In H1 2020, the Company expanded its customer offering by extending weekly menu choices, including menu add-ons, for its global Marley Spoon and Dinnerly customers, leading to increased order frequency, with larger order sizes compared to the PCP. These were the next steps in ongoing advances in choice and personalization, which are a key pillar of the Company's strategy.

Marley Spoon attracted additional investment from new and existing investors via both convertible bonds as well as the issuance of new shares in May 2020, generating total proceeds of ~€12m in the first half of 2020. This, along with continued improvements in working capital, led to an overall increase in the Company's cash balance from €5.4m at the start of the year to €18.4m at the end of June 2020.



Marley Spoon AG

Consolidated Statement of Financial Position

EUR in thousands	Note	30 June 2020	31 December 2019
Assets			
Non-current assets			
Property, plant and equipment	8	9,294	7,716
Right-of-use assets	9	11,180	12,432
Intangible assets	10	4,279	3,439
Other non-current financial assets		1,479	1,356
Total non-current assets		26,233	24,943
Current assets			
Inventories		6,186	3,736
Trade and other receivables	7	514	522
Other non-financial assets		1,869	2,352
Cash and cash equivalents		18,366	5,433
Total current assets		26,934	12,044
Total assets		53,167	36,987
Equity and liabilities			
Equity			
Share capital		174	159
Capital reserve		108,581	99,417
Other reserves		5,877	5,736
Currency translation reserve		(296)	17
Accumulated net earnings (losses)		(207,699)	(140,246)
Equity attributable to shareholders of parent company		(93,361)	(34,916)
Non-controlling interests		(846)	(800)
Total equity		(94,207)	(35,716)
Non-current liabilities			
Lease liabilities – non-current	9	8,172	8,192
Interest bearing loans and borrowings – non - current	11	36,023	36,369
Derivative financial instruments	7	61,905	2,521
Total non-current liabilities		106,100	47,082
Current liabilities			
Trade and other payables	7	21,774	12,919
Derivative financial instruments		636	62
Contract liabilities		886	234
Interest bearing loans and borrowings - current	11	4,417	773
Lease liabilities – current	9	4,334	5,143
Other financial liabilities		7,711	5,279
Other non-financial liabilities		1,518	1,213
Total current liabilities		41,275	25,622
Total equity and liabilities		53,167	36,987



Marley Spoon AG

Consolidated Statement of Comprehensive Income

EUR in thousands	Note	For the six months ended	
		30 June 2020	30 June 2019
Revenue		116,152	61,380
Cost of goods sold		(60,128)	(34,394)
Gross profit		56,024	26,987
Fulfilment expenses		(21,047)	(12,239)
Marketing expenses		(21,396)	(18,020)
General & administrative expenses		(18,850)	(16,349)
Earnings before interest & taxes (EBIT)		(5,269)	(19,621)
Financing income	12	369	5
Financing expense	12	(3,559)	(1,997)
Derivative financial instruments changes in fair value	12	(59,030)	(71)
Earnings before taxes (EBT)		(67,489)	(21,684)
Income tax expense	6	(10)	(54)
Net income / (loss) for the period		(67,499)	(21,738)
Net Income / (loss) for the year attributed to:			
Equity holders of the parent		(67,454)	(21,604)
Non-controlling interest		(45)	(134)
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		(313)	25
Total comprehensive income / (loss) for the year, net tax		(67,812)	(21,712)
Total comprehensive income attributed to:			
Equity holders of the parent		(67,767)	(21,578)
Non-controlling interests		(45)	(134)
Basic earnings per share (EUR) attributable to ordinary equity holders of the parent		(414)	(152)
Diluted earnings per share (EUR) attributable to ordinary equity holders of the parent		(414)	(152)



Marley Spoon AG

Consolidated Statement of Changes in Equity

EUR in thousands	Note	Attributable to owners of the parent					Attributable to NCI		
		Share capital	Capital reserves	Other reserves	Accumulated net earnings	Currency translation reserve	Total	NCI	Equity
Balance as of January 1, 2020		159	99,417	5,736	(140,246)	17	(34,916)	(800)	(35,717)
Net income for the period (loss)		-	-	-	(67,455)	-	(67,454)	(45)	(67,500)
Other comprehensive income (loss)		-	-	-	-	(313)	(313)	-	(313)
Total comprehensive income (loss)		-	-	-	(67,455)	(313)	(67,767)	(45)	(67,813)
Issuance of share capital		16	9,165	-	-	-	9,181	-	9,181
Employee share-based payment expense	14	-	-	141	-	-	141	-	141
Balances as of June 30, 2020		174	108,581	5,877	(207,699)	(296)	(93,361)	(845)	(94,207)



EUR in thousands	Note	Attributable to owners of the parent					Attributable to NCI		
		Share capital	Capital reserves	Other reserves	Accumulated net earnings	Currency translation reserve	Total	NCI	Equity
January 1, 2019		140	95,458	5,368	(105,692)	17	(4,709)	(477)	(5,186)
Net income for the period (loss)		-	-	-	(34,554)	-	(34,554)	(323)	(34,877)
Total comprehensive income (loss)		-	-	-	(34,554)	17	(34,554)	(323)	(34,877)
Issuance of share capital		18	3,959	-	-	-	3,977	-	3,977
Employee share-based payment expense	14	-	-	369	-	-	369	-	369
Balances as of December 31, 2019		159	99,417	5,736	(140,246)	17	(34,916)	(800)	(35,715)



Marley Spoon AG

Consolidated Statement of Cash Flows

EUR in thousands	Note	For the six months ended	
		30 June 2020	30 June 2019
Operating activities			
Net income for the period (loss)		(67,500)	(21,738)
Adjustments for:			
Depreciation and impairment of property, plant and equipment		541	525
Amortization and impairment of intangible assets		816	346
Depreciation of right-of-use assets	9	1,753	1,375
Increase (decrease) in share-based payments	14	141	162
Financing expense net	12	62,221	2,037
Interest paid		(580)	(656)
Other non-cash movements		32	6
Working capital adjustments:			
Decrease (increase) in inventory		(2,450)	(181)
Increase (decrease) in account payables & accruals		11,758	(552)
Decrease (increase) receivables		8	41
Increase (decrease) in other assets and liabilities		1,318	1,360
Net cash flows from operating activities		8,059	(17,274)
Purchase of property, plant and equipment	8	(2,153)	(3,296)
Purchases/development of intangible assets	10	(1,745)	(827)
Sale and leaseback of property, plant, and equipment		-	1,005
Net cash flows used in investing activities		(3,899)	(3,118)
Financing activities			
Proceeds from the issuance of share capital		9,962	2,548
Costs from the issuance of share capital		(736)	(69)
Proceeds from borrowings	11	395	18,429
Costs from borrowings	11	(171)	(95)
Proceeds from convertible notes	11	2,267	12,016
Repayment of borrowings	11	(310)	(8,838)
IFRS 16 lease payments	9	(2,274)	(1,635)
Net cash flows from/(used in) financing activities		9,132	22,356
Net increase in cash and cash equivalents		13,293	1,965
Net foreign exchange difference		(360)	(3)
Cash and cash equivalents at 1 January		5,433	8,643
Cash and cash equivalents at 30 June		18,366	10,605



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 2020 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.

The accounting policies adopted in the preparation of the Condensed Consolidated Interim Financial Statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020. The Group has not early adopted any standard, interpretation, or amendment, that has been issued but is not yet effective. Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the Condensed Consolidated Interim Financial Statements of the Group.

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 2019. 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 Critical Estimates and Judgements

3.1 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 Board 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 2019. Further details on significant judgements of intangible assets are disclosed in Note 10. In addition, refer to Note 7 for further information on significant estimates used in determining the fair value of financial instruments and Note 14 for estimates on its share price.

3.2 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 obligations and commitments.

4 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 2020:

- Issuance of warrant agreements (note 7)
- Impact of the COVID-19 pandemic

4.1 COVID-19 pandemic

Marley Spoon, for the first half of 2020, saw record revenue, growth, and contribution margin across all markets, reporting positive operating cashflow (CFOA) for the period, with the effects of the Covid-19 pandemic accelerating the Company's growth. With the outbreak of Covid-19 and the related government countermeasures, Marley Spoon saw a surge in demand for its home-delivered meal kits in all markets. The Company also experienced disruptions in its supply chain and logistics network and had suspected and confirmed Corona virus cases in its employee population, with an overall limited effect on its operations and financials.

**5 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 2020						
EUR in thousands	USA	Australia	Europe	Total	Holdings	Conso	Group
Total revenue	58,718	38,819	18,613	116,151	9,160	(9,160)	116,151
Internal revenue	-	-	-	-	9,160	(9,160)	-
External revenue	58,718	38,819	18,613	116,151	-	-	116,151
Contribution margin ⁽¹⁾	16,065	14,497	4,416	34,978	9,160	(9,160)	34,978
Operating EBITDA	1,687	3,451	(7,156)	(2,018)	-	-	(2,018)
Internal charges & royalty ⁽³⁾	(3,155)	(2,754)	(814)	(6,724)	-	6,724	-
Special items ⁽²⁾	-	-	(141)	(141)	-	-	(141)
Depreciation and amortization	(1,314)	(747)	(1,050)	(3,110)	-	-	(3,110)
EBIT	(2,782)	(50)	(9,161)	(11,993)	-	6,724	(5,269)
Intercompany interest	(1,504)	(511)	(421)	(2,436)	-	2,436	-
External financing costs	(1,117)	140	(2,213)	(3,190)	-	-	(3,190)
Derivative financial instruments changes in fair value	-	-	(59,030)	(59,030)	-	-	(59,030)
Earnings before tax	(5,402)	(421)	(70,826)	(76,650)	-	9,160	(67,489)



For the half-year ended 30 June 2019							
EUR in thousands	USA	Australia	Europe	Total	Holding	Conso	Group
Total revenue	27,235	21,274	12,872	61,380	7,176	(7,176)	61,380
Internal revenue	-	-	-	-	7,176	(7,176)	-
External revenue	27,235	21,274	12,872	61,380	-	-	61,380
Contribution margin ⁽¹⁾	5,593	6,918	2,236	14,747	7,176	(7,176)	14,747
Operating EBITDA	(6,876)	(1,796)	(8,541)	(17,213)	-	-	(17,213)
Internal charges and royalty ⁽³⁾	(1,734)	(1,405)	(575)	(3,715)	-	3,715	-
Special items ⁽²⁾	-	-	(162)	(162)	-	-	(162)
Depreciation and amortization	(1,058)	(373)	(814)	(2,246)	-	-	(2,246)
EBIT	(9,669)	(3,574)	(10,089)	(23,336)	-	3,715	(19,621)
Intercompany interest	(2,433)	(562)	(467)	(3,462)	-	3,462	-
External financing cost	(574)	(120)	(1,369)	(2,063)	-	-	(2,063)
Earnings before tax	(12,675)	(4,256)	(11,929)	(28,860)	-	7,176	(21,684)

- (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: stock option plan (SOP) EUR 141 thousand (30 June 2019: 162 thousand)
- (3) The Group has the following intercompany transactions: intercompany financing transactions between the parent and the subsidiaries, the associated interest, royalty charges and certain services being provided between headquarters and the operating subsidiaries or directly between subsidiaries. These charges are based on independent benchmark studies and considered to be at arm's length.

6 Income Tax Expense

The Group's consolidated weighted current tax rate for the six months ended 30 June 2020 was 26.2% (six months ended 30 June 2019: 29.7%). The weighted average applicable tax rate for the year ended 31 December 2019 was 27.3% (2018: 29.7%) which was derived from the tax rate in each jurisdiction weighted by the relevant pre-tax loss. No numerical reconciliation of income tax expense to prima facie tax payable has been calculated since no positions have been recognized in 2020.

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.

7 Financial Instruments

7.1 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 2020		31 December 2019	
Financial assets	Fair Value Hierarchy	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at amortised cost					
Other non-current financial assets	n/a	1,479	1,479	1,356	1,356
Trade and other receivables	n/a	514	514	522	522
Cash and cash equivalents	n/a	18,366	18,366	5,433	5,433
Total		20,358	20,358	7,311	7,311
Financial liabilities					
	Fair Value Hierarchy	Carrying amount	Fair value	Carrying amount	Fair value
Financial Liabilities at amortised cost					
Interest bearing loans and borrowings	n/a	40,440	40,440	37,141	37,141
Trade and other payables	n/a	21,774	21,774	12,919	12,919
Other financial liabilities	n/a	7,711	7,711	5,279	5,279
Financial liabilities at fair value through profit or loss					
Derivative financial instruments	3*	61,905	61,905	2,521	2,521
Derivative not designated as hedge instruments					
Forward and Warrant Contracts	2	636	636	62	62
Total		132,465	132,465	57,922	57,922

*Derivative financial liabilities include a forward derivative categorized within level 2 of the fair value hierarchy. At 30 June 2020, the forward derivative had a carrying amount of EUR 119 thousand (31 December 2019: EUR 62 thousand). All other derivative financial liabilities are categorized within level 3 of the fair value hierarchy.



Sensitivity analysis warrant

Derivative financial liabilities resulting from warrant agreements are measured at fair value. The most significant parameter in the applied option pricing model is the share price of the Company observable on the Australian Stock Exchange (ASX). The sensitivity analysis for the share price as of June 30, 2020 shows a potentially negative earnings effect of EUR 1.3 million (2019: EUR 2 thousand), if the share price was 10% higher.

Sensitivity analysis convertibles

Derivative financial liabilities resulting from convertible agreements are measured at fair value. The most significant parameter in the applied option pricing model is the share price of the Company observable on the Australian Stock Exchange (ASX). The sensitivity analysis for the share price as of June 30, 2020 shows a potentially negative earnings effect of EUR 5.9 million (2019: EUR 354 thousand), if the share price was 10% higher.

7.2 Measurement of fair values

The Group measures derivative 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.

7.3 Derivative Financial Instruments

The derivative financial instruments break down as follows:

EUR in thousands	30 June 2020	30 June 2019
Warrant agreements	517	6
Forward derivative	119	56
Derivative financial instruments – current	636	62
Convertible rights on the bonds	50,604	2,583
Warrant agreements	11,301	-
Derivative financial instruments – non-current	61,905	2,583
Derivative financial instruments - total	62,540	2,645

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

- Warrant agreements
- Forward Derivative
- Convertible rights on the bonds

Warrant agreements

The Group granted warrants in prior periods, which are classified as derivative financial liabilities at the date of initial recognition and recognized at fair value. An option pricing 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 2020: 0.00 %; 2019: 0.00 %) and other input data were used. Especially relevant is the share price at valuation and balance sheet date (30 June 2020: AUD 1,850 per share; 31 December 2019: AUD 250 per share), and the volatility (six months to 30 June 2020: 77.14 %; 2019: 56.01 %). Gains and losses arising from changes in fair value are recognized in the Statement of Comprehensive Income in the period during which they arise.

Marley Spoon issued WTI (Western Technology Investment) warrants on February 24, 2020. These warrants are classified as derivative financial liabilities at the date of its initial recognition and subsequently recognized at fair value. An option pricing model is used to determine the fair value of the warrant transaction at the relevant dates. Public market data, e.g. the risk-free interest rate (30 June 2020: 0.00%) and other input data were used. Especially relevant is the share price at valuation on the balance sheet date (30 June 2020: AUD 1,850 per share), the volatility (six months to 30 June 2020: 77.14 %) and its maturity.



In the first half of the year, the Company's share price and other financial market data (e.g. volatility) relevant in determining the value of the warrants significantly increased. Hence, Marley Spoon recognized a total financial expense of EUR (11.8) million. The aforementioned transactions did not impact the statement of cash flow for the period ended June 30, 2020.

Convertible feature of bonds issued

The Group issued convertible bonds during 2019 and 2020, which are partly classified as derivative financial liabilities at the date of initial recognition and recognized at fair value. An option pricing model is used to determine the fair value of the conversion rights at the relevant dates (level 3). Public market data, e.g. the risk-free interest rate (30 June 2020: 0.00%, 31 December 2019: 0.00%) and other input data were used. Especially relevant is the share price at valuation and balance sheet date (30 June 2020: AUD 1,850 per share; 31 December 2019: AUD 250 per share), the volatility (six months to 30 June 2020: 77.14 %; 2019: 56.01 %) as well as the maturity. Gains and losses arising from changes in fair value are recognized in the Statement of Comprehensive Income in the period during which they arise. Please also refer to note 11 on Financial Report for the year ended December 31, 2019.

The Group did not execute any conversion of bonds in the first six months of 2020 and the convertible bonds were revaluated for the period ended June 30, 2020. Marley Spoon recognized an aggregated negative net effect of EUR (47.2) million in the Statement of Comprehensive Income. The amounts reflected an increase of Marley Spoon's share prices from AUD 250 per share on December 31, 2019, to AUD 1,850 per share and the higher volatility. The aforementioned transactions did not impact the statement of cash flow for the period ended June 30, 2020.

8 Property, Plant and Equipment

During the six months ended 30 June 2020, the Group acquired assets with a cost of EUR 2,240 thousand (six months ended 30 June 2019: EUR 3,360 thousand).

9 Lease liabilities

During the six months ended June 30, 2020, the Group recognized new long-term lease agreement with a cost of EUR 493 thousand (six months ended 30 June 2019: EUR 2,154 thousand). For the period ended 30 June 2020, the Group classified EUR 4,334 thousand as the current portion of its lease liabilities.

10 Intangible Assets

During the six months ended 30 June 2020, the Group capitalized EUR 1,156 thousand (six months ended 30 June 2019: EUR 815 thousand) related to licenses & software developments.

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 Interest bearing loans and borrowings

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

EUR in thousands	30 June 2020	31 December 2019
Opening balance, as of 1 January	37,141	9,476
Proceeds from borrowings	2,641	43,199
Derivative Instruments	(927)	(8,027)
Repayments of borrowings	(851)	(9,068)
Cash Received on Issuance of Warrants	10	-
Accrued interest and fees	1,867	1,241
Effects of effective interest method on borrowings	686	972
Transaction Cost	126	(653)
Closing balance, as of Period End	40,440	37,141

In January 2020, Marley Spoon and USV entered into another unsecured commercial loan agreement totaling USD 2.5 million (EUR 2.3 million) with a term of 3-years. It bears interest rate at a fixed rate at 12 p.a., After the end of the reporting period, Marley Spoon elected to replace the loan for convertible bonds in the same aggregate amount.

12 Financing income and expense

Financing 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 are recognized in the Statement of Comprehensive Income over the borrowing period using the effective interest method.

EUR in thousands	Six months ended	
	30 June 2020	30 June 2019
Interest earned on bank balances	7	5
Effects of present value adjustment on financial liabilities	362	-
Total financing income	369	5
EUR in thousands		
Nominal interest expense on borrowings	(1,926)	(978)
Interest expense on lease liabilities	(947)	(773)
Effects of effective interest method on borrowings	(686)	(219)
Total Financing expense	(3,559)	(1,970)
Derivative financial instrument changes in fair value	(59,030)	(71)



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 2020.

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

AKW Capital GmbH

AKW Capital GmbH 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 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 programs (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 the Group's subsidiaries.

Acacia

On 22 March 2019, the Company issued to two unsecured funds administered by Conifer Management, LLC (Acacia) two convertible bonds (Wandelschuldverschreibungen) in the aggregate amount of USD 2,276 thousand (Acacia Bonds) against contribution in cash (Bareinlage).

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 and the Chief Financial Officer (key executive management) and the Supervisory Board.

Key executive management

The total remuneration is listed in the table below:



EUR in thousands	Six months ended	
	30 June 2020	30 June 2019
Short-term employee benefits	276	163
Share-based payments	51	26
Total compensation	327	189

Supervisory Board

Three of the four supervisory board were assigned in June 2018 whereas the fourth one was assigned in January 2020. Their remuneration represents a total compensation of EUR 101 thousand (2019: EUR 121 thousand). 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 AUD 130 thousand and AUD 160 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 AUD 40 thousand per annum during the Supervisory Board Initial Term.

14 Share-based Payments

On 30 June 2020, 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 2020 is EUR 141 thousand.

Employee Stock Option Program (ESOP) and Stock Option Plan 2020 (SOP)

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) were 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 continue to vest in accordance with their current vesting schedule. No further rights have been 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 5,736 thousand as of June 30, 2020 (31 December 2019: 5,640 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 2019.



During the six months ended 30 June 2020, the following transactions occurred:

	Number of awards
Number of awards outstanding 1 January 2020	6,309
Thereof: exercisable/vested	6,208
Granted during 2020	-
Forfeited during 2020	8
Exercised during 2020	-
Expired 2020	-
Number of awards outstanding 30 June 2020	6,301
Thereof: exercisable/vested	6,255

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.

The company entered into new Employee Stock Option Plans in February 2020 ("SOP Feb 2020") granting employees share-based payments similarly structured as the ESOP. 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 of SOP Feb 2019, SOP Aug 2019, and SOP Feb 2020 are granted at an exercise price of 0.27 EUR, 0.40 EUR, and 0.18 EUR, respectively. The fair value determined at the grant date is expensed on a graded vesting scheme, with a corresponding credit in equity.

	Number of awards
Number of awards outstanding 1 January 2020	4,595
Thereof: exercisable/vested	487
Granted during 2020	3,848
Forfeited during 2020	(659)
Exercised during 2020	-
Expired 2020	-
Number of awards outstanding 30 June 2020	7,784
Thereof: exercisable/vested	1,052

15 Events after the Reporting Period**Condensed Consolidated Interim Financial Statements**

The Condensed Consolidated Interim Financial Statements were authorized by the Management Board on August 27, 2020.

Share Option Program 2020

The Company's annual general meeting (*ordentliche Hauptversammlung*) ("AGM 2020") was held on July 29, 2020. At the AGM 2020, security holders approved, inter alia, the grant of subscription rights to up to 6,332 shares / 6.332 million CDIs in the Company to members of the Management Board (*Vorstand*) and certain other executives and employees of the Company and its affiliated companies ("Share Option Program 2020"). The Share Option Program 2020 is fully backed up by the Conditional Capital 2020/II (*Bedingtes Kapital 2020/II*) which was authorized by the AGM and came into effect with its registration in the commercial register of the Company on August 17, 2020.

Issuance of USV Convertible Bonds

On July 29, 2020, the Company issued two convertible bonds to funds administrated by USV in an aggregate amount of USD 2,500 thousand. These convertible bonds replace the unsecured commercial loan agreement in the same amount signed on January 29, 2020.

Woolworths Group Convertible Bonds conversion

On July 30, 2020, W23 Investments Pty Limited ("W23"), an affiliate of Australian Woolworths Group, notified the Company that W23 exercises its right to convert the convertible bond with a principal amount of AUD 2.95 million, issued in its favour on 26 September 2019, into CDIs of Marley Spoon. Accordingly, 5.9 million CDIs are expected to be issued to W23 on or shortly after the date hereof.

Kreos Warrant Agreements conversion

On 11 August 2020, Kreos Capital V (Expert Fund) LP ("Kreos") has notified the Company that it exercises its right to subscribe for shares / CDIs in the Company pursuant to the warrants agreements entered into on 16 March 2016 and 12 April 2018. Kreos has optioned for the "cashless exercise". Accordingly, 478 thousand CDIs are expected to be issued to Kreos on or shortly after the date hereof.


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 27, 2020

Marley Spoon AG Directors' Declaration

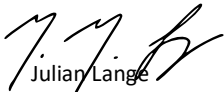
Following review of the Report, the members of the Management Board (*Vorstand*) declare that in their reasonable opinion:

- 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 2020 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

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of Marley Spoon AG, Berlin, and its subsidiaries ('the Group') as at 30 June 2020, comprising of the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six-month period then ended and selected explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting ('IAS 34'). Our responsibility is to express a conclusion on these condensed 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 information 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. Consequently, it 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.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34.

Berlin, 27. August 2020

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Grummer

Wirtschaftsprüfer
[German Public Auditor]

Nasirifar

Wirtschaftsprüfer
[German Public Auditor]