

MARLEY SPOON

APPENDIX 4E

PRELIMINARY FINAL REPORT 2020
ABN 625 684 068

IMPORTANT INFORMATION:

Marley Spoon AG, a German stock corporation (Aktiengesellschaft) with its headquarters in Berlin, Germany, registered with the Commercial Register of the local court (Amtsgericht) Berlin Charlottenburg under HRB 195994 B, is registered as a foreign company under the Corporations Act 2001 (Cth) (ARBN 625 684 068).

for personal use only



1 Reporting period

Report for the twelve months ended 31 December 2020. The comparative period is the twelve months ended 31 December 2019.

2 Results for announcement to the market

Marley Spoon AG's ("Marley Spoon" or "the Company") and its subsidiaries' (together "the Group") consolidated results for announcement to the market are detailed below:

	2020 EUR thousands	2019 EUR thousands	Change EUR thousands	Change %
Revenue	254,033	129,558	124,475	96%
Net profit / (loss) after tax Attributable to members	(86,239)	(34,549)	(51,690)	(150%)

Dividends

The Group has not recognized or authorized any dividends during the presented periods.

Explanation of results

In 2020 revenues increased EUR 124.5 million or 96% to EUR 254.0 million compared with the 2019 financial year (EUR 129.6 million). The year-over-year growth was driven by all regions with the US leading at +126% growth (+133% on a constant currency basis), complemented by growth in Australia of +76% growth (+81% on a constant currency basis), and Europe +66% growth, compared to 2019. The business recorded elevated order frequency and average order sizes, as well as overall better unit economics, compared to the period before the COVID-19 pandemic.

EBIT was EUR (7.4) million in 2020, compared to EUR (34.8) million in 2019. This smaller loss was due to higher sales volumes and improved contribution margin (+4%) from the previous corresponding period (PCP).

Financing income and expenses, including the impact of derivative instruments, increased from EUR (0.1) million in the PCP to EUR (78.8) million in 2020, primarily driven by changes in the fair value of convertible bonds. Net loss after tax attributable to members for the period increased accordingly, from EUR (34.5) million in 2019 to EUR (86.2) million in 2019.

3 Statement of Comprehensive Income

Please refer to the Statement of Comprehensive Income, and the accompanying notes to the statement, in the attached Financial Statements.

4 Statement of Financial Position

Please refer to the Statement of Financial Position, and the accompanying notes to the statement, in the attached Financial Statements.

5 Statement of Cash Flows

Please refer to the Statement of Cash Flows, and the accompanying notes to the statement, in the attached Financial Statements.

6 Statement of Changes in Equity

Please refer to the Statement of Changes in Equity, and the accompanying notes to the statement, in the attached Financial Statements.

7 Dividends or Distributions

The Group has not recognized or authorized any dividends during the presented periods.

8 Dividend or Distribution reinvestment plans

There are no dividend or distribution reinvestment plans in operation.

9 Net tangible assets per security

	31 December 2020	31 December 2019
	EUR	EUR
Net Tangible Assets per ordinary Share	(12.45)	(247)

The calculation of Net Tangible Assets per ordinary Share is based on the total number of issued Shares as at 31 December 2020 of 256,025 Shares and as at 31 December 2019 of 158,520 Shares.

10 Details of entities over which control has been gained or lost during the period

There are no changes in control of the Company's entities in the current period.

11 Details of associates and joint venture entities

The Company has no associates or joint venture entities.

12 Other significant information

Please see Management's evaluation of the Company's performance in "Group financial position and performance" in the attached Management Report section of the Annual Report.

13 Applicable accounting standards

The Appendix 4E Preliminary Final Report has been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) as adopted by the European Union (EU).

14 Commentary on results of the period

1. Earnings per security and the nature of any dilution aspects

Please refer to note 15 in the attached Financial Statements

2. Returns to Shareholders including distributions and buy-backs

Not applicable

3. Significant features of operating performance

Please refer to the "Group financial position and performance" in the attached Management Report section of the Annual Report.

4. The results of segments that are significant to an understanding of the business

Please refer to note 2 in the attached Financial Statements

5. Discussion of trends in performance

Please refer to the “Group financial position and performance” in the attached Management Report section of the Annual Report.

6. Any other factors which have affected the results in the period or which are likely to affect results in the future, including those where the effect could not be quantified.

Not applicable

15 Audited Information

This preliminary financial report under ASX Listing Rule 4.3A covers Marley Spoon and its controlled entities and is based on the consolidated financial statements and financial report which have been audited by Ernst & Young. An unqualified opinion has been issued by the auditors.

Sign here: 
Fabian Siegel, Chief Executive Officer,
Chairman of the Management Board and Founder

Date: 24 February 2021

Sign here: 
Jennifer Bernstein, Chief Financial Officer
Member of the Management Board

Date: 24 February 2021

For personal use only



For example

For personal use only



IR.MARLEYSPOON.COM

MARLEY SPOON



ANNUAL REPORT 2020

ABN 625 684 068

For personal use only





MARLEY SPOON KEY PERFORMANCE INDICES (KPIs)	1
Group Financial KPIs	1
Segment Financial KPIs	1
Other Key Performance Indicators	2
LETTER BY THE MANAGEMENT BOARD	3
REPORT OF THE SUPERVISORY BOARD	5
GROUP MANAGEMENT REPORT OF MARLEY SPOON AG	7
1 Business model and strategy	7
2 Economic position & position of the Group	11
3 Risk and Opportunities Report	16
4 Outlook	22
OTHER REPORTING ITEMS	24
1 Remuneration Report	24
2 Directors' Report	32
3 Shareholder information	37
4 Corporate Governance Statement	40
GROUP CONSOLIDATED FINANCIAL STATEMENTS	41
1 Financial Statements	41
2 Description of the business & segment information	46
3 Revenue	48
4 Other income and expense items	48
5 Income Tax Expense	49
6 Financial assets and financial liabilities	50
7 Non-financial assets and liabilities	59
8 Equity	65
9 Critical estimates and, judgements and errors	68
10 Financial risk management	68
11 Capital management	71
12 Group structure	71
13 Contingencies & commitments	72
14 Related party transactions	74
15 Earnings per Share	76
16 Assets pledged as security	76
17 Summary of significant accounting policies	76
18 Events occurred after the reporting period	83
RESPONSIBILITY STATEMENT	85
INDEPENDENT AUDITORS' OPINION	86

For personal use only

MARLEY SPOON KEY PERFORMANCE INDICES (KPIs)

Group Financial KPIs

Group	2020	2019	+/- (%)
<i>€ millions</i>			
Net revenue	254.0	129.6	96%
Net revenue on constant currency basis	260.2	129.6	101%
CM %	29%	25%	4 pts
Operating EBITDA	(0.5)	(29.7)	98%
Operating EBITDA %	(0.2%)	(23%)	23 pts
Group financial position			
Cash flow from change in net working capital	4.9	0.8	4.1
Cash flow from operating activities (CFOA)	4.4	(30.3)	34.7
Cash & cash equivalents	34.4	5.4	29.0
Fixed assets	16.1	11.2	4.9

Segment Financial KPIs

Australia	2020	2019	+/- (%)
<i>€ millions</i>			
Net revenue	86.0	48.8	76%
Net revenue on constant currency basis	88.3	48.8	81%
Contribution Margin (CM)	31.4	16.1	15.3
CM %	36%	33%	3 pts
Operating EBITDA	9.7	(1.7)	11.4
Operating EBITDA %	11%	(3%)	14 pts

United States	2020	2019	+/- (%)
<i>€ millions</i>			
Net revenue	127.2	56.2	126%
Net revenue on constant currency basis	131.0	56.2	133%
Contribution Margin (CM)	32.7	11.4	21.3
CM %	26%	20%	6 pts
Operating EBITDA	4.1	(13.0)	17.1
Operating EBITDA %	3%	(23%)	26 pts

Europe	2020	2019	+/- (%)
<i>€ millions</i>			
Net revenue	40.8	24.6	66%
Contribution Margin (CM)	10.1	4.9	5.2
CM %	25%	20%	5 pts
Operating EBITDA	(14.3)	(15.1)	0.8
Operating EBITDA %	(35%)	(61%)	26 pts
Global head office costs included in Europe segment	(12.4)	(7.4)	(5.0)
Operating EBITDA excluding global head office costs	(1.9)	(7.7)	5.8

Other Key Performance Indicators

	2020	2019	+/- (%)
Active customers (thousands)	327	182	80%
Active subscribers (thousands)*	227	124	83%
Average basket size (EUR, gross)	51.3	49.0	2.3
Average basket size (EUR, gross) at constant currency	52.5	48.4	4.1
Average basket size (EUR, net)	45.2	43.6	1.6
Total orders (thousands)	5,622	2,969	89%
Portions sold (millions)	46.7	22.4	108%
Average portions per order	8.3	7.5	0.8
Cost per acquisition (CAC, EUR)	40	62	-22
% revenue from repeat customers	93%	92%	1 pt.

*Active Subscribers are customers who have an active subscription (i.e., ordered or skipped a delivery) on an average weekly basis during the quarter. Figures in this table represent Q4 2020 and Q4 2019.



LETTER BY THE MANAGEMENT BOARD

Berlin, February 2021

Dear Shareholders,

2020 was a year to remember. A year which impacted all of us in profound ways.

The year started with bushfires in Australia, undeniably reinforcing the fact that we face a global climate crisis. This was followed by the COVID-19 global pandemic. During this year of crises, the Marley Spoon team responded by coming together in the shared ambition of continuing to do what we do best: helping to provide a home cooked meal to our subscribers' families. We successfully shipped millions of meals across three continents amidst the pandemic and all the challenges that came with it. We delighted our existing loyal customers while welcoming many new customers to our meal kit brands throughout the year.

Marley Spoon offers a convenient and competitively priced alternative to shopping in grocery stores, leading to more and more customers shifting a substantial portion of their monthly grocery spending to Marley Spoon's meal kits. The ongoing direct relationship with our customers and the individual data we collect about their recipe choices and food preferences allow us to continuously improve our service offering for each individual customer, which in turn further strengthens customer loyalty. With our customers at the center of everything we do, driving our decision-making every day, we will continue to innovate and evolve our business model.

Impact of COVID-19

Our business has been growing rapidly over the past years due to the consumer shift to online shopping for groceries, one of the largest verticals of consumer spending. Due to COVID-19 we witnessed an acceleration of that trend throughout the year, enabling us to double revenue on a constant currency basis year over year. This growth was driven by existing subscribers increasing their order sizes and order frequency, but also by a consistent and sequential growth in satisfied subscribers over each quarter in 2020. All regions contributed to that growth which led to more than 45 million meals delivered to our customers in 2020. As a result of the pandemic, we saw an acceleration of the shift in consumer behavior from offline to online shopping for groceries. Given the early stage of adoption of online shopping in our category, we expect this trend to continue.

Capacity expansion and operational challenges

As a result of the foundations laid in 2019, we were able to rapidly scale up production in all regions and navigate supply chain disruptions, all while implementing increased safety measures to keep our team members healthy and safe.

We expanded cool room capacity in our manufacturing centers in Melbourne, New Jersey, Texas, and the Netherlands. We launched a new manufacturing center in Perth, and we began major expansion projects in California and Sydney, where we expect to move into new facilities in 2021.

Improved contribution margin

Despite our rapid expansion in 2020 we succeeded in increasing our global contribution margin by 4 percentage points, the same increase seen in the prior year. The increase to 29% was mainly driven by our US business, which turned profitable in 2020, one year after Australia, and by our European business which is approaching breakeven (excluding headquarter costs). We continue to focus on improving our margins throughout 2021 as we leverage our scale.

Sustainability

Marley Spoon has an advantage compared to the traditional supermarket retail model. Whereas supermarkets contend with food waste given the short shelf life of perishable items they have in stock, Marley Spoon's made-to-order supply chain avoids most food waste. Additionally, according to a 2019 study by the University of Michigan, cooking with a meal kit reduces greenhouse gas emissions on average by one-third, compared to a traditional supermarket's emissions. Marley Spoon is committed to sustainability efforts, continuously looking for ways to reduce the Company's carbon footprint, including offsetting all direct corporate emissions in 2020, enabling Marley Spoon to operate as a carbon neutral company for the first-time last year.

Product development

We constantly aim to improve our services in order to delight our customers. Our research data shows that customers want more choice to suit their individual taste preferences and circumstances. We increased choice to 30 or more recipes



per week in 2020 for Marley Spoon and more than 20 weekly choices for Dinnerly, depending on the market. Furthermore, we launched our taste profile algorithm which ranks recipes individually based on each of our customers' taste profiles. We plan further menu personalization throughout the coming year, providing a competitive advantage in the global meal kit segment.

Outlook 2021

2020 was a very pivotal year for Marley Spoon with massive growth which transitioned our business to profitability, to which all regions contributed. In 2021 we will continue to invest in additional capacity to respond to customer demand and further growth.

2020 provided a step-change in customer adoption for online shopping in general and for groceries specifically. The team at Marley Spoon is excited to leverage this growth momentum, to continue fulfilling our vision of bringing delightful, market-fresh, and easy cooking back to the people.

We believe this is still day one for our company which is aspiring to solve recurring consumer everyday problems in a sustainable and personalized way. We appreciate your continued trust and support. We would also like to thank the team at Marley Spoon for their hard work and dedication.

Fabian Siegel
Founder & Chief Executive Officer

Jennifer Bernstein
Chief Financial Officer

For personal use only



REPORT OF THE SUPERVISORY BOARD

Sydney, February 2021

Dear Shareholders,

The year that has passed has seen Marley Spoon:

- Substantially grow its subscriber base and more than double its revenue year on year on a constant currency basis;
- Reach positive Operating EBITDA for the first time in Q2 2020 and sustain that trajectory in Q3 and Q4 of 2020;
- Raise capital, providing a springboard for future growth and improving the balance sheet

In addition to these significant milestones for the business, the Supervisory Board, the Management Board and the workforce of Marley Spoon are proud to have overcome the challenges of an operating environment impacted by COVID-19 during this last year.

Marley Spoon has delivered ready-to-cook and ready-to-heat meals, as well as snacks, for a rapidly increasing number of customers in the United States, Australia and Europe. The reliability and convenience of weekly home deliveries of Marley Spoon's online subscription service helped meet their household food requirements at a time of incredible disruption.

We are also proud that Marley Spoon's workforce was able to support each other working from home and careful measures were taken to maintain a healthy working environment for those who had to be on-site.

Marley Spoon continues to adapt to local operating conditions, expanding capacity by continuing to scale, and to providing a consistent level of service. These efforts are reflected in the steady improvements in contribution margin over the period, making Marley Spoon a leader amongst its industry peers.

Financial Results

For the full year, Marley Spoon posted the following results:

- Revenue of EUR 254.0 million as compared to EUR 129.6 million versus 2019
- Contribution Margin of 29% versus 25% in 2019
- Operating EBITDA at EUR (0.5) million, a EUR 29.2 million improvement versus 2019
- Net loss of EUR (86.4) million versus a loss of EUR (34.9) million in 2019

Financing Activity

In 2020, Marley Spoon successfully completed two fully underwritten institutional placements for a combined amount of EUR 43.8 million. In addition to funding growth, the capital raised was used to retire EUR 6.8 million in senior secured debt. Finally, the Company saw the conversion of interest-bearing bonds to equity, for an amount of EUR 88.7 million, which contributed to simplifying and deleveraging the Company's balance sheet.

Board Composition

The Supervisory Board consists of four Directors, each elected for a three-year term. Christoph Schuh, a current Director, will not seek renewal this May at the end of his three-year term. Christoph has been a significant contributor to the Supervisory Board and to the Management team over many years. As a partner in Lakestar, which continues to be an investor in Marley Spoon, he has shepherded Marley Spoon from its venture capital beginnings, through IPO to its current growth phase. The Supervisory Board sincerely thanks Christoph for his guidance and support.

The Supervisory Board has undertaken an international competitive search with an external search firm to replace Christoph with a Director who will bring similar, direct-to-consumer expertise as well as a thorough understanding of online FMCG fulfilment especially in the US and European markets. We expect to announce a new Board appointment in advance of our Annual General Meeting in May.

The other three Directors, Robin Low, the Chairman of the Audit and Risk Committee, Kim Anderson, the Chair of the Nominations and Remuneration Committee and myself, Chairman of the Supervisory Board, are seeking re-election in May 2021.

The Management Board

This year Fabian Siegel, Founder and Chief Executive Officer of Marley Spoon, has continued to deepen his leadership team to keep pace with the increased size and growth of the organisation.

In particular, with the retirement of Julian Lange, we welcomed Jennifer Bernstein, previously a senior finance executive with PepsiCo, as our new CFO, adding to the Management Board and the leadership team her experience in scale FMCG enterprises.

Looking forward

With the accelerated the growth of Marley Spoon in 2020, and continued expansion of the market for online groceries, we see growth opportunities in all our key markets, in particular in the United States where we are experiencing the greatest growth and which is our largest segment.

The changes that are happening in the online retail environment have prompted us to ensure that our technology and capacity can meet future demand. Equally, we are evolving our customer-facing platforms to improve our engagement and to expand our product range.

This has been a difficult year for all our people. On behalf of all Directors, we recognize the efforts and resilience of the team at Marley Spoon.

Thanks also go to our Shareholders for your ongoing support. And thanks to our customers, whose household cooking needs continue to be the focus of our inspiration and effort.

Deena Shiff,
Chairman/Vorsitzende

For personal use only

GROUP MANAGEMENT REPORT OF MARLEY SPOON AG

1 Business model and strategy

1.1 How it works

Marley Spoon meal kits are provided to its customers through a simple four step process:

Step 1: Marley Spoon's culinary team designs a range of varied recipes

- Each week Marley Spoon chefs and nutritionists select 30+ recipes, depending on the market and brand. These recipes may be existing recipes or new recipes which have been developed in-house.
- Recipes are selected:
 - with regard to the availability of seasonal fresh produce and quality proteins;
 - to provide a variety of meal options to meet different dietary requirements, tastes and preferences (for example: healthy, express recipes, kid-friendly, non-pork and vegetarian); and
 - to offer different cuisine options.

Step 2: Customers decide what to cook and when

- Marley Spoon's products are predominantly "soft" subscriptions, e.g., customers sign up for weekly deliveries unless they skip a delivery or cancel their subscription.
- Up to 6 days before the delivery day (the 'order cutoff'), the customer selects:
 - the number of meals from meal kits in the coming week(s) - generally between 2 and 6 meals per week;
 - the desired recipes he or she wishes to make;
 - the number of portions required (generally either between 2-12 portions per recipe); and
 - a delivery day and time (options vary depending on by region).
- The above selections are submitted through Marley Spoon's website or its mobile applications.

Step 3: Marley Spoon sources ingredients and delivers to the customer's door

- Marley Spoon sources the meal kit ingredients for each meal kit from producers or suppliers generally on a 'just-in-time' basis, who deliver the ingredients to the Company's manufacturing centers. Marley Spoon then assembles the meal kits with the required quantity of each ingredient. Fresh produce in particular is typically sourced on a 'just-in-time' basis. This allows for fast turnaround to ensure of quality, fresh produce to customers, with little time spent sitting on shelves as can occur at traditional supermarkets.
- Meal kits are typically delivered weekly (with multiple delivery windows) in recyclable boxes with perishables protected to ingredients packed in insulated liners with ice packs to keep those items cool and to preserve their freshness.

Step 4: Customers cook and enjoy

- The meal kits deliver fresh pre-measured ingredients, ready for the customer to cook at his or her convenience.
- Each box contains the requisite ingredients for each meal, separated into bags (referred to as 'dish bags') for convenient, 'grab and go' cooking.
- A recipe card is included with each meal, on paper or digitally, which provides the step-by-step instructions (generally a maximum of only a few steps to prepare the meal).
- To cook each meal the customer needs only include a few pantry staples (e.g., oil, salt and pepper) and their preferred kitchen equipment (e.g., oven, stove and common cooking items like pots, pans, knives, grater, baking paper etc.) to complete their selected meal.

1.2 Two-Brand Strategy

Marley Spoon

Marley Spoon is the Company's original brand and is present in all of the Company's markets. The product offering consists of approximately 30 or more meals per week, depending on the country, with customers being able to choose between 2 and 12 portions. Marley Spoon is targeted at customers who desire a greater variety of meals with more ingredients, flexibility, and choice.

In the US, Marley Spoon has a licensing and promotion agreement with Martha Stewart Living Omnimedia, which it extended in Q2 2020 until the end of Calendar Year (CY) 2023. Through this agreement, Marley Spoon offers the co-branded 'Martha Stewart and Marley Spoon' meal kit.

Dinnerly

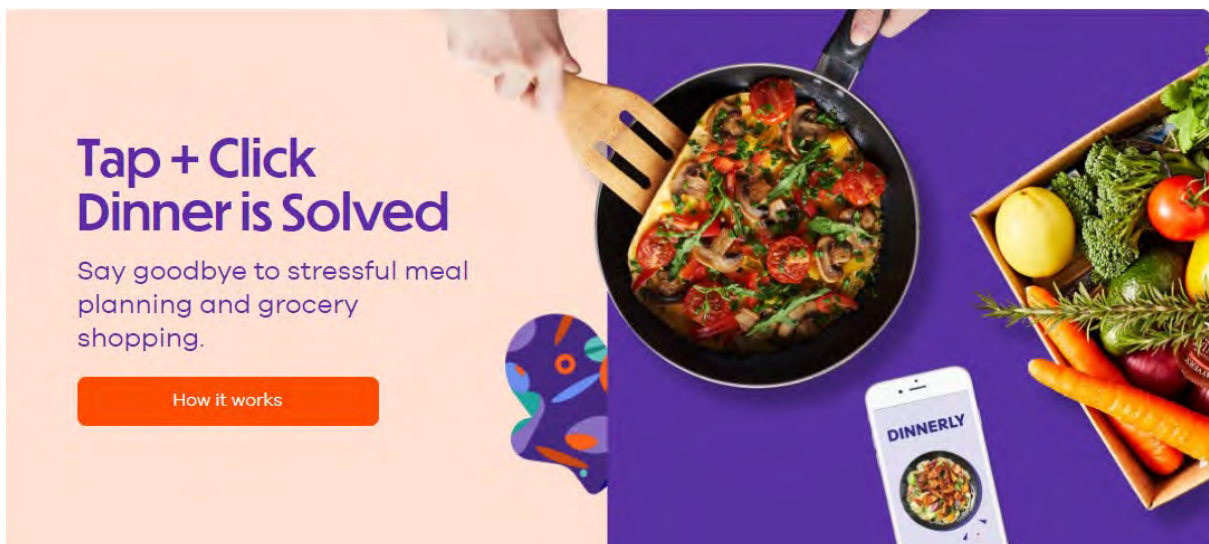
In July 2017, Marley Spoon introduced its second brand, named Dinnerly, launching in the United States. Dinnerly is a lower cost meal-kit designed to broaden the customer base by targeting more cost-conscious consumers. Dinnerly currently offers 12-27 set meals per week, depending on the market, with customers able to choose between 2 or 4 portions per meal.

Dinnerly uses the same supply and distribution chain as Marley Spoon with a similarly simple subscription and order process.

Following the successful launch of Dinnerly in the United States, Marley Spoon launched Dinnerly in Australia in March 2018, followed by the launch of Dinnerly in Germany in July 2020.

Dinnerly's lower price point relative to the traditional Marley Spoon meal kit is achieved through a reduction in the number of individual ingredients in a meal, by designing lower priced recipes, by using digital recipe cards instead of paper and by employing simple packaging.

Dinnerly was specifically designed and distinguished from Marley Spoon to appeal to a different customer than those serviced and targeted by Marley Spoon. The rationale was to enlarge the Group's overall appeal to a greater number of customers, rather than cause the Marley Spoon customer to move over to Dinnerly. While both brands provide a simple, fresh and home-cooked meal experience, Dinnerly is targeted at customers who seek easy, fast and affordable meals.



1.3 Key features of the Marley Spoon Business Model

Marley Spoon's business model is based on six key elements:



Customer acquisition
Strong number of referrals and marketing strategy



Customer data insight
Enabling customer-centric menu creations



Preference for direct sourcing
Of ingredients from producers with others from trusted suppliers



Efficient in-house "source-to-order" manufacturing
Focussed on excellence using standardised processes



Outsourced logistics
For fast 'long haul' and 'last mile' delivery to customers



Happy customers
From quality meal kits and care supporting customer retention

1. Customer acquisition	<ul style="list-style-type: none"> Marley Spoon acquires customers through a combination of online marketing, offline marketing and referrals. Marley Spoon is able to compare multiple customer acquisition channels across different regions, setting many of its marketing activities in real time. In the United States, customer acquisition benefits from Marley Spoon's association with Martha Stewart. Customer acquisition is supported by high service levels and ensuring customers have a clear understanding of why they should purchase Marley Spoon meal kits (the customer value proposition).
2. Customer data insights	<ul style="list-style-type: none"> Marley Spoon uses data collected in each region through its websites and applications relating to customers' buying patterns, feedback and recipe ratings to provide insights into recipe design and weekly selection. Marley Spoon believes there is potential to use this data to further tailor the suggested recipe selections for customers and weekly menus, in accordance with applicable data privacy laws. Marley Spoon's in-house chefs and nutritionists in conjunction with the food procurement team regularly develop new easy-to-cook recipes. Recipes differ across Marley Spoon's different operating regions to cater to different customer demands and seasons.
3. Preference for direct sourcing	<ul style="list-style-type: none"> Marley Spoon seeks to source as many of the meal kit ingredients as possible directly from producers to deliver the freshest produce possible to customers. Other ingredients are sourced from trusted wholesale suppliers.
4. In-house manufacturing	<ul style="list-style-type: none"> Marley Spoon focuses on manufacturing excellence to offer choice as well as variety and drive margin expansion, efficiency and quality. Marley Spoon's meal kits are prepared and packed utilizing proprietary and non-proprietary standardized processes at its seven manufacturing centers in its three regions of operation.
5. Outsourced logistics	<ul style="list-style-type: none"> Marley Spoon currently uses outsourced logistics to provide 'long haul' and 'last-mile' delivery to its customers.
6. Customer communication	<ul style="list-style-type: none"> Excellent customer experience and communication are important components of generating new customers by word of mouth and retaining existing customers. Marley Spoon designs its processes, including its website and apps, manufacturing centers and delivery chain to best ensure customers receive the meal kits they desire, on time. Customer support is offered through a call center as well as via email and chat-based support.

For personal use only

1.4 Research and development

Marley Spoon continuously strives to improve its products and service levels, optimize its operations, reduce costs, and pursue projects that will create a future economic benefit. Marley Spoon's Digital team, reporting to the Chief Marketing and Product Officer, is focused on developing software tools for use by the wider business across all functions.

During 2020, Marley Spoon further rolled out the Company's Microsoft Dynamics NAV enterprise resource planning (ERP) software to Australia and the United States, aggregating to EUR 1.0 million in related software assets in the current year. The set-up, management, integration and customization of the ERP system has enabled the business to grow by creating a reliable and scalable back end for Operations and Finance. The Company has expanded the data warehouse through the integration of multiple operational databases, manually created lists and data from tools used internally by different departments, which are then aggregated, transformed and accessible through a visualization tool that helps create reports and dashboards to enable process optimization.

Marley Spoon continued to invest in its centralized recipe and menu management tool to allow all culinary processes to run through a single culinary platform. The Company also invested in software called Cookbook to facilitate order and customer management processes associated with the Company's Customer Communications team, which will be further built out to handle complaint and incident management. Furthermore, Marley Spoon completed the first phase of its menu personalization project, including the development of a recipe recommendation algorithm, an associated sales forecast model to improve supply chain accuracy and the collection of explicit taste preferences through a customer-facing taste profile. Finally, Marley Spoon launched its new iOS app for all Marley Spoon customers.

Marley Spoon capitalized EUR 3.3 million of self-developed software in fiscal year 2020, while a total of EUR 1.8 million of this was amortized. Total research & development expense for 2020 was EUR 2.7 million (2019: 2.9 million).

1.5 Performance Measurement System

In line with Marley Spoon's strategy, the Company continues to hone its internal performance measurement system and define and measure appropriate performance indicators. Marley Spoon differentiates between financial and non-financial performance indicators and measures both on a monthly, quarterly, and annual basis to evaluate the health and progress of the company. These indicators are, or can be, so-called non-GAAP financial measures. Other companies, which use financial measures with a similar designation, may define them differently.

1.5.1 Financial Performance Indicators

Marley Spoon uses several financial performance indicators, as listed below, but the most significant ones are net revenue (on a constant currency basis), contribution margin (as a % of net revenue), and operating EBITDA (as a % of net revenue).

Net revenue	Represents the receivable for goods supplied i.e., gross revenue net of promotional discounts, customer credits, refunds and VAT.
Net revenue on a constant currency basis	Represents net revenue adjusted for EUR fluctuations against USD & AUD year over year
Contribution margin	Represents gross profit less fulfilment expenses, where gross profit means net revenue less cost of goods sold
Operating EBITDA	Represents earnings before interest, tax, depreciation and amortization (EBITDA), excluding non-cash Share-based expenses and intercompany charges (for the segments); this is an indicator for evaluating operating profitability
Net working capital	Represents the sum of current trade and other receivables, inventories, accrued revenue and prepayments, less the sum of trade and other payables, current provisions, deferred income and other current creditors.
Cash flow from operating activities	Represents an indicator of the operating cash flows generated by the business. It is calculated as net income adjusted for all non-cash income/ expenses plus/minus cash inflow/outflow from net working capital
Fixed assets	Represent property, plant & equipment and intangible assets

1.5.2 Non-Financial Performance Indicators

To complement financial performance indicators, the below non-financial indicators are relevant to the evaluation of Marley Spoon's business performance, customer focus and cash generated. They are employed in addition to financial KPIs for managing the business.

Active customers	Active customers are customers who have purchased a Marley Spoon or Dinnerly meal kit at least once over the past three months
Active subscribers	Active Subscribers are customers who have an active subscription (i.e., ordered or skipped a delivery) on an average weekly basis during the quarter
Average basket size gross/net (on constant currency basis)	The average monetary value of one (Martha Stewart &) Marley Spoon or Dinnerly order i.e., gross or net revenue divided by the number of orders in a given period (excluding the impact of foreign currency fluctuations versus prior period)
Total orders	Number of customer orders in a given time period
Portions sold	Number of total portions or individual meals sold within a specified period.
Average portions per order	Number of portions sold in a given time period divided by the number of customer orders in that same period
Customer acquisition costs (CAC)	Costs of acquiring a customer (i.e., marketing expenses such as media spend or commissions) calculated over a period per new customer acquired during that period
Revenue from repeat customers	Net revenue from orders in a certain time period from customers who are not first-time customers, i.e., these customers have ordered the same brand in the same country before (not necessarily in the same period)

2 Economic position & position of the Group

2.1 Economic environment

General economic conditions

According to the International Monetary Fund's (IMF) January 2021 World Economic Outlook, the global economy is projected to grow 5.5% in 2021 and 4.2% in 2022 after an estimated 3.5% contraction in 2020. The rollout of vaccinations that began late last year in some countries combined with further vaccine approvals raise hopes of an eventual end to the pandemic. The sizable fiscal support announced for 2021 in some countries, including in the United States, together with the unlocking of Next Generation EU funds, should help lift economic activity among advanced economies with favorable spillover to trading partners. Consistent with a recovery in the global economy, global trade volumes are forecast to grow about 8% in 2021, before moderating to 6% in 2022.

Economic conditions by market segment

Following a sharp fall in 2020 GDP, the US economy is expected to recover, with estimates at 3.2% growth in 2021 and 3.5% in 2022 according to the 2020 OECD Economic Outlook. GDP growth is expected to accelerate through 2021, reflecting an assumed additional fiscal package that is meant to support household incomes and consumption. Nevertheless, until an effective vaccine has been deployed successfully in the latter part of 2021, containment measures will temper business confidence. Labor market conditions will show further steady improvement in 2021, however the unemployment rate is expected to remain elevated as compared to the pre-pandemic period.

In the EU, after a projected GDP decline of 7.5% in 2020, growth is expected to be 3.5% and 3.25% in 2021 and 2022, respectively, according to the 2020 OECD Economic Outlook. Containment measures will continue to hamper business activity until a vaccine is widely implemented. Unemployment is projected to rise until mid-2021, approaching double-digit rates, and fall only gradually afterwards. Investments and private consumption are projected to be below pre-pandemic levels with an inflation rate around 1%. The impact of the pandemic is projected to remain asymmetric across the Eurozone, potentially widening the gap in prosperity between countries.

Australia has been hit by the coronavirus pandemic less severely than other countries however its real GDP is also expected to contract by 3.8% in 2020. The outlook for 2021 and 2022 is growth of 3.2% and 3.1%, respectively, according to the 2020 OECD Economic Outlook. The easing of lockdowns and strong fiscal support are expected to boost GDP growth in the near term. The infrastructure-led economic recovery in China should sustain commodity exports and mining investment. However, the unemployment rate is expected to increase due to the phasing out of job retention programs and increased labor force participation.

Food market condition

The global grocery market is estimated to be worth nearly \$7 trillion (*Source: Euromonitor*) and is one of the largest segments of consumer spending. However, grocery remains one of the lowest consumer categories in terms of online penetration. In the US, online grocery sales accounted for only 3-4% of the total grocery market, according to a 2019 McKinsey study, suggesting large market potential as the shift from offline to online continues.

When you consider that the meal kit market sits within the intersection of two sub-segments of the global food market, namely the grocery and restaurant markets, the addressable market is even larger. According to Euromonitor, the combined value of the grocery and restaurant (foodservice) markets is estimated at \$9 trillion.

2.2 Marley Spoon Share and Share Capital Structure

Marley Spoon's issued capital (*Grundkapital*) as of 31 December 2020 amounts to 256,025 Shares (*Aktien*).

Since July 2018, Marley Spoon has been listed as a foreign company on the Australian Securities Exchange (ASX) under the symbol "MMM". Rather than the Shares, securities called Chess Depository Interests (CDI) are publicly traded on the ASX. 1,000 CDIs are equivalent to one Share in the Company. Consequently, 256,025,000 CDIs have been issued as of 31 December 2020.

As of 31 December 2020, Marley Spoon's authorized capital (*genehmigtes Kapital*) and conditional capital (*bedingtes Kapital*) amount to 92,719 Shares (*Aktien*) in aggregate. A portion of this authorized capital / conditional capital is reserved to back-up convertible bonds (*Wandelschuldverschreibungen*) issued by the Company (see IFRS note 6.7 for details) and the Company's post-IPO Share Option Programs (SOPs).

Basic Share data

Type of Shares	CHESS DEPOSITORY INTERESTS (1,000 CDIs:1 Share)
Stock exchange	Australian Securities Exchange (ASX)
Shares issued	256,025
CDIs issued	256,025,000
Subscribed Share capital	256,025.00 EUR
ISIN	AU0000013070
ARBN	625 684 068
Ticker symbol	MMM
Share performance 2020 ¹	
CDI price as at 31 December 2020	A\$ 2.70
High (28/08/20)	A\$3.80
Low (13/03/20)	A\$ 0.21
Market capitalization as at 31 December 2020	A\$ 691 million
Average daily trading volume (in A\$)	A\$ 1,749,517
Average daily trading volume (in CDI)	1,007,609 CDIs/day

¹ Source: ASX

For personal use only

2.3 Group financial position and performance

EUR in millions	31 December 2020	31 December 2019
Assets		
Current assets	44.1	12.0
Non-current assets	29.0	25.0
Total assets	73.1	37.0
Equity and liabilities		
Current liabilities	37.0	25.6
Non-current liabilities	28.0	47.1
Total liabilities	65.0	72.7
Equity	8.1	(35.7)
Total equity and liabilities	73.1	37.0

Current Assets increased from EUR 12 million to EUR 44.1 million mainly due to the higher cash position of EUR 34.4 million (2019: 5.4 million) and an EUR 2.8 million increase in inventories in 2020. Inventories increased by 76%, from EUR 3.7 million in 2019 to EUR 6.6 million in 2020, which was achieved despite 96% net revenue growth year-on-year thanks to operational improvements.

Non-current Assets increased by EUR 4.0 million to EUR 29 million in 2020. This includes a EUR 2.6 million decrease in Right-of-Use Assets due to the asset depreciation. Property, Plant and Equipment (net) increased by EUR 3.4 million to EUR 11.2 million, mainly related to build outs of the Company's manufacturing centers in Australia and the US, the opening of the Company's third fulfillment center in Australia and investments into manufacturing automation globally. Furthermore, intangible assets increased by EUR 1.5 million mainly due to the capitalization of internally developed software.

Current Liabilities increased from EUR 25.6 million to EUR 37.0 million, mainly driven by an EUR 7.1 million increase of accounts payable and related accruals and the EUR 3.4 million of borrowings payable in the next twelve months.

Non-current Liabilities decreased by EUR 19.1 million due to an EUR 18.6 million decrease in long-term debt, mainly driven by the conversion of convertible loans to equity (see note 6.7 of the Consolidated Financial Statements) and the repayment of a EUR 6.8 million senior secured loan in 2020.

Equity increased by EUR 43.8 million mainly driven by the gross impacts of issuance of Share Capital (43.8 million), conversion of convertible loans (72.7 million), exercise of Warrants (16.0 million) and stock options (0.1 million), partially offset by the increase of accumulated losses from EUR 140.2 million to 226.5 million.

Earnings position of the Group

For the 12 months ended 31 December 2020, net revenues were up EUR 124.4 million or 96% (101% on a constant currency basis) to EUR 254.0 million as compared to the prior comparative period (PCP), the twelve months ended 31 December 2019 (EUR 129.6 million). By segment, the major growth occurred in the US with 126%, followed by Australia with 76% and Europe with 66%. This topline performance significantly surpassed the previous year's outlook, which was to grow ~30% YOY.

The revenue growth was driven by a strong increase in Active Subscribers which totaled 227 thousand at the end of 2020, up 83% from the PCP. The number of orders delivered to customers increased from nearly 3 million in 2019 to 5.6 million in 2020, which was an improvement of 89% year on year. Average net basket size increased from EUR 43.6 in 2019 to EUR 45.2 in 2020. This was largely driven by greater choice in the Company's offering and the subsequent increase in average portions per order, which went up from 7.5 in 2019 to 8.3 in 2020. Revenue from repeat customers was 93% for the period, up 1 point vs. 2019, a continued sign of strong customer loyalty and the high recurring revenue base the Company has built over time.

Contribution margin (CM) of the Company as a % of revenue increased by 4 percentage points from 25% to 29% over the course of 2020, in line with the previous year's outlook. This was mainly driven by a 6 point increase in the US segment from 20% to 26%. The main drivers for this were economies of scale in purchasing as well as higher labor productivity, leading to US Cost of Goods Sold that decreased by 4 points and Fulfillment Expenses which fell by 2 points, both as a % of revenue. In the Australia segment, CM rose by 3 points year-on-year to reach 36% at the end of 2020. Cost of Goods Sold and Fulfillment Expenses in Australia each declined as a % of revenue by 2 percentage points compared to the PCP.



In Europe, CM increased from 20% to 25% of revenue, primarily driven by economies of scale in purchasing, leading to Cost of Goods Sold decreasing by 4 points as a % of revenue in 2020.

The increase in Marketing Expenses was driven by the Company's ability to acquire new customers at attractive unit economics. Marketing expenses as a % of revenue decreased 11 points compared to the previous year, reaching 15% of revenue in 2020. The US segment showed the greatest marketing efficiency, dropping by 15 points to 14% of revenue.

General & Administrative (G&A) expenses grew 29% in 2020 versus the PCP, owing to Marley Spoon's investments in its team and infrastructure across all three regions. Overall, as a % of revenue G&A decreased 8 points from 25% in 2019 to 17% in 2020.

Earnings Before Interest & Tax (EBIT) was EUR (7.4) million in 2020, compared to (34.8) million in 2019. This lower loss was due to higher sales and contribution margin.

Financing Income & Expenses increased from EUR (0.1) million in the PCP to EUR (78.8) million in 2020, mainly driven by fair-market value adjustments on derivatives related to convertible bonds.

The Company's net loss for the period increased from EUR (34.9) million in 2019 to EUR (86.4) million in 2020 predominantly due to the higher financing expenses.

Operating EBITDA for the full year was breakeven and as a % of revenue improved 23 points year on year to (0.2)% in 2020. This was driven by the Company's robust net revenue growth as compared to 2019, the improvements in CM as well as G&A expenses growing slower than revenues. In the previous year we had anticipated achieving positive Operating EBITDA by the end of the year, a milestone we hit as of Q2 2020.

<i>EUR in millions</i>	2020	2019	% change
Revenues	254.0	129.6	96%
Cost of Goods Sold	(133.3)	(71.8)	86%
Gross profit	120.7	57.8	109%
Fulfilment Expenses	(46.6)	(25.5)	83%
Contribution margin (CM)	74.1	32.3	129%
CM as % of revenues	29%	25%	+ 4 pts
Marketing Expenses	(39.3)	(34.2)	15%
General & Administrative Expenses	(42.3)	(32.9)	29%
Operating expenses	(128.2)	(92.6)	38%
EBIT	(7.4)	(34.8)	(79%)
Financing Income & Expenses	(78.8)	(0.1)	n/a
Earnings before taxes (EBT)	(86.2)	(34.8)	148%
Tax (Expense) / Benefit	(0.2)	(0.0)	n/a
Net loss for the period	(86.4)	(34.9)	148%
Operating EBITDA	(0.5)	(29.7)	(98%)
Operating EBITDA as % of revenues	(0.2%)	(23%)	+23 pts

Cash Flows and Cash Position

Cash flow from operating activities (CFOA) increased by EUR 34.7 million compared to the previous corresponding period, reaching EUR 4.4 million in 2020. The main drivers of the positive CFOA were improved operational performance in all regions as well as positive working capital development.

The Company had a negative cash flow from investing activities of EUR 8.6 million in 2020, mainly driven by EUR 5.3 million in buildouts of its manufacturing centers in Australia and the US, the opening of its third fulfillment center in Australia and investments into manufacturing automation globally. Additionally, EUR 3.3 million were spent on software development and other intangible assets.

For personal use only

Marley Spoon had various financing events in 2020 that contributed to funding its growth:

- In January, the Company issued two unsecured convertible bonds to USV for an aggregate amount of USD 2.5 million;
- In May, the Company issued Share capital in the amount of AUD 16.6 million and issued 15,852 Shares;
- In July, Woolworths Group Ltd exercised its right to convert its convertible bond with the principal amount of AUD 2.95 million into 5,900 Shares of Marley Spoon;
- In August, Kreos Capital V (Expert Fund) LP exercised its right to subscribe to Shares in the Company pursuant to the Warrants agreements, leading to the issuance of 478 Shares in the Company;
- In September, the Company issued 8,462 new Shares to Western Technology Investment against payment of AUD 3.3m based on the exercise of two warrant instruments issued by Marley Spoon;
- In October, the Company launched a A\$56 million institutional placement and issued 17,437 Shares;
- In November, Union Square Ventures and Acacia Conservation Fund, LP and Acacia Conservation Master Fund (Offshore), LP converted EUR 61.2 million of interest-bearing bonds to equity;
- Additionally, the Company repaid EUR 6.8 million of senior secured WTI debt.

As at 31 December 2020, the cash and cash equivalents on balance amounted to EUR 34.4 million (prior year: EUR 5.4 million).

<i>EUR in millions</i>	31 December 2020	31 December 2019
Cash flows from operating activities	4.4	(30.2)
Cash flows from investing activities	(8.6)	(6.3)
Cash flows from financing activities	33.7	33.3
Net increase in cash and cash equivalents	29.5	(3.2)
Cash and cash equivalents at the end of the year	34.4	5.4

Overall Statement regarding the Earnings, Financial and Asset Position of the Group

The reporting period, the twelve months ended 31 December 2020, was characterized by continued strong growth, amplified by an accelerated shift from offline to online grocery shopping during the COVID-19 pandemic. Marley Spoon managed to improve its key financial KPIs and other key performance indicators in all segments over the course of the year. As such, the Company is satisfied with the progress made in 2020 and sees a solid foundation for continued growth and improvement in 2021.

3 Risk and Opportunities Report

Overall Statement regarding the Earnings, Financial and Asset Position of the Group

In the course of its business, Marley Spoon AG and its subsidiaries (“Marley Spoon Group” or “the Group”) face risks and opportunities that can have either negative and positive effects on its results of operations, financial position, and net assets. Marley Spoon Group deploys transparent, bottom-up management and control systems to identify risks and opportunities at an early stage and manage them accordingly. This report presents the most important risks and opportunities applicable to the Group.

3.1 Internal control system

Whereas each member of the Marley Spoon team is expected to anticipate and mitigate risks, the Management Board (*Vorstand*) of Marley Spoon AG bears overall responsibility for the establishment and operation of an effective risk management framework across the organization. According to the Management Board’s Schedule of Responsibilities (*Geschäftsverteilungsplan*), the Company’s Chief Financial Officer (CFO), previously Julian Lange, now Jennifer Bernstein, is responsible for overseeing the risk management framework. The CFO is supported by the Company’s General Counsel and the Head of Reporting & Audit in this endeavor. As with its other responsibilities, the Management Board is advised and supervised by the Company’s Supervisory Board (*Aufsichtsrat*) in relation to the effectiveness of the internal control system and the Company’s overall risk management. Given the importance of this matter, the Supervisory Board has established the Audit and Risk Committee (**ARC**) as a standing committee. During the reporting period, the ARC was chaired by Robin Low, who replaced Patrick O’Sullivan as of 29 January 2020.

As a part of its management of risk, Marley Spoon implemented a system of internal controls over its financial reporting, aiming to identify, evaluate and mitigate any risks that could influence the proper preparation of the Company’s individual and consolidated financial statements (*Jahresabschluss, Konzernabschluss*). The system of internal controls over financial reporting is at the core of Marley Spoon’s accounting and reporting processes.

It includes preventive and investigative monitoring/detective measures in both accounting and operational functions to facilitate a structured process for the preparation of financial statements. The internal control system governs the internal processes that have a significant impact on financial reporting.

These financial reporting control processes and the relevant risks are regularly analyzed and the preventative and detective procedures taken to mitigate the identified risks are documented. The control mechanisms implemented affect multiple processes and thus frequently overlap. These mechanisms, among other things, include determining principles and procedures, defining processes and controls such as month-end closing checklists and variance analyses and introducing approval guidelines. The foundation and the effectiveness of the Company's system of internal controls are regularly reviewed by the CFO and the ARC.

3.2 Risk reporting and methodology

The CFO leads the identification of key risks to the Company and the efforts to analyze, evaluate, and mitigate these identified risks with the appropriate countermeasures. A risk management framework is used to support Marley Spoon's business operations, to provide consistency in addressing risks, and ultimately to facilitate the Company's compliance with regulatory requirements. As part of this framework, relevant risk items are documented in an internal risk register (**RR**). The Company's General Counsel continually updates and develops the RR based on the input of the Company's various team leads. The RR is reviewed by the CFO, considered by Marley Spoon's Management Board, and made available to the ARC, the Supervisory Board, and the Company's auditors.

Preventive and detective countermeasures for each identified risk in the RR are designed and allocated to various personnel across the organization. Based on the RR, a comprehensive risk assessment is performed and illustrated in a risk management matrix (**RMM**) which forms another key element of the risk management framework. The RMM aims to provide the Management Board and Supervisory Board (acting through the ARC) with relevant information on Marley Spoon's risk exposure and its mitigation activities, allowing for informed decision-making and an appropriate response to the identified risks. The cyclical reporting process is supplemented by ad-hoc reporting, in the case that critical issues arise.

As part of the risk management framework, all relevant risks identified and documented in the RR are quantified based on their likelihood of occurrence (shown as likelihood in the RMM) as well as their potential impact (shown as consequence in the RMM) and entered into the RMM. This quantification is assessed within the context of materiality thresholds, helping to guide an assessment of the severity of the risk and recommended remedial actions.

The likelihood of occurrence refers to the statistical or estimated probability of a risk occurring during the time horizon under review (usually one year after the assessment date). It is stated as a percentage. The likelihood of the occurrence is determined by choosing one of the given probability ranges which are shown in the table below:

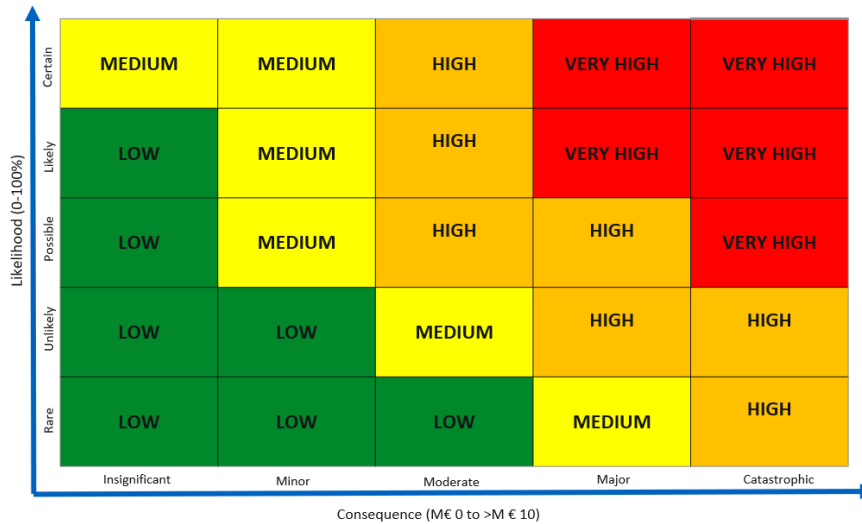
Likelihood	Assessment
Certain	80% ≤ Risk ≤ 100%
Likely	60% ≤ Risk < 80%
Possible	40% ≤ Risk < 60%
Unlikely	20% ≤ Risk < 40%
Rare	0% < Risk < 20%

The potential consequence of a certain risk is considered as deviation from the Company's objectives. The assessment is preferably conducted on a quantitative scale. Alternatively, if a risk cannot be quantified or qualitative aspects predominate (e.g., for compliance risks), a qualitative scale is applied.

Consequence (i.e., impact on business operations, financial status, profitability and/or cash flows)	Assessment
Catastrophic	Risk ≥ EUR 10 million
Major	M€ 5 ≤ Risk < EUR 10 million
Moderate	M€ 2.5 ≤ Risk < EUR 5 million
Minor	M€ 0.25 ≤ Risk < EUR 2.5 million
Insignificant	M€ 0 < Risk < EUR 0.25 million

For personal use only

Based on the assessment of the likelihood of occurrence and the consequence, all identified risks are classified and visualized in the RMM as follows:



The RMM facilitates the comparison of the risks' relative priority and increases transparency over Marley Spoon Group's total risk exposure. The categorization of risks from "LOW" to "VERY HIGH" is used to determine which risk information needs to be provided in more detail to the Management Board as well as to the Supervisory Board. Risks that could impact Marley Spoon's ability to continue as a going concern are reported immediately once identified.

3.3 Areas of risk

With just over six years in business, Marley Spoon Group has a limited operating history and operates in a nascent, albeit growing, category. As such, the Group faces competition from a different cross-section of industries, including offline grocery retailers, online/offline grocery delivery service providers, alternative meal kit companies and potential new market entrants, either within the meal kit space or in adjacent categories. This diverse competitive set makes it difficult to evaluate future risks and challenges the Company may encounter. If the Group fails to maintain and increase demand for its products or to adapt its services effectively to changes in customer behavior, it may not be able to retain active customers and attract new ones. The same applies if Marley Spoon Group does not manage to cope with the increased demand for its services, e.g., due to operational challenges. Also, the Group continues to rely on third parties for the supply of ingredients and the delivery of its meal kits to customers, which could lead to material adverse effects on its business and reputation (e.g., in case suppliers fail to comply with regulatory requirements).

The Management Board determines the overall risk situation by assessing the following risk categories as the result of a consolidated consideration:

- Financing risks,
- Credit and fraud risk,
- Regulatory and legal risks,
- Financial and reporting risks,
- Operational risks (including those associated with the COVID-19 pandemic).

Financing risks

Marley Spoon is capitalized with substantial equity financing coming from public capital markets. As such, the Company can be directly affected by developments and risks inherent in such capital markets. Nevertheless, the Company believes it is currently in a position to fund its organic growth with the substantial improvements to its free cash flow position and the simplification of the Company's balance sheet in 2020. Given that Marley Spoon remains as high-growth company, it is continuously exploring external funding opportunities in order to have the flexibility and agility to accelerate its growth even further.

Marley Spoon's ability to promptly provide full and verified information on the status and development of the Group is another critical success factor. Providing incorrect or incomplete information can result in – inter alia – reputational damage. In the current market environment, this might negatively impact the investor relations or even result in the loss of investors.

For personal use only

Marley Spoon had several financing events in 2020, including equity raises and debt retirement. For details see section Management Report 2.3, sub-section “Cash flows and cash position”.

While Marley Spoon currently has a sufficient cash position to fulfil its capital requirements for the ongoing operations of the business, the Management Board considers the financing risks to be medium given the Company’s stage of growth.

Credit and fraud risk

Customers who order through Marley Spoon Group’s websites and mobile apps may choose from a range of payment methods, including, without limitation, credit cards, direct debit, and invoice. Due to the variety and complexity of payment methods, the Group faces the risk of operational failures in its checkout process. This could adversely affect the number of visitors who decide to purchase a Marley Spoon meal kit.

Marley Spoon also faces potential risks relating to customer claims if purchases or payments are not properly authorized or are transmitted in error. Furthermore, there is the risk that customers have insufficient funds or that customers themselves are subject to fraud (e.g., through identity theft conducted by third party imposters). Failure to avoid or limit losses caused by fraudulent transactions could negatively affect the Company’s operations and result in increased legal expenses and fees. Permitting further online payment options or increasing levels of payment card fraud could result in Marley Spoon having to comply with additional security requirements and/or higher payment processing fees or even fines.

Given the fraud detection capabilities of Marley Spoon’s payment service provider partners as well as the Company’s regular review of payment methods, the Management Board considers the risk of credit and fraud to be low.

Food safety and other regulatory and legal risks

Certain legal and other risks are inherent in the sale of food products for human consumption. In particular, perishable and fresh products constitute a significant proportion of the ingredients in Marley Spoon’s meal kits. It is possible that these perishable products may spoil or be rendered unsafe to consume if the team fails to put in place adequate temperature control mechanisms, miscalculates delivery times, or fails to accurately notify customers of anticipated delivery times. There is also a risk of contamination of food products that could potentially happen at any point throughout the supply chain. Marley Spoon’s internal legal team as well as its Quality & Safety function constantly enhance compliance with the relevant legal and regulatory requirements through continual monitoring and reviews.

Against this background, the Management Board considers this risk to be low.

Financial and Reporting Risks

The Management Board of Marley Spoon has implemented a system of internal controls around financial reporting to manage and reduce the finance and reporting risks to a moderate level.

Marley Spoon considers the following as forming part of the financial risk: input cost risk (i.e., changes in ingredient or packaging prices), foreign currency risk, interest rate risk, credit risk and liquidity risk.

- *Input cost risk*
Input cost risk is the risk that changes in market prices of key ingredients or packaging used by the Group will affect the Group’s results of operations. The Group manages the risk of rising input costs with a detailed menu design and planning process which is aligned with predetermined cost targets negotiated with suppliers. As an example, significant increases in produce or protein prices are mitigated using alternate ingredients or producers or changing future recipes.
- *Foreign currency risk*
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. Financial instruments, which are denominated in a currency other than the measured functional currency of the Company (i.e., the Euro), are subject to foreign currency risk. The Group operates in international markets through locally established subsidiaries which mainly complete their transactions in the respective local currency. As such, material depreciation of those foreign currencies could present a risk to Marley Spoon, however the Company’s addition of a treasury function within finance ensures ongoing liquidity oversight and management.

- Interest rate risk*

Interest rate risk is the risk that the future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Group has exposure to movements in interest rates arising from its portfolio of interest rate sensitive assets and liabilities. These principally include debt and cash. The Group manages its interest rate risk by mostly having fixed interest rates on loans and does not enter into any derivative financial instruments to manage its interest rate risk.
- Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk can arise as the Group offers various payment methods and other transactions with counterparties. The exposure to credit risk in its operating activities exists primarily in the form of trade receivables and security deposits with banks and financial institutions. The nature of the business limits the exposure towards trade receivables, since customers usually pay before delivery, and hence no relevant information is disclosed.
- Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Management Board monitors cash balances and movements in cash regularly. The objective of liquidity risk management is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, credit cards and bank loans. The Group's liquidity management involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these outflows, monitoring balance sheet liquidity ratios and maintaining equity and debt financing plans. As previously mentioned, the Group has established a dedicated treasury role overseeing liquidity and FX risks.

The financial risks are also discussed in note 10 of the notes to the Consolidated Financial Statements. The Management Board considers the financial and reporting risks to be low to medium.

Operational risks

Dependence on customer acquisition and retention

Marley Spoon's growth is substantially dependent on the acquisition of new customers and the retention of existing customers. Consequently, the Group depends, in particular, on access to marketing channels allowing it to acquire customers at commercially attractive rates. Once acquired, these customers depend on high fulfillment rates of the Group's manufacturing centers and logistics partners to ensure the satisfactory delivery of their orders. Marley Spoon Group operates in three regions with a total addressable market of approximately 190 million households. Comparing this to Marley Spoon's 227,000 Active Subscribers (as of the last quarter of 2020), the Group's market penetration is still relatively low. Whilst this should provide for further growth opportunities, any slowdown in market penetration could adversely impact the Group's growth and financial profile.

Only a happy customer base is loyal and active which is crucial to Marley Spoon's continued growth. Thus, the Group's customer communications service must perform well, ensuring that customer complaints are dealt with in a timely and sustainable manner. Marley Spoon Group responds to customer requests and complaints by email, chat, through telephone hotlines and social media. Any actual or perceived unsatisfactory response by the customer communications team could negatively affect customer loyalty and retention.

Against this background the Management Board considers this risk to be medium.

Sourcing from third parties and product perishability

Perishable products (protein, vegetables etc.) account for a significant proportion of Marley Spoon's meal kits' ingredients. Whilst constantly enhancing the Company's direct relationship with producers, Marley Spoon Group still depends on wholesalers to deliver these products on a just-in-time basis. Failure to accurately anticipate the time it will take to obtain new products or to calculate the quantities of products needed for food boxes may result in order levels not being appropriate and could affect the freshness of ingredients. Marley Spoon Group seeks to mitigate these risks through a carefully planned ordering process. Its suppliers are subject to a standardized, comprehensive onboarding process and ongoing assessment by the internal Quality & Safety team. Ingredients are quality inspected upon receipt and are kept within continuous temperature controls until delivered to Marley Spoon's customers.

Against this background, the Management Board considers this risk to be low.

Key Personnel, Operational Excellence

Marley Spoon continues to depend on the strong commitment of its founder and CEO Fabian Siegel. The same is true of its CFO, Jennifer Bernstein, and the other members of the executive leadership team. The unanticipated departure or loss of any of them could have an adverse effect on Marley Spoon's business, financial condition, and results of operations. The same is true for any unexpected decline in their professional performance.

Competition for talent may lead to the Group's inability to attract suitable replacements for such personnel and/or suitable candidates for newly established positions in a timely manner or at all. To mitigate these risks, Marley Spoon has set up recruiting and onboarding processes and tools to efficiently evaluate and manage candidates and employees. Furthermore, the Group has introduced salary/benefit schemes to adequately reflect and compensate the team for their personal contributions to the Company's continuous success.

Against this background, the Management Board considers this risk to be low.

Dependence on technology

Operating exclusively through online channels (website, mobile apps) rather than physical outlets, makes Marley Spoon Group dependent on software and hardware technology. Furthermore, giving customers both extensive choice between a variety of recipes and the flexibility to adjust or cancel their meal kit until a few days before the scheduled delivery date, comes with challenges to Marley Spoon's supply chain management. Marley Spoon Group, therefore, relies on its technology and data to forecast demand and predict its customers' orders. This technology is key to determining required amounts of ingredients and other supplies as well as to optimizing the logistics for delivering Marley Spoon's meal kits to its customers. If this technology fails or produces inaccurate results, Marley Spoon could experience shortages in key ingredients or increased food waste, for instance. Also, the operational efficiency of Marley Spoon's supply chain may suffer, or its customers may experience delays or defects in its meal kits (e.g., missing ingredients).

Marley Spoon is investing substantial amounts into modular (semi) automation of its production processes and its digital platforms. Material delays or roll-out issues could adversely impact growth and margins despite solid project management and production process experience. The Company has a phased roll out of various technologies and enhancements and employs technical advisers as appropriate.

Against this background the Management Board considers this risk to be low.

COVID-19 related risks

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, and the closure of stores and businesses, lockdowns, and other related measures, or an escalation of existing measures, may directly or indirectly impact a number of aspects of Marley Spoon's business.

However, over the last year Marley Spoon has incorporated additional health and safety measures in its office facilities and manufacturing centers to protect its workforce, customers and to be compliant with new government guidelines, including the temporary closure during the summer of the Melbourne fulfillment center during the city's lockdown. The Company has adapted to address work outages, supply disruptions and other COVID-19 consequences.

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, changes in inflation, interest rates and foreign currency exchange rates and changes in employment level and labor costs.

Against this background the Management Board considers this risk to be medium.

3.4 Overall risk assessment

Marley Spoon Group performs systematic and regular analyses of its business risk, utilizing early risk detection frameworks across all functions and supplementing its risk prevention methods with risk insurance. As the Company continues to automate



more of its activities and invest in capabilities, it further minimizes the potential for risk. Further, Marley Spoon managed to deliver a strong financial year in the context of a particularly turbulent and uncertain climate, giving the Company confidence that it can weather challenging times. Coming from a significantly improved financial position as compared to previous years, the Company views its overall risk exposure to be low to medium.

3.5 Opportunities

The grocery sector remains one of the biggest categories of consumer spending. However, unlike other sectors, most grocery spending happens offline. 2020 saw a perceptible shift in the growth of online grocery shopping, potentially signaling an acceleration of online adoption and the development of the grocery category toward other sectors that have greater online traction. Nevertheless, the percentage of households currently buying groceries online remains small, creating an opportunity for Marley Spoon, which is able to service approximately 190 million households across the three regions in which it operates. As Marley Spoon positions itself at the forefront of innovation in serving personalized consumer cooking needs, the Company should be positioned well to benefit from an accelerated channel switch.

Over the past years, there has been a trend toward consumers seeking convenient and healthy options for dinner. Cooking from scratch yields many health benefits versus eating fast-food or highly processed food. Marley Spoon aspires to having its brands recognized for their health advantages as well as for their convenience and should benefit from the continuation of this health and wellness trend.

Marley Spoon's make-to-order supply chain often allows it to source directly from food producers based on order forecasts derived from observable consumer behavior. This supply chain, compared to traditional grocery supply chain models, yields benefits such as reducing food waste, reducing intermediaries between the Company and suppliers, and shortening delivery times, ultimately leading to lower costs and higher margins. As the Company continues to develop its supply chain, it sees the potential to find additional margin upside and/or cost savings.

The Company continues to enhance its service to customers by increasing choice, improving personalization and introducing additional delivery options. Such improvements could help increase the total addressable market by better serving customers' preferences, thereby also increasing retention and customer lifetime value.

4 Outlook

Marley Spoon's mission is to solve recurring everyday consumer problems in personalized and sustainable ways. As a direct-to-consumer brand company, Marley Spoon builds long term relationships with its customers, whose daily life the Company tries to enrich and make easier with its services.

Marley Spoon meal kits offer a convenient and competitively priced alternative to cooking with groceries purchased from the supermarket. In the Company's competition with supermarkets, it benefits from an overall change in consumer behavior, namely using online shopping for more and more aspects of daily consumption needs.

Marley Spoon's strategy over the past years has been to capitalize on this trend by growing its business in a disciplined manner, acquiring new customers at the right price and targeting a good return on the investment in the Company's customer base.

This strategy and the infrastructure created over the past years allowed the Company to take advantage of the growth opportunity that 2020 presented, which led the Company to double its business. At the same time, the Company was able to increase its contribution margin while navigating a difficult operational environment. After a year of rapid growth in 2020, Marley Spoon intends to continue to grow in 2021 while at the same time build operational foundations for additional capacity.

Growth through market penetration

After COVID-related GDP contractions in 2020, the countries Marley Spoon operates in are expecting GDP growth in 2021, even though risks associated with the pandemic, such as the impact and speed of the global vaccine campaign, remain. Also, the outlook on consumer spending behavior, while strong in 2020, remains unclear for the current year. That said, Marley Spoon believes that the COVID-19 pandemic has accelerated the consumer switch from offline to online shopping in all categories, but specifically for groceries. In the fourth quarter of 2020, Marley Spoon had 227,000 active subscribers, compared to a total of approximately 190 million households that can potentially be serviced across the Company's three operating regions. Marley Spoon sees the potential to continue significantly growing its business within those geographies as consumer online spending accelerates.



Growth through increased customer value proposition

Over the past years, Marley Spoon has collected millions of data points which can help in understanding customers' individual tastes and preferences. The Company has used this data to offer recipes tailored to consumers' individual likes, which has had a positive influence on customer lifetime value. In 2020 Marley Spoon developed a taste profile prediction algorithm that allows the Company to rank recipes based on individual taste.

Going forward Marley Spoon intends to further invest into data science and artificial intelligence. The resulting predictive capabilities will allow the Company to increase the flexibility and choice for all of its brands. Marley Spoon believes this will help delight customers even more, further increase customer lifetime value, and maintain a high repeat customer revenue share.

In addition to improving the core value proposition of Marley Spoon meal kit brands, the Company will explore further growth by providing adjacent solutions to customers, such as ready-to-eat meals as well as breakfast or lunch options.

Improve financial metrics through scale and operational improvements

Marley Spoon intends to continue developing its manufacturing capabilities by introducing improved automation technology as well as optimizing manufacturing processes. The 2020 operational improvements to the business have demonstrated that such investments yield higher productivity and positive margin impact. As its business grows, Marley Spoon expects to benefit from additional scale leading to reduced input costs for its meal kits.

All in all, the Company expects contribution margin to improve to between 30-31% versus the prior year as the Company plans to invest into improving the product experience for an even better customer value proposition.

While Marley Spoon expects to continue to benefit from operating leverage effects, 2021 will be a year of further investment into software engineering teams as well as overall operating capabilities. Hence, General and Administrative costs are expected to grow year over year.

Maximizing growth while operating at breakeven

The meal kits industry is still young and at an early stage of market adoption in an overall very sizable food/groceries category. Because of Marley Spoon's direct customer relationship and direct-to-order supply chain, the Company believes it can serve its customers' weekly cooking needs better and less expensively, while being more sustainable than supermarkets at the same time.

The Company's strategy for 2021 will be to take advantage of the favorable market dynamics coming from accelerated online shopping adoption. Marley Spoon plans to optimize for growth at attractive unit economics while navigating operating EBITDA and cash flow from operations at breakeven levels. At the same time Marley Spoon intends to continue to innovate within the category in order to continuously improve the customer service offering.

Given the continued global strong growth in online meal kit adoption and retention of customers acquired in 2020, Marley Spoon is expecting to grow revenue between 25-30% YOY in 2021.

For personal use only

OTHER REPORTING ITEMS

1 Remuneration Report

The Directors of Marley Spoon present this Remuneration Report for the year ended 31 December 2020. This Remuneration Report outlines Marley Spoon's remuneration policy and practices, explains how the Company's 2020 performance has driven executive remuneration outcomes, and provides the details of specific remuneration arrangements that apply to key management personnel (**KMP**) in accordance with the requirements of the Corporations Act 2001.

The information in this Remuneration Report has been audited as required by section 308(3C) of the Corporations Act 2001. Marley Spoon's KMP are assessed each year and comprise the Non-Executive Directors (being the members of the Supervisory Board (*Aufsichtsrat*) of the Company) and the Executive Directors, namely the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) (being the members of the Management Board (*Vorstand*) of the Company). Marley Spoon's KMP for 2020 are outlined in the table below:

Non-Executive Directors, Supervisory Board
Deena Shiff, Chairman, appointed June 2018
Christoph Schuh, Deputy Chairman, first appointed April 2018
Kim Anderson, Chair of the Nominations and Remuneration Committee, appointed June 2018
Robin Low, Chair of the Audit and Risk Committee, appointed January 2020
Executive Directors, Management Board
Fabian Siegel, Chief Executive Officer (CEO), first appointed April 2018, reappointed December 2020
Jennifer Bernstein, Chief Financial Officer (CFO), appointed October 2020
Julian Lange, Chief Financial Officer (CFO), resigned as of December 2020

The Non-Executive Directors / members of the Supervisory Board have been elected to those positions for a period terminating at the end of the Company's annual general meeting in CY2021 (**Supervisory Board Initial Term**).

During the Reporting Period, Ms. Robin Low was appointed effective 29 January 2020 for the remainder of the Supervisory Board Initial Term, succeeding Mr. Patrick O'Sullivan.

Mr. Christoph Schuh announced that he will not stand for re-election after the Supervisory Board Initial Term, i.e., in May 2021. The Supervisory Board, acting through the Nominations and Remuneration Committee (**NRC**), has undertaken an international competitive search with an external search firm to replace Mr. Schuh with a Director who will bring similar, direct-to-consumer expertise as well as a thorough understanding of online FMCG fulfilment especially in the US and European markets.

Additionally, the former CFO, Julian Lange, resigned from the Management Board of the Company effective 31 December 2020. He was succeeded by Jennifer Bernstein.

There were no other changes to the KMP during the Reporting Period, or after the reporting date up to the date the financial report was authorized for issue.

The structure of the Remuneration Report is outlined as follows:

- Section 1.** Remuneration Governance
- Section 2.** Remuneration Framework
- Section 3.** Remuneration of the Management Board (Executive Directors) and outcomes
- Section 4.** Senior Executive Contract Details
- Section 5.** Remuneration of the Supervisory Board (Non-Executive Directors)
- Section 6.** Other information (Movement in KMP Performance Shares and Equity Holdings)

SECTION 1 – REMUNERATION GOVERNANCE

The Supervisory Board has established the NRC. It is primarily responsible for making recommendations to the Supervisory Board on:

- the overarching executive remuneration framework
- operation of the incentive plans that apply to senior executives, including the key performance indicators and performance hurdles
- remuneration levels of senior executives
- succession planning for the Chief Executive Officer (CEO) and other members of the Management Board
- Supervisory Board succession planning
- induction and continuing professional development programs for members of the Supervisory Board
- the development and implementation of a process for evaluating the performance of the Supervisory Board, its committees and members
- Non-Executive Director fees

The NRC's objectives are to ensure that remuneration policies and structures are also aligned to participants and that it is fair, competitive and aligned with the strategic objectives and long-term interests of the Company. The NRC charter can be found at <https://ir.marleyspoon.com/investor-centre/?page=corporate-governance>.

Involvement of Independent Advisors

The Nominations and Remunerations Committee operates independently of the Executive Directors and engages directly with remuneration advisors. The requirement for external advisors' services is assessed annually in the context of remuneration matters that the NRC needs to address, and external advisors' recommendations are used as a guide.

Remuneration recommendations

No remuneration recommendations as defined by the Corporations Act 2001 were received from remuneration advisors in 2020. During 2020, the Supervisory Board consulted with Egon Zehnder International on industry benchmarking of KMPs.

SECTION 2 – REMUNERATION FRAMEWORK

The Company's remuneration framework is designed to attract, motivate and retain high caliber executives and employees to ensure delivery of the business strategy. The framework is designed to ensure that remuneration is market competitive, performance-based, consistent, transparent and aligned with Shareholders' interests. Economic profit is a core component of the framework's design.

The Company's KMP and other employees are remunerated on the following basis:

- capability, experience and performance,
- recognition for contribution to operational performance,
- achieving key financial outcomes,
- sustained growth in Shareholder return, and
- key non-financial drivers of value such as innovation and culture.

The Management Board compensation and reward framework has two components:

- i. Fixed remuneration
- ii. At-risk remuneration

2.1 Fixed Remuneration

Initially, during the early stages of the Company, Executive Directors, senior managers and certain other employees elected to receive equity in return for approx. 20% of salary sacrifice. These employees are now paid at market rates. Fixed remuneration levels are considered annually through a remuneration review that considers market data, the performance of the Company and of the individual.

2.2 At-risk remuneration

Executive Directors, senior managers and certain other employees are offered to participate in the Company's Share Option Program.

Share options (**Options**) are granted on the following basis:

- Options are granted based on two performance measures, namely EBITDA and contribution margin. The weighting of each measure can be up to 70% of the total grant.
- The Performance Period after which the achievement of the respective performance measures is tested ends after two years.
- The Vesting Period is spread over four years inclusive of the Performance Period.
- Options can only be exercised after the Waiting Period of four years from the grant date.
- The Strike Price is calculated using a one-month VWAP prior to the date of the grant of the Options.

The exercise of Options is subject to the achievement of certain performance targets as established in the 2020 and 2019 Share Option Program (SOP) Terms & Conditions.

The Company is planning to review performance targets for the 2022 LTI that better align with the Company's strategy and Shareholder outcomes.

If a Participant ceases employment prior to the Options vesting, the treatment of their Options will depend on the circumstances of their cessation. Where the Participant ceases employment due to termination for cause (including gross misconduct), or other predefined Bad Leaver events, all of their vested and unvested Options will automatically lapse.

SECTION 3 – REMUNERATION OF THE MANAGEMENT BOARD AND OUTCOMES

3.1 Framework

Components		Remuneration Component	Strategic Purpose
Fixed Remuneration	Cash	Salary and other benefits (including employer superannuation)	Designed to attract and retain employees with required capabilities and experience
At-risk remuneration	Cash STI	Currently not awarded until the Company is continuously cash flow positive	To motivate and reward performance within a year
	LTI	Provided as a grant of Options (performance rights)	To align the interests of Senior Executives with those of Shareholders To align Senior Executives' remuneration with longer-term financial performance of the Company
		Vests over a period of four years	To assist in attracting and retaining outstanding executive talent

3.2 Statutory remuneration of the Management Board

Statutory Remuneration

Name	Year	Fixed Remuneration	Other Fixed Benefits	Cash STI	LTI ^B	Total Remuneration
		€	€	€	€	€
Fabian Siegel (CEO)	2020	164,850	162,500	-	84,651	412,001*
	2019	149,106	138,307	-	-	287,413
Jennifer Bernstein (CFO) (joined Oct 2020)	2020	62,500	7,620	-	-	70,120**
Julian Lange (CFO until Dec 2020)	2020	96,354	13,713	-	87,312	194,379 [^]
	2019	88,848	12,500	-	27,424	128,772

*Mr. Siegel's total statutory remuneration for the year ended 31 December 2020 is equivalent to A\$ 654,905 in aggregate. This includes base salary and other fixed benefits (travel and living away from home allowance (LAFHA)) and the following LTI: Mr. Siegel has been granted 700 Options, as approved by the annual general meeting of the Company on 30 July 2020.

**Ms. Bernstein was appointed as an additional Executive Director and member of the Management Board (*Vorstand*) in October 2020 and succeeded Mr. Lange as CFO in December 2020. Ms. Bernstein's total statutory remuneration for the year ended 31 December 2020 is

For personal use only

equivalent to A\$ 111,463 in aggregate. This includes base salary and other fixed benefits (employer share in certain Swiss statutory social contributions). Although Ms. Bernstein's employment commenced in October 2020, she did not participate in the 2020 SOP.

^Mr. Lange's total statutory remuneration for the year ended 31 December 2020 is equivalent to A\$ 308,979 in aggregate. This includes base salary and other fixed benefits (employer share in certain German statutory social contributions and travel allowance), and the following LTI: Mr. Lange's 210 Options granted in 2020.

⁸ LTI are valued at grant date as described further in Note 8.2 and are expensed in accordance with the award's graded vesting scheme.

Realized remuneration of the Management Board – Voluntary Disclosure

The following table has been prepared to supplement the statutory requirements in Section 3.2. The purpose of this table is to provide Shareholders with an outline of total actual remuneration which has been received by the members of the Management Board during 2020 and 2019.

Realized Remuneration

Name	Year	Fixed Remuneration	Other Fixed Benefits	Cash STI	LTI	Total Remuneration
		€	€	€	€	€
Fabian Siegel (CEO)	2020	164,850	150,000	-	17,471	332,321 [*]
	2019	149,106	138,307	-	834	288,247
Jennifer Bernstein (CFO) (joined Oct 2020)	2020	62,500	7,620	-	-	70,120 ^{**}
Julian Lange (CFO until Dec 2020)	2020	96,354	13,713	-	1,239,956	1,350,023 [^]
	2019	88,848	12,500	-	38,808	140,156

*Mr. Siegel's total realized remuneration for the year ended 31 December 2020 is equivalent to A\$ 528,249 in aggregate. He did not make use of his statutory travel allowance (equivalent to A\$ 19,870). Mr. Siegel's realized LTI is valued at the market value at vesting date.

**Ms. Bernstein was appointed as additional Executive Director and member of the Management Board (*Vorstand*) in October 2020 and succeeded Mr. Lange as CFO in December 2020. Ms. Bernstein's total realized remuneration for the year ended 31 December 2020 is equivalent to A\$ 111,463 in aggregate. This includes base salary and other fixed benefits (employer share in certain Swiss statutory social contributions). Although Ms. Bernstein's employment commenced in October 2020, she did not participate in the 2020 SOP.

^Mr. Lange's total realized remuneration for the year ended 31 December 2020 is equivalent to A\$ 2,145,959 in aggregate. This includes base salary and other fixed benefits (employer superannuation and travel allowance). To acknowledge his past contributions and salary sacrifices and his willingness to work as a consultant for the Company until September 2021, the vesting of any unvested virtual Share Options granted under the pre-IPO VSP and the 761 Options granted in 2019 has been accelerated to 31 December 2020. Also, the vesting of 210 Options granted in 2020 has been accelerated to 31 December 2021. Mr. Lange's realized LTI is valued at the market value at vesting date.

LTI (Options) granted in 2019 and 2020

Executive Directors	Grant Date	Granted Options	Equivalent Number of CDIs	Exercise Price €	Value €	Full Vesting Date
Fabian Siegel*	03-Aug-20	700	700,000	1.53	1,070,728	01-Jan-24
CEO	27-May-19	53	53,000	0.27	14,310	01-Jan-23
Julian Lange**	04-Feb-20	700	700,000	0.18	37,784	01-Jan-24
CFO (until Dec 2020)	05-Feb-19	761	761,000	0.27	326,615	31-Dec-20
Jennifer Bernstein CFO (joined Oct 2020)	-	-	-	-	-	-

* As of 31 December 2020, 667.1 Options / 667,100 CDIs granted to Mr. Siegel were still unvested.

** As of 31 December 2020, 140 Options / 140,000 CDIs granted to Mr. Lange were still unvested.

LTI Outcome

KMP	Grant Date	Granted Options	# CDIs	Exercise Price €	Performance Test Date	Perf. Target EBITDA	Perf. Target CM	Retained Options	Vested Options*
Fabian Siegel (CEO)	17-May-19	53	53	0.27	31-Dec-20	Achieved	Achieved	53	15.9
Julian Lange** (CFO)	5-Feb-19	761	761	0.27	31-Dec-20	Achieved	Achieved	761	761
Jennifer Bernstein (CFO)	-	-	-	-	-	-	-	-	-

*Vesting occurs over 4 years in accordance with the vesting schedule (see Section 2 Framework).

**To acknowledge his past contributions and salary sacrifices and his willingness to work as a consultant for the Company until September 2021, the vesting of the 761 Options granted in 2019 has been accelerated to 31 December 2020.

SECTION 4 – MANAGEMENT BOARD CONTRACTS

Members of the Management Board have each entered into a service agreement with Marley Spoon AG. Under these service agreements, each Executive Director (*Vorstand*) is employed for approximately 3 years. In 2020, the service agreement with Mr. Lange was mutually terminated by his resignation from the Company effective 31 December 2020. Ms. Bernstein, who succeeded Mr. Lange as CFO, was appointed as a member of the Management Board (*Vorstand*) effective as of 26 October 2020 with a fixed term until 30 September 2023. Additionally, effective as of 4 December 2020, Mr. Siegel has been re-appointed as member of the Management Board (*Vorstand*) and CEO for a fixed term until 31 December 2023.

The following table sets out key terms of Mr. Siegel and Ms. Bernstein's current service agreements:

	Fabian Siegel (CEO)	Jennifer Bernstein (CFO)
Effective Date	1 January 2021 (superseding the terms of Mr. Siegel's previous service agreement dated 26 June 2018).	1 October 2020.
Fixed Term	Until 31 December 2023 (CEO Term).	Until 30 September 2023 (CFO Term and together with the CEO Term, the Term).
Total fixed annual remuneration (Base Salary)	€480,000 gross salary per annum (including superannuation equivalents). * Base Salary is subject to an annual review by the Supervisory Board.	€250,000 gross salary per annum (including superannuation equivalents). Base Salary is subject to an annual review by the Supervisory Board.
Other Benefits	Allowance for health and long-term care insurance, accident insurance.**	Employer share in certain Swiss statutory social contributions.
Short-term incentive (STI)	At the Supervisory Board's discretion. To date no STI has been included in the Company's remuneration structure.	At the Supervisory Board's discretion. To date no STI has been included in the Company's remuneration structure.
Long-term incentive (LTI)	As approved by the Shareholders, the LTI performance rights (Options) stated in Section 3.2 have been granted to Mr. Siegel.	No LTI performance rights (Options) have been granted to Ms. Bernstein in 2020.
Notice Period	During the Term, a notice period of up to 3 months applies where the CEO resigns or is revoked as member of the management board (<i>Vorstand</i>) for a "compelling reason" pursuant to Sec. 84 of the German Stock Corporation Act, namely gross breach of duty, inability to manage the business properly or withdrawal of confidence by the general meeting.	During the Term, a notice period of up to 3 months applies where the CFO resigns or is revoked as member of the management board (<i>Vorstand</i>) for a "compelling reason" pursuant to Sec. 84 of the German Stock Corporation Act, namely gross breach of duty, inability to manage the business properly or withdrawal of confidence by the general meeting.

Termination Provisions	In certain cases of the Service Agreement being terminated before the end of the Term, the CEO is entitled to a performance-based severance, subject to the following limitations: <ul style="list-style-type: none"> The amount of the severance package shall (a) not exceed the value of two years' compensation and (b) at most correspond to the remuneration for the remaining Term of the Service Agreement. The maximum severance payable to the CEO, together with any other termination benefits granted or severance package owed to another member of the Management Board of the Company, must not cumulatively exceed 5% of the equity interests of the Company as stated in the most recent annual report given to ASX. 	In certain cases of the Service Agreement being terminated before the end of the Term, the CFO is entitled to a performance-based severance, subject to the following limitations: <ul style="list-style-type: none"> The amount of the severance package shall (a) not exceed the value of two years' compensation and (b) at most correspond to the remuneration for the remaining Term of the Service Agreement. The maximum severance payable to the CFO, together with any other termination benefits granted or severance package owed to another member of the Management Board of the Company, must not cumulatively exceed 5% of the equity interests of the Company as stated in the most recent annual report given to ASX
Non-compete	During the Term, non-compete and non-solicitation provisions apply.	During the Term, non-compete and non-solicitation provisions apply.
Post-employment restraint	A 12-month non-compete restraint provision applies, subject to a monthly compensation in the amount of 50% of the respective remuneration.	A 12-month non-compete restraint provision applies, subject to a monthly compensation in the amount of 50% of the respective remuneration.

* As a result of his new contract, his salary is now commensurate with market rates.

** Mr. Siegel no longer receives a travel or living away from home allowance.

SECTION 5 – REMUNERATION OF THE SUPERVISORY BOARD (Non-Executive Directors)

Each Non-Executive Director (*Aufsichtsrat*)* receives fees to recognize her/his contribution to the work of the Supervisory Board and the associated committees that she/he serves. Non-Executive Directors do not receive any performance-related remuneration.

5.1 NON-EXECUTIVE DIRECTORS FEES

Annual Remuneration (€)	Board	ARC	NRC
Chair	81,782 (A\$ 130,000)	12,582 (A\$ 20,000)	12,582 (A\$ 20,000)
Member	50,327 (A\$ 80,000)	-	-

Directors fee pool. The maximum annual aggregate remuneration of Non-Executive Directors shall not exceed in aggregate in any financial year the amount resolved by the Shareholders from time to time at the Annual General Meeting (currently €500,000 (A\$795,000)).

Termination payments

The Non-Executive Directors do not receive retirement benefits or termination payments.

Equity Based Remuneration

During the Supervisory Board Initial Term (i.e., until the Company's 2021 AGM), the following Non-Executive Directors receive 50% of their base compensation in CDIs in the Company (calculated at the Offer Price of A\$ 1.42 per CDI and issued to the respective Non-Executive Director for a subscription price of €1.00) and the remainder in cash: Ms. Deena Schiff, Ms. Kim Anderson. The same applied to Mr. Patrick O'Sullivan who departed as a Non-Executive Director in January 2020. Ms. Robin Low, who was appointed a Non-Executive Director in January 2020, does not receive any portion of her compensation in CDIs in the Company. She rather receives 100% of her compensation in cash.

CDIs in respect of the entire Supervisory Board Initial Term have been issued to the respective Non-Executive Director upon completion of the Company's IPO (on 2 July 2018). If any of the aforementioned Non-Executive Directors do not

serve in that capacity for the entire Supervisory Board Initial Term, a proportion of such member's CDI 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 Non-Executive Director). This applies to Patrick O'Sullivan who departed as a Non-Executive Director in January 2020.

For the financial year ending 31 December 2020, the cash fees (including superannuation) payable to the current members of the Supervisory Board amount to approximately €123,000 (A\$206,000) in aggregate (excluding in respect of the CDIs awarded to Ms. Shiff, Ms. Anderson, and Mr. O'Sullivan). See table below.

5.2 NON-EXECUTIVE DIRECTORS REMUNERATION

NON-EXECUTIVE DIRECTORS	Year	Base Salary	Superannuation
		€	€
Deena Shiff	2020	36,612 (A\$ 58,198)*	3,842 (A\$ 6,109)
	2019	37,112 (A\$ 59,361)*	3,526 (A\$ 5,639)
Kim Anderson	2020	28,163 (A\$ 44,768)*	2,956 (A\$ 4,699)
	2019	28,548 (A\$ 45,662)*	2,712 (A\$ 4,338)
**Robin Low	2020	48,226 (A\$ 76,659)	5,062 (A\$ 8,047)
***Christoph Schuh	2020	-	-
	2019	-	-
****Patrick O'Sullivan	2020	4,144 (A\$ 6,588)	435 (A\$ 692)
	2019	28,548 (A\$ 45,662)	2,712 (A\$ 4,338)

*Excludes equity payments, see Section 5.1 (Equity Based Remuneration).

**Robin Low was appointed a Non-Executive Director in January 2020 and receives the entirety of her compensation in cash, unlike the Directors appointed under the Supervisory Board Initial Term (Ms. Shiff, Ms. Anderson, and Mr. O'Sullivan) who receive 50% of their compensation in CDIs in the Company.

***Christoph Schuh is currently a Partner at Lakestar and Lead Partner of the Lakestar I LP, where the Company is included beside 24 other investments, and may be entitled to receive participation of the Lakestar I LP return in total, not on the individual performance of the Company. He has agreed to forego his entitlement to any of the above fees (including CDIs) during the Supervisory Board Initial Term.

****Patrick O'Sullivan departed as a Non-Executive Director in January 2020 and was only paid up to 31 January 2020 accordingly.

SECTION 6 – OTHER INFORMATION (MOVEMENT IN KMP PERFORMANCE SHARES AND EQUITY HOLDINGS)

6.1 Performance Shares - movements during the year ending 31 December 2020

The table below shows the details of the number and value of performance Share / Option grants issued over CDIs in Marley Spoon during the year by each KMP, including their personally related parties. Performance shares / options granted in 2019 are subject to vesting and meeting certain performance targets in 2019/20 which have been achieved (see below). Performance Shares / Options granted in 2020 are subject to vesting and meeting certain performance targets in 2020/21. A waiting period of four years applies to all Options. No Options were granted to Jennifer Bernstein in 2020.

Executive Directors	Grant Date	Granted Options	Equivalent Number of CDIs	Exercise Price €	Number Options / CDIs Vested	Full Vesting
Fabian Siegel	27-May-19	53	53,000	0.27	15.9 / 15,900	01-Jan-23
CEO	03-Aug-20	700	700,000	1.53	70 / 70,000	01-Jan-24
Total		753	753,000*		85.9 / 85,900	
Julian Lange	01-Dec-14	375	375,000	-	375 / 375,000	30-Nov-18
CFO	01-Apr-15	32	32,000	-	32 / 32,000	31-Mar-19
	01-Oct-15	498	498,000	-	498 / 498,000	30-Sep-19
	01-Apr-17	88	88,000	-	88 / 88,000	31-Dec-20
	05-Feb-19	761	761,000	0.27	761 / 761,000	31-Dec-20
	04-Feb-20	700	700,000	0.18	70 / 70,000	01-Jan-24
Total		2,454	2,454,000**		2,454 / 2,454,000	

* As of 31 December 2020, 667.1 Options / 667,100 CDIs granted to Mr. Siegel were still unvested.

** As of 31 December 2020, 630 Options / 630,000 CDIs granted to Mr. Lange were still unvested.

6.2 KMP HOLDINGS OF EQUITY INTEREST IN MARLEY SPOON YEAR ENDING 31 DECEMBER 2020

KMP NAME Non-Executive Directors	Balance at Beginning of 2020	Equivalent Number of CDIs	Vested in 2020	Purchased in 2020	Sold in 2020	Equivalent Number of CDIs (balance purchased/sold)	As at end of 2020	Equivalent Number of CDIs
Deena Shiff	137	137,000	-	-	-	-	137	137,000
Kim Anderson	106	106,000	-	-	-	-	106	106,000
Robin Low	-	-	-	134	-	134,000	134	134,000
Christoph Schuh*	-	-	-	-	-	-	-	-
Patrick O'Sullivan	106	106,000	-	-	-	-	106	106,000
KMP NAME Executive Directors								
Fabian Siegel***	17,953	17,953,000	82	-	(750)	(668,000)	17,285	17,285,000
Julian Lange****	1,088	1,088,000	767	-	(100)	667,000	1,755	1,755,000
Jennifer Bernstein	-	-	-	-	-	-	-	-

* Christoph Schuh is currently a Partner at Lakestar and Lead Partner of the Lakestar I LP, where the Company is included beside 24 other investments, and may be entitled to receive participation of the Lakestar I LP return in total, not on the individual performance of the Company. He has agreed to forego his entitlement to any of the above fees (including CDI) during the Supervisory Board Initial Term.

** Patrick O'Sullivan departed as a Non-Executive Director in January 2020 and shall transfer a portion of his CDIs or the cash equivalent to the Company in due course.

*** Numbers do not include CDIs held to satisfy granted obligations under the Company's Existing Option Rights Plan (as defined in the IPO prospectus dated 6 June 2018).

**** Mr. Lange has been granted Options that can be exercised into CDIs, subject to vesting and other terms & conditions. He does not hold any Shares or CDIs in the Company. Mr. Lange has exercised a portion of his vested virtual Share options granted under the pre-IPO VSP in Q4 2020 and received the proceeds of the underlying CDIs.

2 Directors' Report

For the period January 1 to December 31, 2020

The Executive Directors of the Management Board and the Non-Executive Directors of the Supervisory Board present their report together with the financial report of the Marley Spoon Group, which consists of Marley Spoon AG (Marley Spoon) and its subsidiaries, for the financial year ended 31 December 2020, and the auditor's report.

2.1 Directors' roles and profiles

In accordance with German law, Marley Spoon has both a Supervisory Board (*Aufsichtsrat*) and a Management Board (*Vorstand*). These boards are separate; an individual may not be a member of both. The Supervisory Board appoints the members of the Management Board and supervises the activities of the Management Board. The Management Board represents Marley Spoon and is responsible for the management of its affairs.

2.2 Supervisory Board (Non-Executive Directors)

Names and profiles of the people who served on the Supervisory Board during fiscal year 2020:

Deena Shiff was appointed Independent Chairman of the Supervisory Board of the Company in June 2018. Deena is currently a Non-Executive Director of Appen Ltd. (ASX:APX), Pro Medicus Ltd. (ASX:PME) and Infrastructure Australia. She is also on the Boards of not-for-profit organizations including Opera Australia. Deena was until February 2018 on the board of the Citadel Group (ASX:CGL) where she chaired the Audit and Risk committee (ARC).

Deena was the first female Group Managing Director at Telstra, running Telstra Wholesale and then Telstra Business. In 2011, Deena established Telstra's corporate venture capital arm, Telstra Ventures. In the 1990s, Deena was a Partner at Mallesons Stephens Jaques (now King & Wood Mallesons) and prior to that was an in-house counsel and regulatory advisor. Deena received a B.Sc. (Econ) Hons from the London School of Economics and a BA (Law) Hons from the University of Cambridge. Deena was admitted as a barrister at the Inns of Court (Gray's Inn, UK) and as a solicitor in Australia. Deena is also a Fellow of the Australian Institute of Company Directors and is a graduate of the International Company Directors Course (A.I.C.D., Hong Kong).

Kim Anderson was appointed to the Supervisory Board of the Company in June 2018. Kim is a Non-Executive Director of ASX listed companies Carsales.com Ltd (ASX:CAR), WPP AUNZ (ASX:WPP) and Infomedia Ltd (ASX:IFM). She is also a director of the Sax Institute. Kim has worked for a variety of book publishers and media proprietors, including John Fairfax and Sons, Publishing and Broadcasting Limited, HarperCollins New York and the Nine Television Network, and has also played a key role in the online portal Ninemsn. In 2004, Kim joined Southern Star Entertainment as chief executive officer, before moving to the US as chief executive officer and founder of The Reading Room, Inc. Kim attended the University of Sydney (BA) and UTS (Postgraduate Diploma in Library and Information Science). Kim chairs Marley Spoon's Nominations and Remuneration Committee (NRC).

Christoph Schuh was appointed to the Supervisory Board of the Company in April 2018, having served as a member of the advisory board of the Company prior to its conversion to a German stock corporation. Christoph Schuh has more than 20 years of experience investing in and operating digital companies. He is currently a Partner at Lakestar, a European Venture Capital firm, where he represents the company on multiple corporate boards, including Marley Spoon's. Christoph has been a co-founder and previous Management Board member of Tomorrow Focus AG, an internet portfolio player listed on the Frankfurt Stock Exchange. Fix spacing Previously, he worked for the media conglomerates Bertelsmann and Burda in various management roles and acted as an advisor at different companies, such as the private equity firm BC Partners and the investment bank GC Altium. Christoph received a diploma with distinction in Business Administration and Economics from the University of Cologne.

Robin Low has been an appointed member of the Supervisory Board, effective 29 January 2020, for the remainder of the Supervisory Board's Initial Term. Robin currently holds ASX listed directorships with Appen Ltd. (ASX:APX), AUB Group Limited (ASX:AUB) and IPH Limited (ASX:IPH). Until February 2020, Robin was on the board of CSG Limited (ASX:CSV) where she chaired the Audit and Risk Committee. She was with PricewaterhouseCoopers for over 28 years where she was a partner specializing in audit and risk management. Robin is past deputy chairman of the Auditing and Assurance Standards board and has also been a member of the Australian Reinsurance Pool Corporation. Her not-for-profit directorships are Guide Dogs NSW/ACT, Primary Ethics and Public Education Foundation. Robin chairs Marley Spoon's Audit and Risk Committee.

2.3 Management Board (Executive Directors)

Names and profiles of the people who served on the Management Board during fiscal year 2020:

Fabian Siegel founded Marley Spoon in May 2014 with Till Neatby and is the current Chief Executive Officer (CEO) of the Company. Fabian has an entrepreneurial background, having co-founded global online restaurant food delivery service Delivery Hero in 2010 (listed on the Frankfurt Stock Exchange in June 2017). He also co-founded Germany's first online auction business (Auktionet in 1996), served as CTO in Europe's online payments services brands (ClickandBuy in 2000), co-founded a financial services startup (Strateer Inc. in 2008), and served as President & COO of a browser technology company (Klikin Inc. in 2009). Immediately prior to Marley Spoon, Fabian was a Partner at Global Founders Capital.

Jennifer Bernstein was appointed to the Management Board in October 2020 and serves as Marley Spoon's Chief Financial Officer (CFO). Jennifer's responsibilities as CFO at Marley Spoon include accounting, controllership, financial reporting and analysis and treasury. Prior to joining Marley Spoon, she spent nearly 13 years in consumer goods at PepsiCo in various senior finance leadership roles in the US and in Europe.

Julian Lange served as a member of the Management Board of Marley Spoon until his resignation became effective on 31 December 2020.

2.4 Supervisory Board meetings (including committee meetings)

The number of scheduled Board and committee meetings held during the year ended 31 December 2020 and the number of meetings attended by each Director is set below:

	Supervisory Board		ARC		NRC	
	A	B	A	B	A	B
Deena Shiff	14	14	4	4	3	3
Kim Anderson	14	14	-	-	3	3
Christoph Schuh	14	14	4	3	-	-
Robin Low	14	14	4	4	3	3

A: Meetings eligible to attend **B:** Meetings attended

2.5 Nomination and Remuneration Committee meetings

The Nomination and Remuneration Committee is chaired by Kim Anderson. In 2020, Deena Shiff and Robin Low were members of the NRC.

In 2020 two NRC meetings were held on 29 January and 25 February as part of the Supervisory Board meetings held at these dates. A third NRC meeting was held on 28 October. All members attended these meetings.

2.6 Audit and Risks Committee meetings

In 2020, the ARC was chaired by Ms. Robin Low. Members were Deena Shiff and Christoph Schuh.

In 2020 four ARC meetings were held on 25 February, 15 May, 26 August and 23 November as part of the Supervisory Board meetings held on those dates. All members attended three of these meetings. In one of the meetings, Christoph Schuh was excused.

2.7 Remuneration Practice

2.7.1 Supervisory Board (Non-Executive Directors)

The remuneration practice for the Supervisory Board is discussed in detail in section 5 of the Remuneration Report.

2.7.2 Management Board (Executive Directors)

The remuneration practice for the Management Board is discussed in detail in section 3 of the Remuneration Report.

2.8 Operating result

In 2020 revenues were up EUR 124.4 million or 96% to EUR 254.0 million compared with the 2019 financial year (EUR 129.6 million), or 101% on a constant currency basis. By segment, the major growth was in the US +126%, followed by AU +76% and EU +66%. The revenue growth was driven by an increase in active subscribers totaling 227 thousand at the end of the fourth quarter of 2020, up 83% from the previous corresponding period. Strong repeat purchases also contributed to the Company's growth.

EBIT was EUR (7.4) million in 2020, compared to (34.8) million in 2019. This lower loss was due to the increase of global contribution margin to 29% in 2020 compared to 25% in 2019.

2.9 Review of operations

2020 was a historic and challenging year, starting with Australia's bushfires followed by the global COVID-19 pandemic. Marley Spoon responded to a range of operational challenges, including rising input costs, labor shortages stemming from a surge in ecommerce, and supply disruptions. Despite these headwinds, the Company delivered outstanding performance, responding to an acceleration of customer adoption of online shopping which led to a very favorable customer acquisition environment.

Revenue for the full year grew 101% on a constant currency basis, reaching EUR 254.0 million, with every operating segment contributing. Contribution margin expanded 4 percentage points to 29%, as a result of increased scale and operational efficiencies. The significant growth in both topline and margin enabled Marley Spoon to deliver positive Operating EBITDA for the first time in Q2 2020, a performance it repeated in the subsequent two quarters, achieving breakeven for the full year. The US delivered three quarters of positive Operating EBITDA alongside Australia. Excluding headquarter costs, Europe was close to breakeven. Marley Spoon also achieved a first in the Company's history, delivering positive Cash Flow from Operating Activities for the full year.

We invested in proprietary digital technology that will enable greater choice and personalization. We realized marketing efficiency by reducing our marketing budget as a percentage of Net Revenue from 26% to 15%. Finally, we expanded our manufacturing capacity with the opening of the Company's 7th fulfillment center while laying the groundwork for further capacity expansion in Australia and the US.

In addition, we launched the Dinnerly brand in Germany in 2020, advancing our portfolio expansion strategy.

2.10 Significant changes in the State of Affairs

In April 2020, Marley Spoon extended its licensing partnership with Martha Stewart Living Omnimedia until the end of 2023 and restructured its royalty payments leading to reduced annual payments. Marley Spoon opened its third fulfillment center in Australia in December 2020 in Western Australia (Perth). We also began construction on an expanded fulfillment center in Sydney, scheduled for completion in 2021.

In addition, Marley Spoon successfully completed two equity funding rounds, providing capital to finance the further growth of the business, the proceeds of which enabled the Company to retire its senior secured debt facility. Finally, three convertible bondholders exercised their conversion rights of interest-bearing bonds to equity. Please see note 6.7 to the Consolidated Financial Statements for details.

2.11 Principal Activities

Marley Spoon is a subscription-based weekly meal kit service that services customers in three primary regions: the United States, Australia and Europe (servicing Austria, Belgium, Denmark, Germany, the Netherlands and Sweden). A meal kit is a box, usually sent directly to a customer's home, which includes the required quantity of ingredients to cook, typically two or more meals, along with step-by-step recipe instructions.

No significant change in the nature of these activities occurred during the year.

2.12 Events after the balance sheet date

EUR 2.5 million loan repayment to Berliner Volksbank (BVB)

On 29 January 2021, the Company retired the 2018 unsecured loan in its entirety, repaying the outstanding aggregate amount of EUR 2.5 million.

New Market

In February 2021, Marley Spoon began deliveries of Dinnerly to the Netherlands. The meal kits are shipped from the Company's fulfilment center located in the Netherlands.

New Leased Facility

On 3 February 2021 the Company signed a 10-year lease for a new fulfilment center facility in Tracy, California, adding additional capacity which will enable the US segment to respond to continued demand for Marley Spoon's products.

2.13 Environmental issues

The Company is compliant with all relevant national and local laws as well as regulations in relation to environmental performance, management and reporting. In 2020, there was no reportable incident recorded.

2.14 Dividends

Marley Spoon did not pay any dividends in 2020.

2.15 Share Options

The Company has set up a Share Option plan for employees and members of the Management Board. Please see note 8.2 to the Consolidated Financial Statements for details.

As at 31 December 2020, the Company had 2 convertible bonds (*Wandelschuldverschreibungen*) issued and outstanding to the following holders:

- Two secured convertible bonds, in the principal amount of AUD 4,047,250 (WOW II Bond) and in the principal amount of AUD 23,000 thousand (WOW I Bond, tranche 2) outstanding with Woolworths Group Ltd. (WOW).

Please see note 6.7 to the Consolidated Financial Statements for details.

2.16 Indemnifying office or auditor

During the financial year 2020, Marley Spoon has paid insurance premiums in respect of directors' and officers' liability insurance contracts (D&O). The D&O insures each person who is or has been a director or officer of the Company or its subsidiaries against certain liabilities arising in the course of their duties to the Company and its subsidiaries.

2.17 Proceedings on behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. Marley Spoon Group was not party to any such proceedings during the year.

For personal use only

Berlin, 24 February 2021

For the Supervisory Board: Deena Shiff (Chairman)

For the Management Board: Fabian Siegel (CEO)

For personal use only

3 Shareholder information

Shareholder information required by the Australian Securities Exchange Limited (ASX) Listing Rules and not disclosed elsewhere in this document is set out below.

The Share capital of the Company is divided into 256,025 no-par-value Shares (Shares without nominal value) (**Shares**). In accordance with the Company's prospectus dated 6 June 2018, 1,000 CHESS Depository Interests (**CDIs**) equates to 1 Share in the Company. As at the date of this Report, 256,025,000 CDIs are issued which represent all 256,025 Shares in the Company.

The following information is provided on a consolidated basis:

3.1 Link to Marley Spoon's Corporate Governance Statement

In accordance with the 4th edition of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* (**Governance Principles**), the 2020 Corporate Governance Statement, as approved by the Supervisory Board, is available on the Company's website at: <https://ir.marleyspoon.com/investor-centre/>. The Corporate Governance Statement evaluates the extent to which Marley Spoon has followed the Governance Principles during the 2020 financial year.

3.2 Substantial Shareholders

The number of securities held by substantial beneficial Shareholders is set out below:

Shareholder	CDIs	% IC
Conifer Capital Management/Acacia (New York)	48,368,423	18.89
Union Square Ventures (New York)	42,962,000	16.78
Mr. Fabian Siegel (Berlin)*	24,613,433	9.61
Perennial Value Management (Sydney)	21,729,993	8.49

* A total of 7,416,982 CDIs is held to satisfy up to an equivalent number of granted obligations under the Company's Existing Option Rights Plan (as defined in the IPO prospectus dated 6 June 2018)

3.3 Number of security holders and securities on issue

Marley Spoon has issued the following securities:

- 256,025 no-par-value Shares (Shares without nominal value) held by 1 Shareholder (Chess Depository Nominees Pty Ltd.; "CDN");
- 256,025,000 CDIs held by 3,277 CDI holders (as of 31 December 2020) representing 256,025 Shares of (a);
- 7,417 Employee Share Options (**Options**) held by 278 Option holders;
- 2 convertible bonds (*Wandelschuldverschreibungen*) held by 1 bondholder.

3.4 Voting rights

Shares

The voting rights attached to Shares are one vote per Share, which can be exercised in person or by proxy at the Company's general meeting following registration with the Company and presentation of proof of ownership / representation right of the respective Shares.

CDIs

CDI holders may attend and vote at the Company's general meeting by doing any of the following:

- Instructing CDN to vote the Shares underlying the CDIs in a particular manner;
- Informing CDN that they wish to nominate themselves or another person to be appointed as CDN's proxy with respect to their Shares underlying the CDIs for the purpose of attending and voting at the general meeting; or
- Converting their CDIs into Shares and voting these at the general meeting. CDI holders will be entitled to one vote for every 1,000 CDIs they hold.

Warrants

Warrant holders do not have any voting rights on the Warrants held by them.

Options

Option holders do not have any voting rights on the Options held by them.

Convertible Bonds

Bondholders do not have any voting rights on the convertible bonds held by them.

3.5 Distribution of security holders

Range	CDIs (as at 31 December 2020)			
	Securities	%	No. of holders	%
100,001 and Over	238,042,435	92.98	74	2.26
10,001 to 100,000	11,500,431	4.49	389	11.86
5,001 to 10,000	3,015,356	1.18	382	11.64
1,001 to 5,000	2,771,480	1.08	1,066	32.49
1 to 1,000	695,298	0.27	1,370	41.76
Total	256,025,000	100.00	3,281	100.00

Category	Unquoted Convertible Bonds (as at 31 December 2020)			
	No. of CDIs	Total Holders	No. of CDIs	%
1 – 1,000	-	-	-	-
1,001 – 5,000	-	-	-	-
5,001 – 10,000	-	-	-	-
10,001 – 100,000	-	-	-	-
101,000 and over	1	1	9,755,734	100
Total		1	9,755,734	100

3.6 Unmarketable parcel of Shares

The number of CDI holders holding less than a marketable parcel of securities (being A\$500) is 170 (as of 31 December 2020).

3.7 Twenty largest Shareholders

Details of the 20 largest direct CDI holders by registered Shareholding are as follows:

Rank	Name	31-Dec-20	% IC
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	51,821,167	20.24
2	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	43,393,692	16.95
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	18,436,338	7.20
4	NATIONAL NOMINEES LIMITED	16,571,272	6.7
5	AKW CAPITAL GMBH	16,406,451	6.41
6	CITICORP NOMINEES PTY LIMITED	14,816,528	5.79
7	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	11,856,503	4.63
8	LAKESTAR I LP	9,008,000	3.52
9	QD INVESTMENTS LTD	7,455,000	2.91
10	BNP PARIBAS NOMINEES PTY LTD	6,813,028	2.66
11	MARLEY SPOON EMPLOYEE TRUST UG	6,618,246	2.58
12	BNP PARIBAS NOMS PTY LTD	5,634,399	2.20
13	CS THIRD NOMINEES PTY LIMITED	3,460,195	1.35
14	MEXATTAX GMBH	3,016,000	1.18

For personal use only

15	OMPL PTY LIMITED	2,462,000	0.96
16	CBC CO PTY LIMITED	1,514,812	0.59
17	UBS NOMINEES PTY LTD	1,001,200	0.39
18	BOND STREET CUSTODIANS LIMITED	1,000,000	0.39
19	VOSTOK NEW VENTURES (CYPRUS) LIMITED	996,000	0.39
20	MR KENNETH JOSEPH HALL	960,000	0.37
	Total	223,240,831	87.19
	Grand total	256,025,000	100.00

3.8 Name of the entity's secretary

Dr. Mathias Hansen (General Counsel) has been appointed to act in a company secretarial role.

3.9 Address and telephone number of the company's registered office in Australia; and of its principle administrative office, if both are different

The Company's registered office and principal place of business is: Paul-Lincke-Ufer 39/40, 10999 Berlin, Germany (P: +491716115916). The Australian office is located at c/o MarleySpoon Pty Ltd (AU), Suite 2.03, Building 2, Sydney Corporate Park, 190 Bourke Road, Alexandria NSW 2015 (P: +612 6145 2910).

3.10 Address and telephone number of each office at which a register of securities, register of depositary receipts or other facilities for registration of transfers is kept

Link Market Services, Locked Bag A14, Sydney South NSW 1235, P: +61 1300 554 474 (toll free within Australia).

3.11 A list of other stock exchanges on which any of the company's securities are quoted

Marley Spoon's securities are not listed on any other stock exchange.

3.12 The number and class of restricted securities or securities subject to voluntary escrow that are on issue and the date the escrow period ends

There are no restricted securities or securities in escrow as of period end.

3.13 Unquoted securities

Shares

None

Warrants

None

Options

7,417 Employee Share Options (**Options**) held by 278 Option holders.

Convertible Bonds

There are 2 unquoted convertible bonds held by 1 bondholder. Details of holders of 20% or more of the convertible bonds are as follows:

Name	Number	%
W23 INVESTMENTS PTY LIMITED*	2	100

* an affiliate of Woolworths Group Limited (ASX: WOW)

3.14 On market buy-back

There is no current on market buy-back.

3.15 Statement regarding use of cash assets

During the period between 1 January 2020 and 31 December 2020, the Company used its cash and assets readily convertible to cash in a way consistent with its business objectives set out in the 2019 Annual Report dated 25 February 2020, in public disclosures made during the reporting period, and in this annual report.

3.16 The following is a summary of any issues of securities approved for the purposes of Item 7 of section 611 of the Corporations act which have not yet been completed.

N/A

3.17 If during the reporting period any securities were purchased on-market:

N/A

3.18 Other

In accordance with the ASX decision confirming Marley Spoon's admission to the ASX, Marley Spoon provides the following information:

- names of all substantial holders in the Company: see Sec. 3.7 above;
- the place of the Company's incorporation is Berlin, Germany;
- the Company is not subject to chapters 6, 6A, 6B and 6C of the Corporations Act 2001 (Cth) dealing with the acquisition of its Shares (including substantial holdings and takeovers);
- there are no limitations on the acquisition of securities imposed by the jurisdiction in which the Company is incorporated or registered;
- there are no limitations on the acquisition of securities imposed under the Company's constitution.

4 Corporate Governance Statement

The Company's Corporate Governance Statement for the financial year 2020 is published separately from the management report on the Company's website: <https://ir.marleyspoon.com/investor-centre/>

GROUP CONSOLIDATED FINANCIAL STATEMENTS

1 Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR in thousands	Note	2020	2019
ASSETS			
Non-current Assets			
Property, plant, and equipment	7.1	11,163	7,716
Right-of-use assets	7.2	9,878	12,432
Intangible assets	7.3	4,939	3,439
Non-current financial assets	6.4	3,044	1,356
Total non-current assets		29,024	24,943
Current Assets			
Inventories	7.5	6,570	3,736
Trade Receivables	6.5	697	522
Other non-financial assets	7.7	2,356	2,352
Cash and cash equivalents	6.6	34,438	5,433
Total Current Assets		44,061	12,044
Total Assets		73,085	36,987
LIABILITIES AND EQUITY			
Lease liabilities	7.2	6,746	8,192
Interest bearing loans and borrowings	6.7	17,725	36,369
Derivative financial instruments	6.2	3,479	2,521
Total non-current liabilities		27,950	47,082
Current liabilities			
Trade and other payables	6.8	17,472	12,919
Derivative financial instruments	6.2	215	62
Contract liabilities	7.8	944	234
Interest bearing loans and borrowings	6.7	3,433	773
Lease liabilities – current	7.2	4,591	5,143
Other financial liabilities	6.9	7,864	5,279
Other non-financial liabilities	7.8	2,488	1,213
Total Current Liabilities		37,008	25,622
Equity			
Share capital	8.1	256	159
Capital reserve	8.1	229,671	99,417
Other reserves	8.2	6,166	5,736
Currency translation reserve	8.3	(550)	17
Accumulated net earnings (losses)		(226,485)	(140,246)
Equity attributable to equity holders of the parent		9,058	(34,916)
Non-controlling interests		(930)	(800)
Total Equity		8,127	(35,716)
Total Liabilities and Equity		73,085	36,987

For personal use only

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR in thousands	Note	2020	2019
Revenue	3	254,033	129,558
Cost of goods sold	4.1	(133,287)	(71,763)
Gross profit		120,746	57,795
Fulfilment expenses	4.1	(46,601)	(25,463)
Marketing expenses	4.1	(39,294)	(34,243)
General & administrative expenses	4.1	(42,279)	(32,873)
Earnings before interest & taxes (EBIT)		(7,428)	(34,784)
Financing income	4.2	64	37
Financing expenses	4.2	(7,450)	(5,635)
Derivative Instruments	4.2	(71,414)	5,540
Earnings before taxes (EBT)		(86,229)	(34,841)
Income tax expenses	5	(140)	(31)
Loss for the year		(86,369)	(34,872)
Net income / (loss) for the year attributed to:			
Equity holders of the parent		(86,239)	(34,549)
Non-controlling interest		(130)	(324)
Other comprehensive income / (loss) for the year			
Items that may be subsequently reclassified to profit or loss	8.3	(567)	1
Foreign exchange effects		(567)	1
Total comprehensive income / (loss) for the year, net of tax		(86,936)	(34,872)
Total comprehensive income attributable to:			
Equity holders of the parent		(86,806)	(34,548)
Non-controlling interests		(130)	(324)
Basic and diluted earnings per Share	15	(0.46)	(0.24)

For personal use only

STATEMENT OF CHANGES IN EQUITY 2020

EUR in thousands	Note	Attributable to Owners of the Parent						Total	Attributable NCI	Equity
		Share Capital	Treasury Shares	Capital Reserves	Other Reserves	Accumulated Net Earnings / (Losses)	Currency Translation Reserve			
Balance as at 1 January 2020		159		99,417	5,736	(140,246)	17	(34,916)	(800)	(35,715)
Net income / (loss) for the period		-		-	-	(86,239)	-	(86,239)	(130)	(86,369)
Other comprehensive income (loss)		-		-	-	-	(567)	(567)		(567)
Total Comprehensive Income		-		-	-	(86,239)	(567)	(86,806)	(130)	(86,936)
Issuance of Share capital	8.1	33		43,785	-	-	-	43,818	-	43,818
Conversion of bonds	8.1	55		72,661	-	-	-	72,716	-	72,716
Exercise of Warrants	8.1	9		15,965	-	-	-	15,974	-	15,974
Receipt of Shares for employee option exercise	8.1		(2)	1,667						1,667
Shares transferred to Employees	8.1		2	(1,667)						(1,667)
Cash on Exercise of employee options	8.1	-		119		-	-	119	-	119
Employee Share-based payment expense	8.2	-		-	430	-	-	430	-	430
Transaction costs for issuance of Shares		-		(2,276)	-	-	-	(2,276)	-	(2,276)
Balance as at 31 December 2020		256		229,671	6,166	(226,485)	(550)	9,058	(930)	8,127

STATEMENT OF CHANGES IN EQUITY 2019

EUR in thousands	Note	Attributable to Owners of the Parent					Total	Attributable to NCI	Equity
		Share Capital	Capital Reserves	Other Reserves	Accumulated Net Earnings / (Losses)	Currency Translation Reserve			
Balance as at 1 January 2019		140	95,458	5,368	(105,692)	17	(4,709)	(477)	(5,186)
Net income / (loss) for the period		-	-	-	(34,554)	-	(34,554)	(323)	(34,877)
Total Comprehensive Income		-	-	-	(140,246)	17	(39,262)	(800)	(40,061)
Issuance of Share capital	8.1	18	3,959	-	-	-	3,977	-	3,977
Employee Share-based payment expense	8.2	-	-	369	-	-	369	-	369
Balances as at 31 December 2019		159	99,417	5,736	(140,246)	17	(34,916)	(800)	(35,715)

STATEMENT OF CASH FLOWS

EUR in thousands	Note	2020	2019
Operating activities			
Net income for the period (loss)		(86,369)	(34,872)
Adjustments for:			
Depreciation and impairment of property, plant, and equipment	7.1	1,227	948
Depreciation of right-of-use assets	7.2	3,510	2,986
Amortization and impairment of intangible assets	7.3	1,755	688
Increase (decrease) in Share-based payments	8.2	430	369
Financing income and expense	4.2	78,801	58
Interest paid	4.2	(288)	(974)
Other non-cash movements	8.3	470	(292)
Working capital adjustments:			
Decrease (increase) in inventory	7.5	(2,834)	(296)
Increase (decrease) in accounts payable and accrued expenses	6.8/6.9	7,466	664
Decrease (increase) receivables	6.5	(175)	26
Increase (decrease) in other assets and liabilities	6.4/7.7/7.8	413	422
Net cash flows from operating activities		4,407	(30,273)
Investing activities			
Purchase of property, plant, and equipment	7.1	(5,234)	(4,405)
Purchase/development of intangible assets	7.3	(3,333)	(1,848)
Net cash flows used in investing activities		(8,568)	(6,253)
Financing activities			
Proceeds from the issuance of Share capital	8.1	43,827	4,072
Proceeds from exercise of Warrants	8.1	2,013	-
Proceeds from employee Option exercise	8.1	119	-
Costs from the issuance of Share capital	8.1	(2,276)	(95)
Proceeds from borrowings	6.7	3,464	43,199
Cost from borrowings	6.7	(474)	(653)
Paid interests		(749)	(469)
Repayment of borrowings	6.7	(7,563)	(9,068)
Lease payments	7.2	(4,668)	(3,679)
Net cash flows from/ (used in) financing activities		33,694	33,308
Net increase (decrease) in cash and cash equivalents		29,533	(3,218)
Net foreign exchange difference		(527)	8
Cash and cash equivalents as at 1 January		5,433	8,643
Cash and cash equivalents as at 31 December		34,438	5,433



How numbers are calculated

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

Description of the business and segment information

Revenue

Other income and expense items

Income tax expense

Financial assets and liabilities

Non-financial assets and liabilities

Equity

Critical estimates, judgments and errors

Financial risk management

Capital management

Group structure

For personal use only



2 Description of the business & segment information

These financial statements are for the Group consisting of Marley Spoon AG and its subsidiaries (hereafter “the Group”). The Group’s principal business activity is to create original recipes, which are sent along with fresh, high-quality, seasonal ingredients directly to customers for them to prepare, cook, and enjoy. Customers can choose which recipes they would like to receive in a given week, and receive the pre-portioned ingredients delivered to their doorstep by third-party logistics partners.

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).

The activities currently span nine countries: Australia (AU), Austria (EU), Belgium (EU), Denmark (EU), Germany (EU), the Netherlands (EU), Portugal (EU), Sweden (EU) and the United States of America (US). These activities comprise three operating segments which are Australia (AU), Europe (EU), and the United States of America (US).

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

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

The accounting policies of the operating segments are the same as those described in note 17 (“Summary of significant accounting policies”). The Group accounts for inter-segment sales and transfers as if the sales or transfers were to third parties where the arm’s length principle applies.

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

Segment reporting

The reported operating segments are strategic business units that are managed separately. The Group’s CODM reviews the segment as per the region. The “Holdings” column represents royalty charges paid to the Group and interest income on loans with subsidiaries. The Group consolidation (“Conso” column) eliminates intercompany transactions.

Operating EBITDA, a measure of segment performance, excludes the effects of special items such as 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.

EUR in thousands	2020						
	USA	Australia	Europe	Total	Holdings	Conso	Group
Total revenue	127,220	85,981	40,832	254,033	19,572	(19,572)	254,033
Internal revenue	-	-	-	-	19,572	(19,572)	-
External revenue	127,220	85,981	40,832	254,033	-	-	254,033
Contribution margin ¹	32,695	31,358	10,093	74,146	19,572	(19,572)	74,146
Operating EBITDA	4,084	9,713	(14,303)	(506)	-	-	(506)
Internal charges & royalties	(7,380)	(4,502)	(2,640)	(14,523)	-	14,523	-
Special items ²	-	-	(430)	(430)	-	-	(430)
Depreciation and amortization	(2,688)	(1,504)	(2,300)	(6,492)	-	-	(6,492)
EBIT	(5,985)	3,707	(19,673)	(21,951)	-	14,523	(7,428)
Intercompany interest	(3,125)	(1,024)	(900)	(5,049)	-	5,049	-

Interest on lease liabilities	(1,188)	(127)	(448)	(1,763)	-	-	(1,763)
External financing costs	(1,433)	108	(4,299)	(5,624)	-	-	(5,624)
Fair value changes Derivative financial instruments	-	(187)	-	(187)	(71,226)	-	(71,414)
Earnings before tax	(11,731)	2,477	(25,320)	(34,575)	(71,226)	19,572	(86,229)

EUR in thousands	2019						
	USA	Australia	Europe	Total	Holdings	Conso	Group
Total revenue	56,122	48,830	24,605	129,558	12,157	(12,157)	129,558
Internal revenue	-	-	-	-	12,157	(12,157)	-
External revenue	56,122	48,830	24,605	129,558	-	-	129,558
Contribution margin ¹	11,356	16,053	4,924	32,332	12,157	(12,157)	32,332
Operating EBITDA	(13,023)	(1,688)	(15,088)	(29,799)	-	-	(29,799)
Internal charges & royalty	(3,404)	(2,994)	(1,030)	(7,429)	-	7,429	-
Special items ²	-	-	(369)	(369)	-	-	(369)
Depreciation and amortization	(2,229)	(889)	(1,503)	(4,621)	-	-	(4,621)
EBIT	(18,657)	(5,571)	(17,990)	(42,218)	-	7,429	(34,784)
Intercompany interest	(3,108)	(889)	(732)	(4,729)	-	4,729	-
Interest on lease liabilities	(1,165)	(229)	(199)	(1,593)	-	-	(1,593)
External financing costs	(343)	(62)	(3,599)	(4,004)	-	-	(4,004)
Fair value changes derivative financial instruments	-	-	-	-	5,540	-	5,540
Earnings before tax	(23,273)	(6,751)	(22,520)	(52,544)	5,540	12,157	(34,841)

- (1) Contribution margin consists of revenue from external customers less cost of goods sold and fulfillment expenses.
- (2) Special items consist of the following items: employee stock option program (ESOP) expense EUR 430 thousand (2019: EUR 369 thousand).

The 2020 revenues generated within Germany amounted to EUR 15,355 thousand (2019: EUR 7,568 thousand). Revenues from 2020 for all other countries amounted to EUR 238,678 thousand (2019: EUR 121,989 thousand). The Group recognizes its segments based on geographical region. The United States of America and Australia represent the largest markets and are separately segmented. Revenues in the Netherlands, Belgium, Denmark, Sweden, Portugal, Austria, and Germany are segmented as Europe.

The Group has intercompany transactions that cross continents relating to intercompany financing transactions between the parent and the subsidiaries, the associated interest, royalty charges, and group performed low value-added services. The royalty and interest charges are based on independent benchmark studies.

3 Revenue

Marley Spoon provides delightful, market fresh, and easy cooking solutions to its customers in eight countries. The product is a meal kit, which is delivered on a weekly basis directly to customers at their designated delivery time and it contains all key ingredients required to prepare delightful homemade meals.

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

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

The Group complies with IFRS 15 requirements to disaggregate revenue from contracts with customers by geographical region (refer to Note 2).

4 Other income and expense items

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

4.1 Breakdown of expenses by nature

EUR in thousands	2020			
	Cost of Goods Sold	Fulfilment Expense	Marketing Expense	General & Administrative
Raw materials and direct fulfillment costs	107,754	46,601	-	-
Other operating expense	-	-	35,870	15,226
Depreciation and amortization	3,706	-	-	2,786
Employee benefits expenses				
Wages and salaries	20,130	-	3,158	21,946
Social security costs	762	-	119	848
Defined contribution plan expenses	936	-	147	1,042
Share-based payment expense	-	-	-	430
Total	133,287	46,601	39,294	42,279

EUR in thousands	2019			
	Cost of Goods Sold	Fulfilment Expense	Marketing Expense	General & Administrative
Raw materials and direct fulfillment costs	58,122	25,463	-	-
Other operating expense	-	-	31,030	9,161
Depreciation and amortization	2,504	-	-	1,278
Employee benefits expenses				
Wages and salaries	9,727	-	2,852	19,585
Social security costs	726	-	186	1,277
Defined contribution plan expenses	684	-	175	1,203
Share-based payment expense	-	-	-	369
Total	71,763	25,463	34,243	32,873

4.2 Financing income and expenses

Financing income and expenses are those associated with the interest paid on borrowings, derivative financial instruments and the adjustments for loans which are valued at amortized costs. The Group measures financial instruments such as derivatives, at fair value at each balance sheet date. The changes in the fair value of the derivative instruments are recognized on the Group's earnings before tax.

EUR in thousands	2020	2019
Interest earned on bank balances	31	29
Currency translation gains (losses)	33	8
Financing Income	64	37

EUR in thousands	2020	2019
Nominal interest expense on borrowings	(1,707)	(3,070)
Interest on lease liabilities	(1,763)	(1,593)
Retirement cost on borrowings	(474)	-
Effects of effective interest method on borrowings	(3,506)	(972)
Financing Expense	(7,450)	(5,635)

EUR in thousands	2020	2019
Derivative financial instrument changes in fair value	(71,414)	5,540
Derivative Instrument	(71,414)	5,540

5 Income Tax Expense

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

EUR in thousands	2020	2019
Current tax expense	(140)	(31)
Deferred tax	-	-

EUR in thousands	2020	2019
EBT	(86,229)	(34,841)
Tax calculation at domestic tax rates applicable to results in the respective jurisdiction	25,140	9,513
Tax impact of non-deductible expenses		
- Share-based payment expense	129	109
- Fair value adjustments derivatives	21,037	(1,629)
- Other	(183)	15
Taxes for prior years	(114)	0
Unrecognized tax losses for the year	4,131	8,039
Income tax benefit (expense) for the year	(140)	(31)
Effective tax rate	-%	-%

The weighted average applicable tax rate for the year ended 31 December 2020 was 29.2% (2019: 27.3%) 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.

6 Financial assets and financial liabilities

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

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

6.1 Financial assets and financial liabilities

The Group holds the following financial instruments:

Financial Assets (EUR in thousands)	Notes	31 December 2020	31 December 2019
Financial assets measured at amortized cost			
Non-current financial assets	6.4	3,044	1,356
Trade and other receivables	6.5	697	522
Total		3,741	1,878

Financial Liabilities (EUR in thousands)	Notes	31 December 2020	31 December 2019
Financial Liabilities measured at amortized cost			
Borrowings (current & non-current)	6.7	21,157	35,522
Trade and other payables	6.8	17,472	12,919
Other financial liabilities	6.9	7,864	5,279
Financial Liabilities measured at fair value		46,495	53,720
Derivative financial instruments	6.2	3,694	2,583
Total		50,189	56,303

In accordance with IFRS 7.20 (a), net gains and losses of financial instruments are to be disclosed for each measurement category in line with IFRS 9. The net results of the individual measurement categories pursuant to IFRS 9 are as follows:

Financial Assets and Liabilities (EUR in thousands)	2020	2019
Financial assets measured at amortized cost	31	29
Financial liabilities measured at amortized cost	(7,417)	(5,306)
Financial liabilities measured at fair value through profit and loss	(71,414)	(5,220)
Total	(78,801)	(57)

6.2 Derivative financial instruments

The derivative financial instruments break down as follows:

EUR in thousands	31 December 2020	31 December 2019
Warrant agreements	-	6
Forward derivatives	215	56
Derivative financial instruments – current	215	62
Convertible right on the bonds	3,479	2,521
Derivative financial instruments – non-current	3,479	2,521
Balance as at 31 December	3,694	2,583

Warrant agreements

The Group granted Warrants, which are classified as a derivative financial liability 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 rate (December 2019: 0.00%) and other input data were used. Especially relevant is the Share price at valuation and balance sheet date (AUD 270 per Share as at 31 December 2019) and the volatility (31 December 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.

Forward derivative

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

Convertible bonds agreements

The Group issued convertible bonds during 2020 and 2019, 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 (31 December 2020: 0.00%) and other input data were used. Especially relevant is the Share price at valuation and balance sheet date (AUD 270 per Share), the volatility (31 December 2020: 79.24%) 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 6.7.

6.3 Fair value of financial instruments

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

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

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

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

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

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

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

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

EUR in thousands	Note		31 December 2020		31 December 2019	
Financial assets		Fair Value Hierarchy	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Other non-current financial assets	6.4	n/a	3,044	3,044	1,356	1,356
Trade and other receivables	6.5	n/a	697	697	522	522
Cash and cash equivalents	6.6	n/a	34,438	34,438	5,433	5,433
Total			38,180	38,180	7,311	7,311
Financial liabilities		Fair Value Hierarchy	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Borrowings (current & non-current)	6.7	n/a	21,158	21,158	37,142	37,142
Trade and other payables	6.8	n/a	17,472	17,472	12,919	12,919
Forward	6.2	2	215	215	56	56
Derivative financial instruments (non-current)	6.2	3	3,479	3,479	2,521	2,521
Other financial liabilities	6.9	n/a	7,864	7,864	5,279	5,279
Total			50,189	50,189	57,917	57,917

For liquid assets, other short-term financial instruments and other non-current financial assets, the fair values equal approximately their carrying amounts at closing date. The Group measures derivatives at fair value at each balance sheet date.

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values including the profit and loss impact.

EUR in thousands	2020	
	Convertible Options	Warrant
Balance as at 1 January	(2,521)	(6)
Issuances	(927)	(929)
Gains / (losses) included in profit & loss		
Net change in the fair value	(57,308)	(13,017)
Transfers	57,277	13,952
Balance as at 31 December	(3,479)	-

EUR in thousands	2019	
	Convertible Options	Warrant
Balance as at 1 January	-	(12)
Issuances	(8,027)	-
Gains / (losses) included in profit & loss		
Net change in the fair value	5,506	6
Transfers	-	-
Balance as at 31 December	(2,521)	(6)

For those financial assets and liabilities held at fair value at the end of 31 December 2020, a negative effect of EUR (56,870) thousand was included in financing income in the Statement of Comprehensive Income which was attributable to financial instruments that were already exercised during the period (31 December 2019: EUR 6 thousand).

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 at 31 December 2020 shows no impact to earnings as all Warrants were exercised (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 at 31 December 2020 shows a potentially negative earnings effect of EUR 86 thousand (2019: EUR 354 thousand) if the Share price was 10% higher.

Financial assets

6.4 Non-current financial assets

Other non-current financial assets are mainly driven by security deposits for leased properties and bank guarantees. These deposits are subject to contractual restrictions and are therefore not available for general use by the Group and increased from EUR 899 thousand at the end of 2019 to 3,018 thousand on December 31, 2020.

EUR in thousands	31 December 2020	31 December 2019
Other non-current Financial Assets	3,044	1,356

6.5 Trade receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. If collection of the amounts is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. The Group's trade receivables are generally due for settlement within 30 days and therefore are all classified as current. The Group's impairment policy for trade and other receivables is outlined in note 10.2.

EUR in thousands	31 December 2020	31 December 2019
Trade and other receivables	697	522

The Group has EUR 26 thousand receivables against related parties. The Group has not recorded an allowance for uncollectible amounts collected by Payment Service Providers (PSPs), which charge customers prior to delivery of the product, rendering the collectability risk minimal. For amounts not collected by PSPs we refer to Note 10.2.

6.6 Cash and cash equivalents

Cash and cash equivalents are comprised as follows:

EUR in thousands	31 December 2020	31 December 2019
Cash at banks	34,438	5,433

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

Financial Liabilities

6.7 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	Opening Balance 1 January 2020	Proceeds from borrowings	Derivative instruments	Repayments of borrowings	Conversion of bonds	Accrued interest and fees	Effects of effective interest method on borrowings	Retirement cost	Transactions costs	Exchange rate differences	Closing Balance 31 December 2020
BVB ^C	2,500	-	-	-	-	-	-	-	-	-	2,500
USV I	6,689	-	-	-	(8,536)	56	1,791	-	-	-	-
Acacia I	1,424	-	-	-	(1,773)	58	290	-	-	-	-
WOW I	14,322	-	-	-	(1,425)	331	802	-	-	-	14,030
USV II	1,799	-	-	-	(2,133)	23	311	-	-	-	-
WOW II	2,321	-	-	-	-	44	147	-	-	-	2,512
WTI	6,459	-	-	(6,824)	-	-	-	474	199	(308)	-
USV III	-	2,267	(927)	-	(1,573)	69	164	-	-	-	-
AU Asset Financing	1,557	1,097	-	(666)	-	-	-	-	-	29	2,017
Loan 4 ^B	67	100	-	(68)	-	-	-	-	-	-	98
Other	4	-	-	(4)	-	-	-	-	-	-	-
Total	37,141	3,464	(927)	(7,563)	(15,439)	581	3,506	474	199	(279)	21,157

EUR in thousands	Opening Balance 1 January 2019	Proceeds from borrowings	Derivative instruments	Repayments of borrowings	Conversion of bonds	Accrued interest and fees	Effects of effective interest method on borrowings	Retirement cost	Transactions costs	Exchange rate differences	Closing Balance 31 December 2019
Moneda ^A	6,898	-	-	(6,898)	-	-	-	-	-	-	-
BVB ^C	2,500	-	-	-	-	-	-	-	-	-	2,500
USV I	-	10,008	(4,204)	-	-	607	736	-	(458)	-	6,689
Acacia I	-	2,008	(844)	-	-	122	138	-	-	-	1,424
WC loan	-	2,000	-	(2,000)	-	-	-	-	-	-	-
WOW I	-	15,885	(1,951)	-	-	340	47	-	-	-	14,322
USV II	-	2,500	(800)	-	-	52	47	-	-	-	1,799
WOW II	-	2,500	(228)	-	-	46	3	-	-	-	2,321
WTI	-	6,676	-	(87)	-	64	-	-	(194)	-	6,459
AU asset financing	-	1,557	-	-	-	-	-	-	-	-	1,557
Loan 4 ^B	78	60	-	-83	-	11	-	-	-	-	67
Other	-	4	-	-	-	-	-	-	-	-	4
Total	9,476	43,199	(8,027)	(9,068)	-	1,241	972	-	(653)	-	37,141

A - Moneda: Effective 16 August 2017, the Group entered into a EUR 6,000 thousand unsecured loan agreement with an affiliate of certain Shareholders. This loan was repaid in full in 2019.

B - Loan 4 is associated with the financing of intangible assets. Total contract duration is three years and the loan remains outstanding at 31 December 2020.

C - Loan 8 or BVB: In December 2018, the Company entered into and fully drew an unsecured loan in the amount of EUR 2,500 thousand. The term of the loan was January 2021, with interest payable on a quarterly basis in arrears. The loan was paid in full on 30 January 2021.

Group's total borrowing of EUR 21,158 thousand (2019: EUR 37,141 thousand) is comprised of the following arrangements:

USV I

USD 11,400 thousand Commercial Loan with Union Square Ventures

Effective as of 25 January 2019, the Company as the borrower, and two funds administered by Union Square Ventures (USV) as the lenders, entered into an unsecured commercial loan agreement (USV CLA I) in the aggregate amount of USD 11,400 thousand. On 22 March 2019, the Company exercised its right to substitute the USV CLA I by issuing to USV two convertible bonds (*Wandelschuldverschreibungen*) in the aggregate amount of USD 11,400 thousand (see directly below for details). These convertible bonds were issued against the repayment and other claims under the USV CLA I being contribution in kind (*Sacheinlage*) into the Company. Consequently, the USV CLA I was fully repaid and ceased to exist on 22 March 2019.

USD 11,400 thousand Convertible Bonds with Union Square Ventures

On 22 March 2019, the Company issued to USV two unsecured convertible bonds (*Wandelschuldverschreibungen*), one in the amount of USD 10,888,140 (USV I A Bond) and one in the amount of USD 511,860 (USV I B Bond, and together with the USV I A Bond, USV I Bonds) against contribution in kind (*Sacheinlage*). Until USV exercised their rights to convert USV I Bonds, the following terms applied: The USV I Bonds have a term of 3 years from the issue date. They bear interest in the amount of USD LIBOR + 5% p.a. payable at the end of the term, unless USV exercises its right to convert the USV I Bonds into securities in the Company. The USV I Bonds can be converted into an aggregate amount of 32,127 Shares / 32,127 thousand CDIs in the Company at any time during their term, subject to certain excluded periods being observed. In case a change of control occurs prior to conversion, an additional prepayment fee of USD 11,400 thousand has to be paid to USV if the Company elects to terminate and redeem the USV I Bonds.

On 13 November 2020, USV exercised their rights to convert USV I Bonds. The Company issued a total of 32,127 Shares / 32,127 thousand CDIs.

Acacia I

USD 2,276 thousand Convertible Bonds with Acacia

On 22 March 2019, the Company further 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*). Until Acacia exercised their rights to convert Acacia Bonds, the following terms applied: The Acacia Bonds have a term of 3 years from the issue date. They bear interest in the amount of USD LIBOR + 5% p.a. payable at the end of the term unless Acacia exercises its right to convert the Acacia Bonds into securities in the Company. The Acacia Bonds can be converted into an aggregate amount of 6,414 Shares / 6,414 thousand CDIs in the Company at any time during their term, subject to certain excluded periods being observed. In case a change of control occurs prior to conversion, an additional prepayment fee of USD 2,276 thousand has to be paid to Acacia if the Company elects to terminate and redeem the Acacia Bonds.

On 13 November 2020, Acacia exercised their rights to convert the Acacia Bonds. The Company issued a total of 6,414 Shares / 6,414,000 CDIs.

WOW I

AUD 25,950 thousand Secured Commercial Loan Agreement with WOW

Effective as of 7 June 2019, the Company and an affiliate of Woolworths Group Ltd. (WOW) entered into a secured commercial loan agreement (WOW SCLA I) in the aggregate amount of AUD 25,950 thousand. Subsequently, the Company exercised its right to substitute the WOW SCLA I by issuing to WOW two convertible bonds (*Wandelschuldverschreibungen*) in the aggregate amount of AUD 25,950 thousand (see directly below for details). These convertible bonds were issued against the repayment



and other claims under the WOW SCLA I being contribution in kind (*Sacheinlage*) into the Company. Consequently, the WOW SCLA I was fully repaid and ceased to exist on 26 September 2019.

AUD 25,950 thousand Convertible Bonds with WOW

On 26 September 2019, the Company issued to WOW two secured convertible bonds (*Wandelschuldverschreibungen*), one in the amount of AUD 23,000 thousand (WOW I Bond, tranche 1) and one in the amount of AUD 2,950 thousand (WOW I Bond, tranche 2 and together with the WOW I Bond, tranche 1, disclosed as the WOW I Bonds), against contribution in kind (*Sacheinlage*). The WOW I Bonds have a term of 5 years from the issue date. The tranches bear interest in the amount of 7% p.a. payable at the end of the term, unless WOW exercises its right to convert the WOW I Bonds into securities in the Company. The WOW I Bonds are secured by a pledge of the Shares in Marley Spoon's Australian operating entity, a security interest over that entity's assets and a guarantee by that entity. The number of Shares / CDIs in the Company to be issued to WOW under the respective WOW I Bond differs:

The WOW I Bond, tranche 1 can be converted by WOW into a certain number of Shares / CDIs in the Company after two years from the issue date until the end of its term, subject to certain excluded periods being observed. On conversion of the WOW I Bond, tranche 1, the number of Shares / CDIs to be issued to WOW will (subject to the Cap I and Cap II (each as defined below)) be calculated as follows (WOW Conversion Formula):

$$\frac{\text{AUD 23,000 thousand} \times \text{AustCo Growth Factor}^1}{\text{Conversion Price}^2}$$

The number of number of Shares / CDIs in the Company to be issued to WOW pursuant to the WOW Conversion Formula is subject to specific limitations: if either of the following calculations results in a number of Shares / CDIs which is lower than the number of Shares / CDIs resulting from the application of the WOW Conversion Formula, then the number of Shares / CDIs to be issued to WOW will be the lower number of Shares / CDIs calculated as follows:

- AUD 23,000 thousand / AUD 0.384 (Cap I)
- AUD 23,000 thousand / AUD 0.30 (Cap II)

In the event that the calculation of Cap I results in a lower number of Shares / CDIs than the lower of the number of CDIs resulting from the WOW Conversion Formula and the calculation of Cap II, the Company is obliged to pay WOW an additional cash amount which is calculated as follows:

(a) In the event that the number of Shares / CDIs resulting from the calculation of Cap II is higher than the number of Shares / CDIs resulting from the WOW Conversion Formula: by multiplying (i) the result of the difference between the number of Shares / CDIs resulting from the WOW Conversion Formula and the number of Shares / CDIs resulting from the calculation of Cap I with (ii) the Conversion Price.

(b) In the event that the number of Shares / CDIs resulting from the WOW Conversion Formula is higher than the number of Shares / CDIs resulting from the calculation of Cap II: by multiplying (i) the result of the difference between the number of Shares / CDIs resulting from the calculation of Cap II and number of Shares / CDIs resulting from the calculation of Cap I with (ii) the Conversion Price.

The WOW I Bond, tranche 2 can be converted by WOW into 5,900 Shares / 5,900 thousand CDIs in the Company at any time during its term, subject to certain excluded periods being observed.

If on conversion of the WOW Bonds, the Shares / CDIs to be issued to WOW result in WOW holding more than 24.9% in the Company, then the Company can elect to settle the exceeding portion in cash rather than in Shares / CDIs.

¹ Defined as the net revenue growth rate of Marley Spoon's Australian business as determined by the most recent reported half year net revenue divided by the net revenue of the first half of 2019.

² Defined as the 30-trading day volume weighted average price (**VWAP**) of Shares / CDIs preceding the conversion event, which has not occurred yet.



On 11 August 2020, WOW exercised its right to convert WOW I, tranche 2 Bond with principal amount of AUD 2,950 thousand. The Company issued 5,900 Shares / 5,900 thousand CDIs.

USV II

USD 2,776 thousand Commercial Loan with Union Square Ventures

Effective as of 25 September 2019, the Company and USV entered into another commercial loan agreement, this time in the aggregate amount of USD 2,776 thousand (USV CLA II). The USV CLA II has a term of 3 years. It bears interest at a fixed rate of 12% p.a. which will only become payable if the Company does not elect to substitute the USV CLA II by two additional convertible bonds (*Wandelschuldverschreibungen*) in the aggregate amount of USD 2,776 thousand (USV II Bonds).

On 29 January 2020, the Company exercised its right to substitute USV CLA II by issuing to USV two convertible bonds (*Wandelschuldverschreibungen*) in the aggregate amount of USD 2,776 thousand. These convertible bonds were issued against the repayment and other claims under the USV CLA II being contribution in kind (*Sacheinlage*) into the Company. Consequently, the USV CLA II was fully repaid and ceased to exist on 29 January 2020.

USD 2,776 thousand Convertible Bonds with Union Square Ventures

On 29 February 2020, the Company issued to USV two unsecured convertible bonds (*Wandelschuldverschreibungen*), one in the amount of USD 2,651,892 (USV Marley Spoon A, LLC) and one in the amount of USD 124,594 (USV Marley Spoon B, LLC) against contribution in kind (*Sacheinlage*). Until USV exercised their rights to convert USV I Bonds, the following terms applied: The USV II Bonds have a term of 3 years from the issue date. They bear interest in the amount of USD LIBOR + 5% p.a. payable at the end of the term, unless USV exercises its right to convert the USV II Bonds into securities in the Company. The USV II Bonds can be converted into an aggregate amount of 8,421 Shares / 8,421 thousand CDIs in the Company at any time during their term, subject to certain excluded periods being observed.

On 13 November 2020, USV exercised its right to convert and the Company issued 8,421 Shares / 8,421 thousand CDIs.

USV III

USD 2,500 thousand Commercial Loan with Union Square Ventures

Effective as of 29 January 2020, the Company and USV entered into another unsecured commercial loan agreement, this time in the aggregate amount of USD 2,500 thousand (USV CLA III). The USV CLA III has a term of 3 years. It bears interest at a fixed rate of 12% p.a. which will only become payable if the Company does not elect to substitute the USV CLA III by two additional convertible bonds (*Wandelschuldverschreibungen*) in the aggregate amount of USD 2,500 thousand (USV III Bonds).

On 29 July 2020, the Company exercised its right to substitute USV CLA III by issuing to USV two convertible bonds (*Wandelschuldverschreibungen*) in the aggregate amount of USD 2,500 thousand. These convertible bonds were issued against the repayment and other claims under the USV CLA III being contribution in kind (*Sacheinlage*) into the Company (see next paragraph). Consequently, the USV CLA III was fully repaid and ceased to exist on 29 July 2020.

USD 2,500 thousand Convertible Bonds with Union Square Ventures

On 29 July 2020, the Company issued to USV two unsecured convertible bonds (*Wandelschuldverschreibungen*), one in the amount of USD 2,387,750 (USV MS A) and one in the amount of USD 112,250 (USV MS B) against contribution in kind (*Sacheinlage*). Until USV exercised their rights to convert USV I Bonds, the following terms applied: The USV III Bonds had a term of 5 years from the issue date. They had a fixed interest rate of 12% p.a. payable at the end of the term, unless USV exercised its right to convert the USV III Bonds into securities in the Company. The USV III Bonds could be converted into an aggregate amount of 2,414 Shares / 2,414 thousand CDIs in the Company at any time during their term, subject to certain excluded periods being observed.

On 13 November 2020, USV exercised its right to convert and the Company issued 2,414 Shares / 2,414 thousand CDIs.

For personal use only



WOW II

AUD 4,047 thousand Secured Commercial Loan with WOW

Effective as of 26 September 2019, the Company and WOW entered into another secured commercial loan agreement, this time in the aggregate amount of AUD 4,047,250 (WOW SCLA II). The WOW SCLA II had a term of 6 months, interest at a fixed rate of 7% p.a. which would have only become payable if the Company did not elect to substitute the WOW CLA II by one additional convertible bond (*Wandelschuldverschreibung*) in the amount of AUD 4,047,250 (WOW II Bond).

AUD 4,047 thousand Convertible Bonds with WOW

On 29 February 2020, the Company exercised its right to substitute WOW SCLA II by issuing one secured convertible bond (*Wandelschuldverschreibung*), in the principal amount of AUD 4,047,250 (WOW II Bond). The WOW II Bond has a term of 5 years from the issue date. It bears interest in the amount of 7% p.a. payable at the end of the term unless WOW exercises its right to convert the WOW II Bond into securities in the Company. The WOW II Bond is secured by a pledge of the Shares in Marley Spoon's Australian operating entity, a security interest over that entity's assets and a guarantee by that entity.

The WOW II Bond can be converted by WOW into a certain number of Shares / CDIs in the Company within its term subject to certain excluded periods being observed. On conversion of the WOW II Bond, the number of Shares / CDIs will be calculated based on the formula¹ which results in the lower number of conversion Shares, i.e., either:

- (a) (i) by multiplying the principal amount with a growth factor for the Company's Australian business and (ii) dividing the resulting product by the 30-day arithmetic volume-weighted average price per CDI of the Company immediately preceding the day on which a relevant conversion event occurs, multiplied by 1,000 since one (1) CDI represents the economic ownership of 1/1,000th in one Share of the Company;

$$\frac{\text{AUD 4,047 thousand} \times \text{AustCo Growth Factor}^2}{\text{Conversion Price}}$$

- (b) by dividing the principal amount by AUD 300.00.

The maximum number of conversion Shares to be issued to Woolworths Group would amount to 13,490 Shares.

WTI

USD 15,000 thousand Senior Secured Loan with Western Technology Investment

Effective as of 20 November 2019, MMM Consumer Brands Inc. (formerly Marley Spoon Inc.), the US operating entity of the Group, as borrower and two funds administered by Western Technology Investment (WTI) as lenders entered into a senior secured loan agreement (WTI SLA) in the aggregate amount of USD 15,000 thousand. A first tranche of the WTI SLA of USD 7,500 thousand has already been disbursed in 2019. A second tranche in the same amount is due for disbursement in 2020, subject to the Company meeting certain revenue and general & administrative expense targets. The term of the WTI SLA is 42 months. The interest rate is 12% p.a. plus a final payment amounting to 2.5% of the loan amounts funded. As additional consideration, the Company granted WTI certain Warrants allowing the holder to subscribe for an aggregate of 11,286 Shares / 11,286,000 CDIs in the Company. The Warrants are exercisable from the issue date and five years from the termination of the WTI SLA. In lieu of exercising such Warrants, WTI is entitled to receive a cash settlement of USD 5,750 thousand upon the earlier of a change of control and 31 December 2024. WTI has been granted a comprehensive security package, comprising of a pledge over certain assets and a guarantee of the Company, the assets of the US operating entity of the Group and, subject to

¹ Defined as the 30-trading day volume weighted average price (**VWAP**) of Shares / CDIs preceding the conversion event, which has not occurred yet.

² Defined as the net revenue growth rate of Marley Spoon's Australian business as determined by the most recent reported half year net revenue divided by the net revenue of the first half of 2019.

For personal use only

certain limitations, the assets and a guarantee of the Australian operating entity of the Group. By the end of this reporting period MMM Consumer Brands Inc. did not exercise the second tranche available on this agreement.

Effective as of 13 November 2020, the Company retired its outstanding debt to WTI under this loan agreement.

AU asset financing

AUD 3,000 thousand Asset Financing Agreement with National Australia Bank

Effective as of 14 November 2019, Marley Spoon Pty Ltd., the Australian operating entity of the Group, as borrower entered into an asset financing agreement (AFA) with National Australia Bank Ltd. (NAB) as lender in the aggregate amount of up to AUD 3,000 thousand. Funds borrowed under the AFA are to be used to finance certain production equipment which is pledged to NAB as security. AUD 2,500 thousand were paid out in November 2019 at an interest rate of 4.15% p.a. This facility has a 36-month term. The AFA replaced a temporary working capital facility extended by NAB in March 2019 (under which AUD 1,977 thousand were drawn at 5.79% p.a.).

Effective as of February 2020, AUD 500 thousand were paid out at an interest rate of 4.41% p.a. Another AUD 1,316 thousand were drawn at an interest of 3.58% p.a. Both facilities have a 36-month term.

6.8 Trade and other payables

Trade and other payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature. Trade payables are primarily comprised of balances payable to food and packaging suppliers, transportation carriers and marketing partners.

EUR in thousands	31 December 2020	31 December 2019
Trade and other payables	17,472	12,919

6.9 Other financial liabilities

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

EUR in thousands	31 December 2020	31 December 2019
Other financial liabilities	7,864	5,279

7 Non-financial assets and liabilities

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

7.1 Property, plant and equipment

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

EUR in thousands	Plant and machinery	Furniture and office equipment	Assets under construction	Total
Year ended 31 December 2020				
Opening net book value	7,286	203	227	7,715
Exchange rate differences	(21)	8	7	(5)
Additions	2,757	330	1,985	5,072
Disposals	(56)	(30)	(308)	(394)
Transfer of asset under construction	531	(6)	(525)	-
Depreciation charge	(1,034)	(192)	-	(1,227)
Closing net book value	9,464	311	1,387	11,163
As at 31 December 2020				
Cost	12,815	726	1,387	14,927

Accumulated depreciation	(3,350)	(414)	-	(3,765)
Net book value	9,464	311	1,387	11,163

EUR in thousands	Plant and machinery	Furniture and office equipment	Assets under construction	Total
Year ended 31 December 2019				
Opening net book value	4,296	168	382	4,846
Exchange rate differences	68	2	-	71
Additions	4,257	36	-	4,293*
Disposals	(547)	-	-	(547)
Transfer of asset under construction	155	-	(155)	-
Depreciation charge	(944)	(4)	-	(948)
Closing net book value	7,286	203	227	7,716
As at 31 December 2019				
Cost	9,602	424	227	10,252
Accumulated depreciation	(2,316)	(222)	-	(2,537)
Net book value	7,286	203	227	7,716

* Additions comprise EUR 277 thousand (2019: EUR 206 thousand) unpaid as at 31 December 2020.

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

Plant and machinery include production equipment that are financed by National Australian Bank (NAB) and are pledged as security.

During the year ended 31 December 2020, there was no identified impairment of property, plant, and equipment.

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

Computers & Electronics	3 years
Office Equipment / Furniture	3-7 years
Machinery & Warehouse Equipment	3-10 years
Leasehold Improvements	5-15 years

7.2 Right-of-Use Assets

The Group recognized Right-of-Use Assets and lease liabilities for leases previously classified as operating leases, except for short-term leases and low-value assets. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a discount rate for leases on contracts where implicit rates are not readily determinable
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

Set out below are the carrying amounts of right-of-use assets and the movements during the period:

	Buildings	Equipment	Total
As at 1 January 2019	9,347	-	9,347
Additions	4,744	1,321	6,065
Depreciation Expense	(2,670)	(310)	(2,980)
As at 31 December 2019	11,421	1,011	12,432
Additions	1,026	521	1,546
Exchange Rate Impacts	(443)	(147)	(590)
Depreciation Expense	(2,980)	(530)	(3,510)
As at 31 December 2020	9,023	854	9,878

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	2020	2019
As at 1 January	13,335	9,347
Additions	1,536	6,065
Exchange rate	(629)	-
Interest Expense	1,763	1,593
Payments	(4,668)	(3,670)
As at 31 December	11,337	13,335

The following are amounts recognized in profit or loss:

EUR in thousands	2020	2019
Depreciation Expense of right-of-use assets	3,510	2,980
Interest Expense on lease liabilities	1,763	1,593
Expense related to short-term leases	515	972
Expense related to leases of low-value assets	128	982
Total amount recognized in profit or loss	5,915	6,527

Right-of-use assets - The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease Liabilities - at the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying

amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets - The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options - The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgment in evaluating whether it is reasonably certain to exercise the option to renew.

Payment schedule for the next 12-months

The Company expects to pay-out EUR thousand 4,591 based on agreed lease commitments in the next twelve months. This amount was evaluated based on the current present value of lease liabilities minus the expected present value of lease agreements in the next twelve months. This amount does not take into account new lease agreements and commitments that may be signed during the next period starting on 1 January 2021.

7.3 Intangible assets

EUR in thousands	2020
Balance as at 1 January 2020 (net)	3,439
Additions	3,252
Exchange rate differences	3
Amortization charge	(1,755)
Closing net book value (net)	4,939
As at 31 December, 2020	
Cost	7,734
Accumulated amortization	(2,795)
Net book value	4,939

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

The Group notes that during the current and prior periods, development activities have been ongoing in establishing a global Enterprise Resource Planning (ERP) software. The software is currently operational across the global organization. Current carrying value is EUR 987 thousand (2019: EUR 875 thousand) with an estimated useful life of five years.

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

During the year ended 31 December 2020, management has not identified indicators of impairment of the intangible assets.

The Group amortizes intangible assets with a limited useful life using the straight-line method. Software is determined to have useful life of 3-5 years.

7.4 Deferred taxes

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

EUR in thousands	31 December 2020		31 December 2019	
	DTA	DTL	DTA	DTL
Non-current Assets				
Property, plant and equipment	-	-	-	-
Intangible assets	-	714	-	693
Right of use asset	-	2,707	-	3,508
Non-current Liabilities				
Lease liability	3,029	-	3,706	-
Long term debt / derivative financial instruments	-	2,806	-	735
Tax loss carryforward (TLCF)	3,198	-	1,230	-
Total	6,227	6,227	4,936	4,936
Netting	(6,227)	(6,227)	(4,936)	(4,936)
Total after netting	-	-	-	-
DTA on temporary differences (not recognized)	-	-	-	-
DTA (not recognized) on TLCF	34,537	-	32,515	-

The total historical income tax losses (corporate and trade tax) accumulate to EUR 129,419 thousand as at 31 December 2020 (31 December 2019: EUR 123,572 thousand) resulting in a potential deferred tax asset of EUR 34,537 thousand as at 31 December 2020 (31 December 2019: EUR 32,515 thousand). These losses relate to subsidiaries that have a history of losses, do not expire, and may not be used to offset taxable income elsewhere in the Group.

The subsidiaries currently have no taxable temporary differences or any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognize deferred tax assets on the tax losses carried forward.

All deferred tax assets are considered as non-current as at 31 December 2020 (2019: non-current).

7.5 Inventories

The inventory balance contains food, packaging and marketing items with a net balance of EUR 6,570 thousand (2019: EUR 3,736 thousand).

For non-sold inventory items, the Group designs new recipes to ensure that inventories are consumed, short shelf-life items ordered are directly included in cost of goods sold and not put into inventory. Therefore, the Group did not incur or reverse previous inventory write-downs during 2019 or 2020.

Inventories recognized as an expense during the year ended December 31, 2020 amounted to EUR 133,287 thousand (2019: EUR 71,763 thousand).

EUR in thousands	31 December 2020	31 December 2019
Raw materials	6,570	3,736

7.6 Employee benefit obligations

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

Details regarding the Group's Employee Stock Option Program (ESOP) and Stock Option Program (SOP) have been provided in note 8.2.1. The associated credit is recognized in equity under "Other reserves" on the Statement of Financial Position.

The total employee benefit costs (including defined contribution and social securities) are allocated to the various functional lines in the consolidated Statement of Comprehensive Income as listed in note 4.1.

7.7 Other non-financial assets

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

EUR in thousands	31 December 2020	31 December 2019
Other non-financial assets	2,356	2,352

7.8 Contract liabilities and other non-financial liabilities

Contract liabilities and other non-financial liabilities amounted to EUR 3,432 thousand as of December 31, 2020 (2019: EUR 1,447 thousand) and are related to contract liabilities, VAT, other tax and social security payables as well as vacation allowances.

EUR in thousands	31 December 2020	31 December 2019
Contract liabilities	944	234
Current other non-financial liabilities	2,488	1,213
Total	3,432	1,447

Contract liabilities relate to consideration received from customers for which delivery has not occurred at balance date. The Group expects to recognize the revenue of the amounts deferred within 30 days.

7.9 Other disclosures according to German GAAP

Number of Employees

The average headcount of the Group in the reporting period was 1,273 employees (2019: 892)

Auditors' Fees

Principal auditors' fees recognized as an expense in the reporting period were EUR 380 thousand (2019: EUR 193 thousand) for Audit and EUR 91 thousand (2019: EUR 87 thousand) for tax consultations.

8 Equity

8.1 Share capital and capital reserve

In thousands	Share Capital		Treasury Stock		Capital Reserve	Total
	Number of Shares	Nominal amount (EUR)	Number of Shares	Paid in (EUR)	Paid in (EUR)	(EUR)
As at 1 January 2019	140	140			95,458	95,598
Issuance of Share Capital	19	19			3,959	3,977
As at 31 December 2019	159	159			99,417	99,576
Issuance of Share Capital	33	33			(9,443)	43,818
Conversion of Bonds	55	55			72,661	72,716
Exercise of Warrants	9	9			15,965	15,974
Transaction Costs for issuance of Shares	-	-			(2,276)	(2,276)
Receipt of Shares for employee option exercise	-	-	(2)	(1,667)	-	-
Shares transferred to Employees	-	-	2	1,667	-	-
Cash on exercise of Share Options	-	-			119	119
As at 31 December 2020	256	256	-	-	229,671	229,927

As at 31 December 2020, the issued registered Share capital is EUR 256,025 (2019: 158,520) in nominal Shares. The Management Board is authorized to increase the registered Share capital upon consensus of the Shareholders. The total amount of payments above the par value of 1 Euro have been recorded as capital reserve in the Statement of Financial Position with a value of EUR 229,671 thousand as at 31 December 2020 (2019: EUR 99,417 thousand).

The group has not recognized or assigned any dividends during the presented periods. All issued and outstanding Shares are fully paid as of December 31, 2020 (2019: all issued and outstanding Shares are fully paid).

During the period

In 2020 97,505 Shares were issued. The issuances were attributed to two cash capital increases (“Barkapitalerhöhungen”), and the exercise of convertible rights on bonds and Warrants in 2020.

Transaction costs attributable to issuance of Shares (included in cash flows from financing activities, net of tax) stem from the issuance of Share capital (33 Shares), the conversion of Bonds (55 Shares) and the exercise of Warrants (9 Shares). The capital attributable costs of the issuance of the Shares have been charged directly to equity as a reduction in Share premium.

The Company’s two cash capital increases, one in May 2020 (15,852 Shares issued) and one in October 2020 (17,427 Shares issued), resulted in recording a total consideration of EUR 43,785 thousand in Capital Reserves. Current year conversions of Bonds and exercise of Warrants resulted in the issuance of 64,216 Shares and a total consideration of EUR 88,690 thousand in Capital Reserves.

The Group has two Share option schemes under which options to subscribe for the Group’s Shares have been granted to employees. Refer to Note 8.2.1 for further details. For Share Options granted prior to the IPO of Marley Spoon (the ESOP plans), beneficiaries who exercised in 2020 have been settled using the treasury Shares of the Group. The treasury Shares were contributed by the entities Marley Spoon Employee Trust UG and Marley Spoon Series A UG & Co. KG (Note 14.2), which are holding Shares in the Company, inter alia, for the benefit of employees to be released under the circumstances stated in the ESOP plans.

The reduction in the treasury Share equity component is equal to the fair market value of the Shares on the date of contribution. Any excess of the cash received from employees over the reduction in treasury Shares is recorded in Capital Reserves. The exercise of stock options by employees in 2020 added a total consideration of EUR 119 thousand in Capital Reserves (see note 8.2).

During the previous period

During 2019, 18,050 Shares were issued as part of two cash capital increases (“Barkapitalerhöhungen”), one in June 2019 (8,200 Shares) and one in December 2019 (9,850 Shares). Total consideration of EUR 3,977 thousand was recorded in equity.

8.2 Other reserves / other Share-based payments

The total costs of Share-based payments in 2020 is EUR 430 thousand (2019: EUR 369 thousand) of which EUR 430 thousand is reflected in other reserves (2019: EUR 369 thousand).

8.2.1 Employee Stock Option Program (ESOP) and Stock Option Plan 2019 & 2020 (SOP)

The other reserves include a balance for the Employee Stock Option Program (ESOP) and the Stock Option Plans (SOP 2019 & 2020) which are equity-settled Share-based payments.

Prior to the IPO, the Company issued rights under historical “virtual Share plans” to most of its salaried employees (the **ESOP plans**). 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 as the “Existing Option Rights Plan”. Unvested rights will continue to vest in accordance with their current vesting schedule. No further rights were or will be issued under the Existing Option Rights Plan (or the historical “virtual Share plans”) following the IPO. This replacement of the former plan by the new Plan is accounted for as a modification. However, the replacement did not result in any incremental fair value to be recognized.

All options and rights for employees have remained the same. The Share-based payments have remained equity-settled under the new program. Generally, employees are granted stock options which have a vesting period of up to 48 months with a cliff period of 12 months. No owner rights, e.g., voting rights, are associated with the program. There are no performance conditions embedded in the program with vesting occurring based on the tenure of the employee. Having passed the two-year post-IPO restriction period, normal exercise conditions began in 2020 whereby employees are entitled to exercise their vested options semiannually as determined by the Group. No new Shares were issued for these exercises as the Shares were already outstanding and held in trust for the employees. Cash received by the Group, in excess of the Shares’ par value, was recognized in equity as an increase in Capital Reserves. The cost of equity-settled transactions is recognized in employee benefits expense (see also note 8.2), together with a corresponding increase in equity (Other Reserves) over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period).

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

During the period, the following transactions occurred in the ESOP plans:

	Number of awards
Number of awards outstanding 31 December 2018	6,669
Thereof: exercisable/vested	6,115
Granted during 2019	-
Forfeited during 2019	(360)
Exercised during 2019	-
Expired 2019	-
Number of awards outstanding 31 December 2019	6,309
Thereof: exercisable/vested	6,208
Granted during 2020	-

Forfeited during 2020	(3)
Exercised during 2020	2,161
Expired 2020	-
Number of awards outstanding 31 December 2020	4,145
Thereof: exercisable/vested	4,218

As at 31 December 2020, all Share options outstanding except 273 Share options (31 December 2019: 528 Shares) have an exercise price equal to EUR 0.00.

The company entered two new employee Stock Option Plans (“SOP”) in February 2019 and August 2019, followed by subsequent grants in February 2020 and August 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 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 31 December 2018	-
Thereof: exercisable/vested	-
Granted during 2019	5289
Forfeited during 2019	(691)
Exercised during 2019	-
Expired 2019	-
Number of awards outstanding 31 December 2019	4,595
Thereof: exercisable/vested	487
Granted during 2020	6,255
Forfeited during 2020	(1,105)
Exercised during 2020	-
Expired 2020	-
Number of awards outstanding 31 December 2020	5,150
Thereof: exercisable/vested	2,257

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

Inputs to the Model	2020	2019
Value per Common Share (EUR)	0.28 - 3.23	0.36 - 0.59
Exercise Price (EUR)	0.18 - 1.53	0.27 - 0.40
Expected Volatility	57% - 80%	45%
Expected Term (in months)	48	48
Expected dividend yield	-	-
Risk-free interest rate	0%	0%

Total expenses arising from Share-based payments to employee programs (ESOP, SOP 2019 & SOP 2020) recognized during the period were EUR 430 thousand (2019: EUR 369 thousand).

8.3 Currency translation reserve

Other comprehensive loss or income is associated with foreign currency translation (FCTA). Exchange differences arising on translation are recognized as described in note 17.3.1 and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit (loss) when the respective asset or subsidiary is disposed of.

The total balance of the currency translation reserve as at December 31, 2020 is EUR 550 thousand (December 31, 2019: EUR 17 thousand). All other comprehensive loss or income is classified as equity.

9 Critical estimates and, judgements and errors

9.1 Significant estimates or judgements

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

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

Areas that involve significant estimates or judgements in the years ended as at December 31, 2020 and December 31, 2019 are disclosed in the list below, more specific details on the respective balances are included in the mentioned notes.

- Employee stock option program (note 8.2)
- Derivative financial instruments (note 6.2)
- IFRS 16 Leasing (notes 7.2)

9.2 Going concern

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet all its financial commitments.

10 Financial risk management

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

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

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

10.1 Market risk

The Group has exposure to the following market risk:

- Produce price risk
- Foreign currency risk
- Interest rate risk

Produce price risk

Produce price risk is the risk that changes in market prices of key ingredients used in the production of our products will affect the Group's results of operations.

The Group manages produce price risk with a detailed menu design and planning process which is aligned with pre-determined cost targets. Significant increases in produce prices are mitigated using alternative ingredients or by leveraging the Group's extensive database of recipes to change the offerings for future recipes.

Sensitivities to produce price risk:

EUR in thousands	2020	2019
5% increase in produce prices	(1,315)	(762)
5% decrease in produce prices	1,315	762

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. Financial instruments, which are denominated in a currency other than the measured functional currency, are subject of foreign currency risk. The Group operates in international markets through locally established subsidiaries. Our international operations seek to match the expenses incurred and revenue generated in the respective currency, and thus the foreign currency risks we face that could be material to our results at the Group level are primarily translational, not transactional.

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

Derivatives are only used for economic currency hedging purposes and not as speculative investments. However, where derivatives do not meet the hedging criteria, they are classified as "financial liabilities at fair value through profit or loss" for accounting purposes.

The Group entered in loan agreements which are nominated in AUD or in USD. For those loans the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rate is as follows:

EUR in thousands	2020	2019
(2019: 3.3%) 5.3% increase of the FX rate AUD / EUR	801	559
(2019: 3.3%) 5.3% decrease of the FX rate AUD / EUR	(801)	(559)
3.9% increase of the FX rate USD / EUR	-	482
3.9% decrease of the FX rate USD / EUR	-	(482)

Interest rate risk

Interest rate risk is the risk that the future cash flows of financial instruments will fluctuate because of changes in the market interest rates. The Group has exposure to movements in interest rates arising from its portfolio of interest rate sensitive assets and liabilities. These principally include debt and cash.

The Group mostly has fixed interest rates on loans and does not enter into any derivative financial instruments to manage its interest rate risk. As at 31 December 2020, the Company no longer has loans that have a variable interest rate. Therefore, no interest rate risk was calculated.

EUR in thousands	2020	2019
1% increase in LIBOR	-	(124)
1% decrease in LIBOR	-	124

10.2 Credit risk

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

EUR in thousands	31 December 2020	31 December 2019
Other non-current financial assets	3,044	1,356
Cash and cash equivalents	34,438	5,433
Total	37,482	7,311

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

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

EUR in thousands	31 December 2020			31 December 2019		
	PSP	Customers	Total	PSP	Customers	Total
Europe	422	44	466	301	49	350
Australia	18	-	18	54	21	75
USA	121	92	213	-	97	97
Total	561	136	697	355	167	522

10.3 Liquidity risk

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

The objective of liquidity risk management is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, credit cards and bank loans. The company's liquidity management involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios and maintaining equity and debt financing plans. As at 31 December 2020 the Group's current assets of EUR 44,061 thousand (2019: EUR 12,044 thousand) exceeded current liabilities of EUR 37,008 thousand (2019: EUR 25,622 thousand) by an amount of EUR 7,053 thousand (2019: EUR (13,578) thousand). The Group's cash flow from operations in 2020 was a positive EUR 4,407 thousand (2019: EUR (30,273) thousand), and the Group held a cash position of EUR 34,438 thousand (2019: EUR 5,433 thousand) as at 31 December 2020.

The Company's non-current financial liabilities, which are mainly long-term borrowings, reached EUR 27,950 thousand in the year ended 31 December 2020 (2019: EUR 47,082 thousand)

Maturity analysis

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

EUR in thousands	31 December 2020			31 December 2019		
	1-3 months	4-12 months	1-5 years	1-3 months	4-12 months	1-5 years
Trade payables & other payables	17,472	-	-	12,919	-	-
Other financial liabilities	7,864	-	-	5,279	-	-

Borrowings	2,730	702	17,725	702	71	36,369
Derivative financial instrument	-	215	3,479	-	62	2,521
Total	28,066	918	21,204	18,900	133	38,890

11 Capital management

The Group's objective is to sustain a strong capital base, which maintains the confidence of investors and business partners and helps to serve customers and develop the business. The Group considers its current position with reference to the stated equity ratio in determining the sources of new funding.

EUR in thousands	31 December 2020	31 December 2019
Total equity	8,127	(35,716)
Total liabilities	64,958	72,704
Total equity and liabilities	73,085	36,987
Equity ratio in %	11%	-96%

The Group had no mandated capital targets imposed in the current year. However, provisions in the currently outstanding facilities contain terms that required prior consent from existing lenders / holders before further debt financing activities could be completed. The Group sought and received prior consent from these lenders / holders (note 6.7) before entering into debt financing arrangements. Total liabilities in 2020 contain EUR 20,021 thousand convertible bonds (2019: EUR 26,555 thousand), which may convert into equity in the future.

12 Group structure

12.1 Subsidiaries

The Group's principal subsidiaries at 31 December 2020 are detailed below. Unless otherwise stated, they have Share capital consisting solely of ordinary Shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name	Principal Activities	Country of Incorporation	% equity interest	
			2020	2019
Marley Spoon Pty Ltd.	Operations	Australia	100	100
Marley Spoon Finance Pty. Ltd.	Financing	Australia	100	100
Marley Spoon GmbH	Operations	Austria	100	100
Marley Spoon BV	Operations	The Netherlands	100	100
Marley Spoon Ltd.	Operations	United Kingdom	100	100
MMM Consumer Brands Inc.	Operations	United States of America	99	99
Marley Spoon Unipessoal Lda	Operations	Portugal	100	100

Country	Address
Australia	Sydney Corporate Park 190 Bourke Road Alexandria, New South Wales 2015
Austria	Sterneckstraße 33, 5020 Salzburg
The Netherlands	Industrieweg 1, 3433 NL Nieuwegein
United Kingdom	69 Great Hampton Street, Birmingham, B18 6EW
United States of America	519 8th Avenue, 19th floor New York, New York 10018
Portugal	Avenida da Liberdade 38, 2 piso, 1269-039 Lisboa



Marley Spoon AG in its capacity as parent company of Marley Spoon Limited (company number 09189130 registered in England & Wales) issued a guarantee in favor of the subsidiary under the terms of Section 479A of the Companies Act 2006 with reference to financial year ended 31 December 2020 so that Marley Spoon Limited be exempted from auditing its financial statements.

13 Contingencies & commitments

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

For personal use only



Other Information

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

Related Party transactions

Earnings per Share

Assets pledged as security

Summary of Significant Accounting Policies Changes
in accounting policies and disclosures

Events occurred after reporting table

For personal use only

14 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, director (or nominee for director), including any of their immediate family members and any entity owned or controlled by such person.

14.1 Parent entities

The Group does not have a senior or ultimate holding company but has various security holders. The table below shows all significant beneficial securityholders who have an accumulated interest greater than 10% of the Shares / CDI as at 31 December 2020. No entities have significant influence over the Group other than the one-vote-one-Share structure as listed below:

Shareholder	CDIs	% IC
Conifer Capital Management/Acacia (New York)	48,368,423	18.89
Union Square Ventures (New York)	42,962,000	16.78
Mr. Fabian Siegel (Berlin)	24,613,433	9.61
Other Security Holders (under 10%)	140,081,144	54.71

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

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*). Both bonds were converted by Acacia in 2020.

Union Square Ventures

On 22 March 2019, the Company issued to two unsecured convertible bonds (*Wandelschuldverschreibungen*), one in the amount of USD 10,888,140 (USV I A Bond) and one in the amount of USD 511,860 (USV I B Bond) to Union Square Ventures against contribution in kind (*Sacheinlage*). Both bonds were converted by USV in 2020.

Mr. Fabian Siegel

Mr. Siegel holds a significant interest in the Company through his personal entity AKW Capital GmbH, solely held and controlled by Fabian Siegel. Mr. 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 hold 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. As they are jointly controlled, these entities exercise their voting and other Shareholder rights in the Company along with AKW Capital GmbH. In addition, the Group employs the Managing Director of AKW Capital GmbH (Fabian Siegel) as the Global CEO for the Group as well as Managing Director of all of the Group's subsidiaries. In 2020, when employees exercised Options in the ESOP program, Shares held by the other entities of Mr. Siegel were transferred to the beneficiaries.

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.

14.3 Key management personnel compensation

Key executive management personnel include the Chief Executive Officer and the Chief Financial Officer (“Management Board”), the former Chief Financial Officer, and the Supervisory Board.

Key Executive Management / Management Board

The total remuneration is listed in the table below:

EUR in thousands	2020	2019
Short-term employee benefits	487	398
Share-based payments	306	43
Total compensation	793	441

The former CFO, Julian Lange, resigned from the Management Board of the Company effective 31 December 2020. He was succeeded by Jennifer Bernstein. Although Mr. Lange will not receive a severance payment from the Company, 210 (of 700) Options granted to him under the 2020 SOP will fully vest effective 31 December 2021, and the cliff period of 12 months is waived on these Options. Mr. Lange will not receive further instruments under any long-term incentive programs of the Company. Subsequent to his resignation, Mr. Lange has been hired as a part-time external consultant to the Company through 30 September 2021.

Supervisory Board

The Supervisory board was appointed in June 2018. The members of the Supervisory Board have been elected to their positions for a period terminating at the end of the Company’s general meeting in CY2021 (Supervisory Board Initial Term) and contain the 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 Nomination & Remuneration 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 (other than Ms. Robin Low) received (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 were 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).

For the financial year ending 31 December 2020, the cash fees payable to the current members of the Supervisory Board will amount to approximately EUR 123,000 (AUD 205,000) in aggregate.

EUR in thousands	2020	2019
Short-term employee benefits	123	132
Share-based payments	-	-
Total compensation	123	132

14.4 Transactions with other related parties

Apart from the related party transactions disclosed in note 14 and note 6.5, no other such transactions have occurred. As the Group reports at the highest level of consolidation, all transactions between the Parent Company and its subsidiaries are eliminated in consolidation.

15 Earnings per Share

Basic earnings per Share (EPS) are calculated by dividing the loss for the period attributable to Shareholders of the ordinary Shares by the weighted average undiluted Shares in the respective year.

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

In accordance with IAS 33 Earnings per Share, the effect of anti-dilutive potential Shares has not been included when calculating diluted earnings per Share for the year ended 31 December 2020 and 31 December 2019. The Group currently has Shares held under trust pertaining to the Employee Share Option Program (ESOP) that could, if not for the anti-dilutive effects, dilute basic earnings per Share in the future. As a result, the diluted loss per Share is the same as the basic loss per Share.

	31 December 2020	31 December 2019
Loss for the year (EUR thousand)	(86,369)	(34,872)
Weighted average number of ordinary Shares in issue	187,155	146,074
Basic loss per Share	(0.46)	(0.24)

16 Assets pledged as security

As at 31 December 2020, in addition to customary supplier / landlord liens, the following assets of the Group are pledged as follows:

- All Shares in MarleySpoon Pty. Ltd. as security for WOW (EUR 4.8 million);
- Specific production equipment used by MarleySpoon Pty. Ltd as security for NAB (EUR 1,566 thousand);
- All personal property of MarleySpoon Pty. Ltd. except those pledged to NAB as security for WOW (EUR 2,950 thousand);
- Certain financed production equipment used by Marley Spoon Inc. as security for CSC Leasing (EUR 109 thousand).

17 Summary of significant accounting policies

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

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

17.1 Basis of preparation

The Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU) and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.

The consolidated financial statements have been prepared on a historical cost basis, except for the derivative financial instruments that have been measured at fair value.

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

17.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2020. Subsidiaries are all companies over which Marley Spoon AG has direct or indirect control as defined by IFRS 10. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

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

17.3 Accounting policies

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

17.3.1 Foreign currency translation

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

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

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

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

17.3.2 Current versus non-current presentation

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

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

All other assets are classified as non-current.

A liability is current when it is:

- expected to be settled in the normal operating cycle
- held primarily for the purpose of trading
- due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

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

17.4 Financial instruments

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

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

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

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL.

Financial liabilities at amortized costs are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are removed from the balance sheet as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as financing expense in the Statement of Comprehensive Income.

Accounts payable amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognized at their fair value. If they are long term in nature they are measured at amortized cost using the effective interest method.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

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

17.5 Operating leases

Where an entity within the Group is a lessee in a lease which does not transfer substantially all the risks and rewards incidental to ownership from the lessor to the entity, the total lease payments are charged to the Statement of Comprehensive Income (net of any incentives received from the lessor) on a straight-line basis over the lease term. Lease agreements longer than twelve months and subject to the IFRS 16 requirements follow specific presentation and accounting procedures disclosed in note 7.2.

17.6 Intangible assets

Intangible assets, which are not acquired as part of a business combination, are measured on initial recognition at cost. Assets acquired in a business combination are recognized at fair value at the acquisition date. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future

economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the Statement of Comprehensive Income in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

Trademarks, licenses and customer contracts

Acquired trademarks and licenses are shown at historical cost. Trademarks, licenses and customer contracts acquired in a business combination are recognized at fair value at the acquisition date. Acquired brands and customer contracts in general have a finite useful life. They are subsequently carried at cost less accumulated amortization and impairment losses.

Software

Purchased software solutions are recorded as intangible assets and amortized from the point at which the asset is ready for use. 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 capitalized internally generated software. Actual results may differ from these estimates.

Refer to note 7.3 for details about amortization methods and useful lives used by the Group for intangible assets.

17.7 Cash and cash equivalents

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

Cash and cash equivalents include cash in hand and at banks and short-term deposits, which are accessible within three months or less, for which the risk of changes in value is considered to be insignificant. Fair value of cash and cash equivalents equal their respective carrying amount due to the short-term maturities of these instruments.

17.8 Inventories

Raw materials, work-in-progress and finished goods are stated at the lower of cost and net realizable value. Costs of purchased inventory include the purchase price, shipping and handling costs incurred to bring the inventories to their present location and condition and are determined after deducting rebates and discounts. The cost of inventories is assigned using a first-in, first-out (FIFO) principle.

Inventory with a short shelf life that is not utilized within the best by period is directly written off as expense (cost of goods sold).

17.9 Provisions

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



17.10 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. The contract liabilities primarily relate to the advance payments received from customers.

If a customer pays consideration before the Company transfers goods to the customer, these pending performance obligations are recognized as a contract liability. Contract liabilities are recognized as revenue when the performance obligation is satisfied.

17.11 Employee benefits

Share-based compensation

The Group operates equity-settled Share-based compensation benefits, which are provided to employees via an Employee Share Option Program (ESOP), previously known as virtual Share program (VSP), and Share Option Program (SOP). The accounting policies are described in note 8.

Other employee benefit obligations

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

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

17.12 Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the relevant taxation authorities. The tax rates and tax laws used to calculate the amounts are those that are enacted or substantively enacted at the reporting date in the countries where the Group has operations and generates taxable income.

Current income tax related to items recorded directly into equity are recognized in equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and established provisions where appropriate.

Deferred taxes

Deferred tax is provided using the liability method or temporary differences between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes at the reporting date.

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the tax liability settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except when the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

17.13 Impairment

Non-financial assets (other than inventories)

The carrying amounts of non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount is assessed on a cash generating unit (CGU) level and compared to net cash flows for that CGU. When determining the value in use, estimated net cash flows are discounted to their net present value (NPV) using a pre-tax discount rate that reflects the time value of money and the risks specific to the CGU in the current climate.

In Management's judgement, the lowest aggregation of assets which give rise to CGUs as defined by IAS 36 Impairment of Assets are the individual countries being Germany, Netherlands, Portugal, Austria, United States of America and Australia. For the applicable policy on inventories refer to note 17.8.

Non-derivative financial assets

The Group recognizes loss allowances for expected credit losses (ECLs) on:

- financial assets measured at amortized cost;
- financial assets measured at fair value through other comprehensive income (FVOCI)

The Group applies the general approach for security deposits which are classified as financial assets measured at amortized cost and reported as non-current financial assets on the Statement of Financial Position.

ECLs are recognized for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, ECLs are recognized for the financial instrument at an amount equal to 12-month expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

For trade receivables, the Group applies a simplified approach in calculating ECLs, whereby the changes in credit risk are not tracked, but instead the Group recognizes a loss allowance based on the lifetime ECLs at each reporting date. The majority of trade receivables are held by the Group's payment service providers (PSPs) having collected the proceeds from customers prior to delivery of the goods. The PSPs hold these receivables for a maximum period of one week before transferring to the Group, effectively being a collection pass-through only. The Group has not experienced, nor does it expect material credit losses from these parties given the reputation of the parties and the nature of the receivable and therefore have not recognized any ECLs for these items. For receivables from corporate groups, the Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

For security deposits, classified under non-current financial assets, the Group considers there to be no material ECLs arising from these transactions. Security deposits are paid to lessors or held by financial institutions on behalf of the lessor as security over the leased premises. These deposits are held for the life of the lease. Management determines the risk of credit losses to be immaterial given mitigation strategies exist to reduce this risk, including the issuance of letters of credit over the security deposit as well as the ability for management to withhold future lease payments.

17.14 Revenue recognition

The Group generates revenue primarily from the sale of food ingredients along with corresponding recipes as meal kits. Revenue is recognized in accordance with IFRS 15 *Revenue from Contracts with Customers*.

The Group follows the five-step model pursuant to IFRS 15 in which the amount of and period in which revenue is recognized is determined. The process separates the following steps: identification of the contract(s) with the customer, identification of the individual performance obligations, determination of the transaction price, allocation of the transaction price to the individual performance obligations, and the determination of the timing of revenue recognition.

The Group has a single performance obligation to fulfill for its customers, a single promise to deliver the ordered meal kit directly to the customer. Revenue is recognized only when the above performance obligation is satisfied, namely, upon delivery of the meal kit. The Group does not provide a right of return for its products given that the good provided contains fresh produce.

Revenue is measured at the fair value of the consideration received or receivable, in exchange for delivery of the ordered meal kit, stated net of promotional discounts, rebates, and sales-related taxes. Prepayments received from customers for future deliveries are recognized as contract liabilities under IFRS 15 and are shown as other non-financial liabilities.

Furthermore, the Group may participate in selling vouchers for future orders to marketing partners. Sales of such vouchers are only included in revenue when a voucher has been redeemed and the corresponding box has been delivered. Prepaid and unused vouchers sold to marketing partners are recognized as contract liabilities under IFRS 15 and are shown as other non-financial liabilities.

17.15 Cost of goods sold

Cost of goods sold includes the purchase price of materials used in production, inbound shipping charges, costs attributable to picking and rent of the fulfillment centers. Shipping charges paid to receive products from suppliers (inbound shipping charges) are included in inventory and recognized as costs of goods sold upon the sale of products to customers.

17.16 Fulfillment expenses

Fulfillment expenses represent shipping expenses incurred to deliver customer orders and customer payment related expenses.

17.17 Marketing expenses

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

Royalty expenses are costs that relate to license and promotion agreements in which royalties are paid to third parties for use of trademarks and related marketing materials. Royalty expenses are based on the greater of a pre-determined contracted percentage of sales or the minimum guarantees in place and are expensed as the services are received.

17.18 General and administrative expenses

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



17.19 Changes in accounting policies and disclosures

The Company has adopted all relevant new and amended Accounting Standards and Interpretations issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU) which are effective for annual reporting periods beginning on or after 1 January 2020. To the extent these financial statements have changed since the 2019 report due to changes in standards and interpretations, we have disclosed the impact of those changes. The Group has not adopted early any standard, interpretation, or amendment, that has been issued but is not yet effective.

18 Events occurred after the reporting period

EUR 2,500 thousand loan repayment to Berliner Volksbank (BVB)

On 29 January 2021, the Company retired the 2018 unsecured loan in its entirety, repaying the outstanding aggregate amount of EUR 2,500 thousand.

New Market

In February 2021, Marley Spoon began deliveries of Dinnerly to the Netherlands. The meal kits are shipped from the Group's fulfilment center located in the Netherlands.

New Leased Facility

On 3 February 2021 the Company signed a 10-year lease for a new fulfilment center facility in Tracy, California, adding additional capacity which will enable the US segment to respond to continued demand for Marley Spoon's products.

For personal use only

The consolidated financial statements were authorized by the Management Board on 24 February 2021.

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

Jennifer Bernstein
Chief Financial Officer, Member of the Management Board

Berlin, 24 February 2021

For personal use only

RESPONSIBILITY STATEMENT

To the best of our knowledge and pursuant to applicable accounting principles for consolidated financial statements, we assure that a true and fair view of the financial position and performance is conveyed, that in the Marley Spoon management report, the progression of business, including the business results and the position of Marley Spoon, are presented so as to convey a true and fair view, and that the main opportunities and risks entailed in the Group's prospective development are described.

Berlin, 24 February 2021

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

Jennifer Bernstein, Chief Financial Officer
Member of the Management Board

For personal use only

INDEPENDENT AUDITORS' OPINION

Independent Auditors' Report
To: Marley Spoon AG

Report on the audit of the consolidated financial statements and of the group management report

Opinions

We have audited the consolidated financial statements of Marley Spoon AG, Berlin, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the fiscal year from 1 January to 31 December 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Marley Spoon AG for the fiscal year from 1 January to 31 December 2020.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2020, and of its financial performance for the fiscal year from 1 January to 31 December 2020, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the opinions

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

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the fiscal year from 1 January to 31 December 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

[1] Revenue recognition

Reasons why the matter was determined to be a key audit matter

The Group generates revenue from the sale of food boxes. Revenue is recognized when the customer obtains control over the food boxes. Revenue is presented net of various sales discounts associated with rebate campaigns.

We are of the opinion that revenue recognition is a complex matter due to the high number of boxes sold and the variety of rebate programs which gives rise to an elevated risk of accounting errors. In light of the significance and the large number of individual transactions recorded, we are of the opinion that revenue recognition is a key audit matter.

Auditor's response

During our audit, we analyzed the accounting policies applied in the consolidated financial statements of Marley Spoon AG for revenue recognition in terms of the five-step model defined in IFRS 15. Moreover, we verified the processes implemented by the representatives of Marley Spoon AG for the recognition of revenue, particularly with regard to the appropriate treatment of rights of return and discount allowed and tested the effectiveness of the controls implemented in these processes.

We tested the plausibility of the reported revenues by the use of data analytics. In addition, as part of our substantive audit procedures, we reconciled the revenue recognized for a statistical sample to the cash received and verified whether the revenue was recorded in the correct period based on the underlying terms and conditions of the supply contract.

Our procedures did not reveal any exceptions relating to revenue recognition.

Reference to related disclosures

The disclosures on the accounting policies applied for the recognition of revenue are contained in Section 17.14 "Revenue recognition" of the notes to the consolidated financial statements.

[2] Accounting of financing arrangements

Reasons why the matter was determined to be a key audit matter

The Company entered into several financing agreements in the previous and current fiscal year. Due to the variety of contractual arrangements and their treatment required under IFRS accounting standards we are of the opinion that the accounting is complex. Considering the material significance and great complexity of the issue which gives rise to an elevated risk of accounting errors, we are of the opinion that the accounting of financing arrangements is a key audit matter.

Auditor's response

As part of our audit, we assessed the accounting policies applied in the consolidated financial statements of Marley Spoon AG for the accounting treatment of financing arrangements for compliance with the applicable IFRSs.

During our audit, we analyzed the accounting policies applied in the consolidated financial statements of Marley Spoon AG for the recognition of financing arrangements to determine whether they were in line with the applicable IFRS accounting standards. We also assessed the accounting policies applied by the legal representatives of Marley Spoon AG on the basis of the underlying contracts and, in process discussions, understood the processes implemented by the legal representatives of Marley Spoon AG for the accounting of financing agreements, in particular with regard to the significant estimation assumptions made.

The appropriateness of the key assumptions used in measurement, especially the volatility, maturity dates and the interest rates, were examined by our internal valuation experts based on an analysis of market indicators and underlying contracts. We verified the mathematical accuracy of the valuation method and the calculation of interest expenses in the fiscal year based on the underlying contracts.

Our audit procedures did not reveal any exceptions relating to the accounting of financing arrangements.

Reference to related disclosures

The disclosures on the applicable accounting policies can be found in Section 6.2 “Derivative financial instruments” and Section 6.7 “Interest bearing loans and borrowings” of the notes to the consolidated financial statements”.

Other information

The supervisory board is responsible for the supervisory board report. In all other respects, the management is responsible for the other information. The other information comprises the other components of the annual report, including:

- the Marley Spoon KPIs
- the letter by the management board
- the report of the supervisory board
- the remuneration report
- the corporate governance statement
- the directors report
- the shareholder information and
- the responsibility statement.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information:

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the management and the supervisory board for the consolidated financial statements and the group management report

The management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Furthermore, the management is responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

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

We exercise professional judgment and maintain professional scepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of estimates made by the management and related disclosures.



- Conclude on the appropriateness of the management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor’s report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Company’s position it provides.
- Perform audit procedures on the prospective information presented by the management in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

Berlin, 24 February 2021

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Grummer

Nasirifar

Wirtschaftsprüfer

Wirtschaftsprüfer

[German Public Auditor]

[German Public Auditor]

For personal use only

For personal use only



IR.MARLEYSPOON.COM