

# MARLEY SPOON

## PROSPECTUS

### MARLEY SPOON AG

ARBN 625 684 068

Prospectus for the Offer of  
49,296,000 CDIs at A\$1.42 each.

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#### JOINT LEAD MANAGERS

Macquarie Capital (Australia) Limited  
Canaccord Genuity (Australia) Limited

#### IMPORTANT INFORMATION:

Marley Spoon AG is a registered foreign company under the *Corporations Act 2001* (Cth).  
Marley Spoon is a German company registered under the German Stock Corporation Act  
(HRB 158261 B)

# IMPORTANT NOTICES

## Offer of CDIs

This Prospectus is issued by Marley Spoon AG, a German stock corporation established under the German Stock Corporation Act (Aktengesetz, AktG) (ARBN 625 684 068) (**Marley Spoon** or the **Company**) for the purposes of Chapter 6D of the Corporations Act 2001 (Cth) (**Corporations Act**). The Offer contained in this Prospectus is an initial public offering to acquire fully paid CHESS Depository Interests (**CDIs**) over ordinary shares (**Shares**) in the Company (the **Offer**). Refer to Section 7 for further information.

In this Prospectus, references to numbers of CDIs is based on 1,000 CDIs being issued for each Share on issue at the relevant time.

## Lodgement and listing

This Prospectus is dated 6 June 2018 (**Prospectus Date**) and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date.

Marley Spoon will apply to the Australian Securities Exchange (**ASX**) within seven days after the Prospectus Date, for admission of the Company to the Official List of ASX and quotation of its CDIs on ASX.

None of ASIC, ASX or their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

As set out in Section 7.2, it is expected that the CDIs will be quoted on ASX, and CDIs will trade initially on a deferred settlement basis. The Company, the Registry, and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who trade CDIs before receiving their holding statements.

## Expiry Date

This Prospectus expires on the date which is 13 months after the Prospectus Date (**Expiry Date**). No CDIs will be issued on the basis of this Prospectus after the Expiry Date.

## Not investment advice

The information contained in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. It is important that you read this Prospectus carefully and in full before deciding whether to invest in Marley Spoon.

In particular, you should consider the assumptions underlying the Pro Forma Historical Financial Information and Pro Forma Forecast Financial Information (refer to Sections 4.8.1 and 4.8.2) and the risk factors (refer to Section 5) that could

affect the business, financial condition and financial performance of Marley Spoon. You should carefully consider these risks in light of your investment objectives, financial situation and particular needs (including financial and taxation issues) and seek professional advice from your accountant, financial advisor, stockbroker, lawyer or other professional advisor before deciding whether to invest in CDIs. There may be risks in addition to these that should be considered in light of your personal circumstances.

This Prospectus includes information regarding past performance of Marley Spoon. Investors should be aware that past performance is not indicative of future performance.

Except as required by law, and only to the extent required, no person named in this Prospectus, nor any other person, warrants or guarantees the performance of Marley Spoon, the repayment of capital by Marley Spoon or any return on investment in CDIs made pursuant to this Prospectus.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by Marley Spoon, the members of the Supervisory Board or Management Board, the Joint Lead Managers or any other person in connection with the Offer. You should rely only on information in this Prospectus.

## Exposure Period

The Corporations Act prohibits Marley Spoon from processing applications for securities in the seven-day period after the Prospectus Date (**Exposure Period**). The Exposure Period may be extended by ASIC by up to a further seven days. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus, in which case any Application may need to be dealt with in accordance with Section 724 of the Corporations Act. Applications received during the Exposure Period will not be processed until after the expiry of that period. No preference will be conferred on applications received during the Exposure Period.

## No cooling-off rights

Cooling-off rights do not apply to an investment in CDIs issued under this Prospectus. This means that, in most circumstances, you cannot withdraw your Application Form once it has been accepted.

## Obtaining a copy of this Prospectus

During the Exposure Period, an electronic version of this Prospectus (without an Application Form) will be available in electronic form at <https://events.miraqle.com/Marley-Spoon-IPO> to persons who are Australian residents only. Application Forms will not be made available until after the Exposure Period has expired.

During the Offer Period, this Prospectus is available in electronic form at <https://events.miraqle.com/Marley-Spoon-IPO>. The Offer constituted by this Prospectus in electronic form is available only to persons within Australia. The Prospectus is not available to persons in other jurisdictions (including the United States) in which it may not be lawful to make such an invitation or offer. If you access the electronic version of this Prospectus, you should ensure that you download and read the Prospectus in its entirety.

You may, before the Closing Date, obtain a paper copy of this Prospectus (free of charge) by telephoning the Marley Spoon Offer Information Line on 1800 647 819 (within Australia) from 8.30am to 5.30pm (Sydney time), Monday to Friday.

Applications for CDIs may only be made during the Offer Period on an Application Form attached to or accompanying this Prospectus.

The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to a paper copy of the Prospectus or the complete and unaltered electronic version of this Prospectus. Refer to Section 7 for further information.

## Statements of past performance

This Prospectus includes information regarding the past performance of Marley Spoon. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

## Financial Information

Section 4 sets out in detail the Financial Information referred to in this Prospectus and the basis of preparation of that Financial Information.



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All references to CY2015, CY2016, CY2017 and CY2018 appearing in this Prospectus are to the financial years ended 31 December 2015, 31 December 2016, 31 December 2017 and 31 December 2018 respectively, unless otherwise indicated.

The Financial Information has been prepared and presented in accordance with the recognition and measurement principles of the International Financial Reporting Standards (IFRS) as adopted by the European Union, endorsed by the European Financial Reporting Advisory Group (EFRAG), which are, with some limited modifications, consistent with IFRS and interpretations issued by the International Accounting Standards Board (IASB).

The Historical Financial Information is presented on both an actual and pro forma basis (as described in Section 4.2). This Prospectus also includes Forecast Financial Information for CY2018. The basis of preparation and presentation of the Forecast Financial Information is consistent with the basis of preparation and presentation for the Historical Financial Information. The Forecast Financial Information presented in this Prospectus is presented on both a statutory and pro forma basis and is unaudited.

The Financial Information in this Prospectus should be read in conjunction with, and is qualified by reference to, the information contained in Sections 4 and 5.

All financial amounts contained in this Prospectus are expressed in Euros, unless otherwise stated. Any discrepancies between totals and sums of components in tables, figures and components contained in this Prospectus are due to rounding.

#### Forward looking statements

This Prospectus may contain forward-looking statements concerning the Marley Spoon's business, operations, financial performance and condition as well as the Company's plans, objectives and expectations for its business, operations and financial performance and condition. This Prospectus contains forward looking statements which are identified by words such as "may", "aim", "intend", "anticipate", "assume", "aim", "could", "believes", "estimates", "expects", "intends" and other similar words that

involve risks and uncertainties. The Forecast Financial Information included in Section 4 is an example of forward looking statements. These forward-looking statements speak only as of the Prospectus Date, and the Company does not undertake to, and does not intend to, update or revise any forward looking statements, or publishing prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

Any forward-looking statements are subject to various risks that could cause Marley Spoon's actual results to differ materially from the results expressed or anticipated in these statements. Forward looking statements should be read in conjunction with, and are qualified by reference to, the risk factors as set out in Section 5, the general and specific assumptions as set out in Sections 4.8.1 and 4.8.2 and the sensitivity analysis as set out in Section 4.9 and other information in this Prospectus. Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside the control of Marley Spoon, the members of the Supervisory Board or Management Board. Marley Spoon, the members of the Supervisory Board and Management Board and the Joint Lead Managers cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

#### Industry and market data

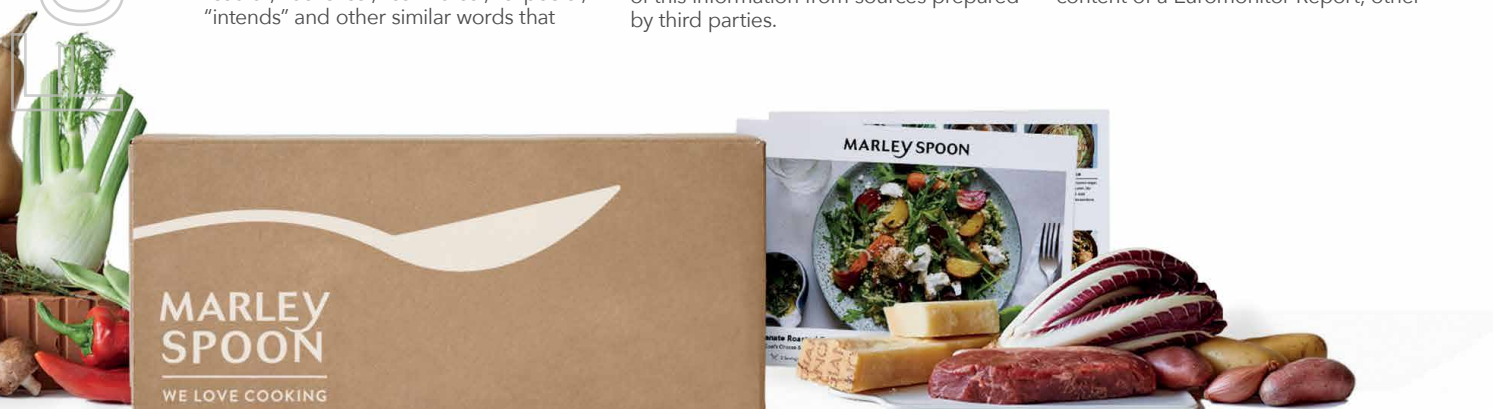
This Prospectus, including the Industry Overview in Section 2 and the Company Overview in Section 3, contains statistics, data and other information (including forecasts and projections) relating to markets, market sizes, market shares, market segments, market positions and other industry data pertaining to Marley Spoon's business and markets. Marley Spoon has obtained significant portions of this information from sources prepared by third parties.

Investors should note that market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. There is no assurance that any of the forecasts or projections in the surveys, reports and surveys of any third party that are referred to in this Prospectus will be achieved. Marley Spoon has not independently verified and cannot give any assurances to the accuracy or completeness of this market and industry data or the underlying assumptions used in generating this market and industry data. Estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in the risk factors set out in Section 5.

The market research information sourced from reports prepared by Euromonitor International is included in this Prospectus subject to the disclaimer set out below.

#### Euromonitor International disclaimer

Any statements, data or other contents referenced or attributed to reports by Euromonitor International (each a Euromonitor Report) in this Prospectus represent research opinions or viewpoints only of Euromonitor International, and are in no way to be construed as statements of fact. While the views, opinions, forecasts and information contained in the Euromonitor Reports are based on information believed by Euromonitor International in good faith to be reliable, Euromonitor International is not able to make any representation or guarantee as to the accuracy or completeness of any information upon which a view, opinion or forecast or information contained in any Euromonitor Report is based. Any views, opinions or predictions contained in the Euromonitor Reports are subject to inherent risks and uncertainties, and Euromonitor International does not accept responsibility for actual results or future events. Any statement made in a Euromonitor Report is made as at the date of that Euromonitor Report and any forecasts or expressions of opinion are subject to future change without notice by Euromonitor International. As such, investors are cautioned not to place undue reliance on such information. Euromonitor International is not obliged to, and will not, update or revise any content of a Euromonitor Report, other



# IMPORTANT NOTICES Continued

than where required by law, irrespective of any changes, events, conditions, availability of new information or other factors which may occur subsequent to the date of that Euromonitor Report. The Euromonitor Reports do not represent investment advice nor do they provide an opinion regarding the merits of the Offer.

## Selling restrictions

This Prospectus does not constitute an offer or invitation to apply for CDIs in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares, CDIs or the Offer, or to otherwise permit a public offering of CDIs or Shares, in any jurisdiction outside Australia. The distribution of this Prospectus outside Australia (including electronically) may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus may not be distributed to, or relied upon by, persons in the United States.

The CDIs have not been, and will not be, registered under the United States Securities Act of 1933, as amended (US Securities Act) or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States unless the CDIs or Shares have been registered under the US Securities Act or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and any other applicable securities laws.

## Defined terms and time

Defined terms and abbreviations used in this Prospectus have the meanings defined in the Glossary or are defined in the context in which they appear. Unless otherwise stated or implied, references to times in this Prospectus are to Sydney time. Unless otherwise stated or implied, references to dates or years are calendar year (CY) references. Any discrepancies between totals and the sum of components in tables contained in this Prospectus are due to rounding. References to minimum application amounts, and similar amounts may vary slightly compared to actual amounts due to rounding.

## Currency conversions

Where an amount is expressed in this Prospectus in Australian Dollars and Euros, the conversion is based on an Australian Dollar/Euro exchange rate of 0.625. The amount when expressed in Australian Dollars or Euros may change as a result of fluctuations in the exchange rate between those currencies.

## Privacy

By submitting an Application Form, you are providing personal information to Marley Spoon through the Registry, which is contracted by Marley Spoon to manage Applications. Marley Spoon and the Registry on behalf of Marley Spoon, may collect, hold and use that personal information in order to process your Application, service your needs as a securityholder, provide facilities and services that you request and administer Marley Spoon.

If you do not provide the information requested in the Application Form, Marley Spoon and the Registry may not be able to process or accept your Application.

Marley Spoon may disclose your personal information for purposes related to your Application or shareholding to Marley Spoon's group members, agents, and service providers on the basis that they deal with such information in accordance with applicable laws. The members, agents, and service providers of Marley Spoon may be located outside Australia, including in Germany (overseas recipients). When received by overseas recipients, your personal information may not receive the same level of protection as that afforded under Australian law. By submitting an Application Form you expressly consent to the disclosure of your personal information to overseas recipients

## Photographs and diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by Marley Spoon. Diagrams and maps used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date. This Prospectus also includes trademarks, trade names and service marks that are the property of other organisations. Unless indicated, the Company does not purport to own this property.

## Company website

Any references to documents included on a Marley Spoon website are for convenience only, and none of the documents or other information available on a Marley Spoon website is incorporated into this Prospectus by reference.

## Disclaimer

Macquarie Capital (Australia) Limited and Canaccord Genuity (Australia) Limited are jointly managing and underwriting

the Offer for Marley Spoon. Neither Macquarie Capital (Australia) Limited nor Canaccord Genuity (Australia) Limited have authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this Prospectus and there is no statement in this Prospectus which is based on any statement made by either of them or by any of their respective affiliates, officers or employees. To the maximum extent permitted by law, the Joint Lead Managers and each of their respective affiliates, officers, employees and advisers expressly disclaim all liabilities in respect of, make no representations regarding, and take no responsibility for, any part of this Prospectus other than references to their respective names and make no representation or warranty as to the currency, accuracy, reliability or completeness of this Prospectus.

## Independent Limited Assurance Report

The provider of the Independent Limited Assurance Report is required to provide Australian retail investors with a financial services guide in relation to the review under the Corporations Act (Financial Services Guides). The Independent Limited Assurance Report and accompanying Financial Services Guide is provided in Section 8.

## Regulation of Marley Spoon

As the Company is not established or incorporated in Australia, its general corporate activities (apart from offering securities in Australia) are not regulated by the Corporations Act or by ASIC but instead are regulated by German company law (including the German Stock Corporation Act (*Aktiengesetz, AktG*)) and applicable German law. Refer to Section 9 for further information.

## Questions

If you have any questions about how to apply for CDIs, call your Broker or the Marley Spoon Offer Information Line on 1800 647 819 (within Australia) between 8.30am and 5.30pm (Sydney time), Monday to Friday. Instructions on how to apply for CDIs are set out in Section 7 of this Prospectus and on the back of the Application Form.

If you have any questions about whether to invest in Marley Spoon, you should seek professional advice from your accountant, financial advisor, stockbroker, lawyer or other professional advisor before deciding whether to invest in CDIs.

This document is important and should be read in its entirety.



# CONTENTS

IMPORTANT NOTICES .....	IFC
KEY DATES .....	04
KEY OFFER STATISTICS .....	05
CHAIRMAN'S LETTER .....	06
FOUNDER'S LETTER .....	07
1. INVESTMENT OVERVIEW .....	08
2. INDUSTRY OVERVIEW .....	29
3. COMPANY OVERVIEW .....	41
4. FINANCIAL OVERVIEW .....	65
5. RISKS .....	100
6. KEY PEOPLE, INTERESTS & BENEFITS .....	114
7. DETAILS OF THE OFFER .....	140
8. INDEPENDENT LIMITED ASSURANCE REPORT .....	151
9. ADDITIONAL INFORMATION .....	162
APPENDIX A .....	195
GLOSSARY .....	202
CORPORATE DIRECTORY .....	IBC

**MARLEY  
SPOON**

WE LOVE COOKING

# KEY DATES

EVENT	DATE
Lodgement of Prospectus with ASIC	Wednesday, 6 June 2018
Offer opens (Broker Firm Offer and Chairman's List Offer)	Thursday, 14 June 2018
Offer closes (Broker Firm Offer and Chairman's List Offer)	Thursday, 21 June 2018
Settlement of the Offer	Wednesday, 27 June 2018
Completion. Issue of CDIs and commencement of deferred settlement trading on ASX	Monday, 2 July 2018
Expected despatch of holding statements	Tuesday, 3 July 2018
Expected commencement of trading on ASX on a normal settlement basis	Wednesday, 4 July 2018

## DATES MAY CHANGE

The dates above are indicative only and may change.

In particular, Completion cannot occur until the Commercial Register registers the increase in the Company's capital to result from the issue of the Shares to be issued on Completion as required by German law, and Shares are acquired by the depository nominee, CDN. The admission of the Company to the official list of ASX and quotation and commencement of trading of CDIs is also subject to confirmation from ASX. These processes may complete before or after the scheduled date for Completion indicated in the timetable, in which case Completion and each of the dates that follow that date may also change.

The Company, in agreement with the Joint Lead Managers, reserve the right to vary any and all of the above dates without notice (including, subject to ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the date the Offer closes, to accept late applications or bids, either generally or in particular cases, or to cancel or withdraw the Offer before the issue of CDIs over Shares to successful applicants, in each case without notifying any recipient of this Prospectus or applicants). Investors are encouraged to submit their Application Forms as soon as possible after the Offer opens.

If the Offer is cancelled or withdrawn, all application monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act.

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# KEY OFFER STATISTICS

	CDIs	SHARES
Ratio of CDIs <sup>1</sup> per Share	1,000	1
Number of CDIs available under the Offer and equivalent number of Shares	49,296,000	49,296
Offer Price for each CDI and for each equivalent Share	A\$1.42 per CDI	A\$1,420.00 per Share
Gross proceeds from the Offer	A\$70,000,320	A\$70,000,320
Total number of Shares on issue at Completion of the Offer and equivalent number of CDIs <sup>2</sup>	140,470,000	140,470
Proportion of Company's share capital represented by CDIs available under the Offer <sup>2</sup>	35.1%	35.1%
Indicative market capitalisation at Completion of the Offer <sup>2,3</sup>	A\$199,467,400	A\$199,467,400
Enterprise value <sup>4</sup>	\$163,627,400	\$163,627,400
Enterprise value/pro forma CY2018 forecast revenue <sup>4</sup>	1.10x	1.10x

## Notes:

1. CDIs are CHES Depository Interests over underlying Shares. Refer to Section 9.1 for further information on CDIs.
2. Assumes Shares are issued on Completion in respect of the convertible securities, warrants and rights as described in the Table 5 in Section 6.4 (and the Kreos Warrants are not exercised). Refer also to Section 9.8 for further information. The percentage of CDIs available on Completion for CDI Holders to freely trade in the public market is 37% based on the expected capital structure of the Company on Completion. Based on all of the Company's Shares being represented by CDIs on Completion.
3. The indicative market capitalisation is determined by multiplying the applicable number of CDIs on issue (on the basis that all of the Shares on issue are represented by CDIs) by the Offer Price per CDI. The CDIs may not trade at the Offer Price after Completion. If the CDIs trade below the Offer Price after Completion, the market capitalisation may be lower.
4. Enterprise value is calculated as the indicative market capitalisation less net cash of approximately €22 million (approximately ~A\$36 million).

## HOW TO INVEST

Completing and lodging an Application Form is the only way to apply for CDIs. Instructions on how to apply for CDIs are set out in Section 7.2 and on the back of the Application Form.

## QUESTIONS

If you have any questions about the Prospectus or the Application Form, please contact the Marley Spoon Offer Information Line, on 1800 647 819 (if calling within Australia) from 8.30am to 5.30pm (Sydney time) Monday to Friday.

If you have any doubt as to what to do in relation to the Offer, you should seek professional advice from a licensed financial adviser, accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest in the Company.

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# CHAIRMAN'S LETTER



Wednesday, 6 June 2018

Dear investor,

On behalf of my fellow members of the Supervisory Board, it is my pleasure to invite you to become an investor in Marley Spoon AG.

Marley Spoon is a leading meal kit provider which supplies fresh pre-portioned ingredients and recipes to our customers through a weekly online subscription. Customers can choose recipes from a changing menu providing a convenient, affordable and healthy alternative to ordering take-away food or grocery shopping.

Since being founded in 2014 in Germany by Fabian Siegel and Till Neatby, Marley Spoon has served over 14.5 million meals to our customers in three regions: Australia, United States and Europe (Austria, Belgium, Germany and the Netherlands). Marley Spoon had over 111,000 active customers as at 31 March 2018 across both the Marley Spoon and Dinnerly brands, which represents a growth rate of over 100% in the last 12 months.

Marley Spoon's 'source-to-order' model allows us to source ingredients based on what is required to fulfil our customers' actual orders, reducing food waste compared to a 'source-to-stock' model that operates in many traditional supermarkets. In addition, Marley Spoon has eight manufacturing centres located across our regions in which approximately 177 million households are located.

Marley Spoon experienced strong revenue growth since launch, growing by over 100% in both CY2016 and CY2017, and has a number of growth strategies in place based on growing our customer base, driving growth in existing customers, and improving the efficiency of our operations. We are also excited by the growth opportunities available through the recent launch of our lower cost offering under the Dinnerly brand in the United States and Australia.

As discussed in this prospectus, our 'source-to-order' business model and manufacturing processes assists in generating positive contribution margins (ie gross profits less fulfilment expenses) of 17% in CY2017 and 22% in 1Q 2018, helping drive attractive unit economics. Adopting a disciplined approach to customer acquisition costs, we target a 6 month payback period and a total customer life time value of approximately 3 times the average customer acquisition costs for a cohort of new customers.

Marley Spoon is led by an experienced leadership team with skills in procurement, manufacturing process innovation, culinary operations, online marketing and customer experience, and customer service. Our co-founder, Fabian Siegel previously co-founded Delivery Hero, a global online restaurant food delivery service.

The listing of Marley Spoon on the ASX gives Marley Spoon access to capital to enable it to continue to grow. It also gives investors the ability to be part of a business with international operations in a growing and evolving market.

Marley Spoon is seeking to raise A\$70 million through the issue of 49,296,000 CDIs over new shares at an offer price of A\$1.42 per CDI. A CDI represents a beneficial interest in a share in the company and is calculated using a ratio of 1,000 CDIs for 1 share. The offer is scheduled to close at 5.00pm on Thursday, 21 June 2018.

Upon listing, new CDI holders are expected to hold approximately 33% of the CDIs on issue. Existing investors, including management, will hold the remaining 67% of CDIs. Approximately 64% of CDIs on issue on listing will be escrowed.

This prospectus includes detailed information about the offer and the historical and forecast financial position of Marley Spoon. An investment in Marley Spoon is subject to risks. We have a limited trading history, are loss making, and our growth will rely significantly on our ability to attract new customers and generate revenues from existing customers. Other risks include risks associated with operating in a competitive industry; operational failure and a loss in reputation and value of our brands; IT systems failures; food contamination; compliance with laws and regulations and changes in those laws; and a reliance on key staff. Before applying for CDIs and making an investment in Marley Spoon, any prospective investor should be satisfied that they have a sufficient understanding of the risks set out in Section 5.

I recommend you read this prospectus carefully and in its entirety before making an investment decision.

On behalf of my fellow members of the Supervisory Board, I look forward to welcoming you as a CDI holder in Marley Spoon AG.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Deena Shiff'. The signature is fluid and cursive.

Deena Shiff  
Chairman of the Supervisory Board



# FOUNDER'S LETTER



Wednesday, 6 June 2018

Dear investor,

My co-founder Till and I created Marley Spoon in order to bring delightful, market-fresh and easy cooking back to the people. Despite all the product choices supermarkets provide, we were tired of always buying the same ingredients to make the same meals that we were confident cooking and used to preparing. We knew we could not be alone, and so Marley Spoon was born out of our desire to create a weeknight cooking solution that is diverse, easy and convenient.

We believe that making it easy to cook and share home cooked dinners with fresh and varied ingredients is not only healthy but helps build strong bonds between families and friends. Furthermore, we are not only seeking to improve our customers' lives, but also playing a role to help reduce food waste.

Research by United States Department of Agriculture found that approximately 10% of the total retail food supply in the United States was wasted through in-store food losses (ie not even counting food waste in production, processing, distribution, or by the end-customer). Supermarkets often source and stock large quantities and varieties of products in-store without advance notice of the actual demand for each ingredient, which can lead to food being wasted. We believe that the business we are building is disruptive to supermarkets, with Marley Spoon sourcing its fresh produce based on actual consumer demand, enabling us to operate with very low levels of stock. Further, we require only 8 manufacturing centres to reach our customers, and operate a simplified supply chain with only 100-150 stock keeping units (SKUs) each week whereas a supermarket can have, for example, between 10,000 and 25,000 SKUs to manage each week.

Marley Spoon has developed a company culture with a set of principles that guide our actions. Amongst those principles we aspire to:

- do everything to delight our customer and delight each other on the way;
- achieve more with less - for us, our customers and our planet. Avoid waste;
- let data guide us, not opinions;
- always get the details right - better than others; and
- let our ego not get in the way, but instead build flat structures and open communication.

Central to Marley Spoon's success is the amazing and diverse group of people that make up our company, especially our teams that build Marley Spoon meal kit boxes in our manufacturing centres each week. Our ambition is to continue working with our people over many years. Without the dedication of the Marley Spooners around the world we could not fulfil our vision of bringing fresh and easy cooking back to the people.

Since we started in 2014 we have served more than 14.5 million meals to our customers in Australia, Europe and the United States, however we are just at the beginning of our journey. From the advent of e-commerce, customer behaviour has seen shifts towards buying online, which has resulted in significant disruption in many retail sectors. Grocery, one of the largest retail sectors, has yet to experience the switch from offline to online to the same extent as many other sectors and I believe Marley Spoon is well positioned to benefit as more consumers become comfortable purchasing groceries in this way.

Our ambition is to build major consumer brands (Marley Spoon, Martha & Marley Spoon, Dinnerly) that provide weeknight cooking to families and couples, improving our customers lives and reducing food waste. We expect that fulfilling this ambition will take many years, but we believe in continuous growth and long term thinking. We are excited about what lies ahead and we welcome you to join us in this journey.

A handwritten signature in black ink, appearing to read 'Fabian Siegel', written over a light blue horizontal line.

Fabian Siegel  
Co-founder, Marley Spoon

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# 1.

## INVESTMENT OVERVIEW



# 1. INVESTMENT OVERVIEW

The information contained in this Section 1 is a summary only. You should read this Section in conjunction with the information set out in the remainder of this Prospectus.

TOPIC	SUMMARY	FOR MORE INFORMATION
<b>1.1 Introduction</b>		
Who is Marley Spoon?	Founded in 2014 in Germany, Marley Spoon is a subscription-based weekly meal kit service that services customers in three primary regions: Australia, United States and Europe (servicing Austria, Belgium, Germany and the Netherlands). Since launch, Marley Spoon has delivered over 14.5 million individual meals and developed more than 9,000 recipes. As at 1 March 2018, Marley Spoon had over 111,000 Active Customers across both the Marley Spoon and Dinnerly brands.	Sections 3.1 and 3.2
What are meal kits?	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. Meal kit providers, including Marley Spoon, provide a subscription based service where customers sign up to a weekly plan and choose a set number of meals and portions - from a changing menu which are then delivered the following week.	Section 2.2
What industry does Marley Spoon operate in?	<p>The meal kit market sits within the intersection of two sub-segments of the global food market, namely: the groceries and restaurant market.</p> <p>The global full-service restaurant market was estimated to be worth US\$1.4 trillion<sup>1</sup> and the global grocery market was estimated to be worth US\$6.1 trillion in 2016<sup>2</sup> by Euromonitor.</p> <p>It was estimated in July 2017 that the United States market for fresh food meal kits has increased from US\$1.5 billion in 2016 to US\$4.65 billion in 2017<sup>3</sup>. The total United States meal kit market size is expected to increase to US\$11.6 billion by the end of 2022<sup>4</sup>.</p> <p>In the regions currently serviced by Marley Spoon (Australia, United States and Europe (specifically Austria, Belgium, Germany and the Netherlands) there are approximately 177 million households<sup>5</sup>.</p>	Section 2.3.1

1. Euromonitor International: "Consumer Foodservice Global Industry Overview", October 2017.
2. Euromonitor, "World Grocery Retail Market", March 2018 as updated by Retailing 2018 edition, Grocery Retailers, retail value RSP including sales tax, fixed 2017 ex rates.
3. Euromonitor International: "Consumer Foodservice Global Industry Overview", October 2017.
4. Market research publisher Packaged Facts, "Meal Kit Delivery Services in the U.S., 2nd Edition," July 2017.
5. Based on population data from the Australian Bureau of Statistics, United States Census Bureau and Eurostat as well as Marley Spoon penetration data.

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# 1. INVESTMENT OVERVIEW Continued

TOPIC	SUMMARY	FOR MORE INFORMATION
<p>How do meal kit businesses differ from traditional supermarkets?</p>	<p>The meal kit business differs from traditional supermarkets in a number of ways.</p> <p>A key difference is the ordering model, with meal kit businesses typically operating a source-to-order model (which is common in many manufacturing industries) and supermarkets typically offering a source-to-stock model (a more traditional retail model). Other common differences are summarised below:</p> <ul style="list-style-type: none"> <li>• <b>Customer experience:</b> Meal kits provide consumers with an easy choice by allowing customers to choose from a recipe list and have ingredients delivered to their home. This assists customers to spend less time researching recipes and traveling to and shopping at the supermarket.</li> <li>• <b>Supply chain:</b> Unlike many supermarkets and online grocery providers, meal kit providers have a relatively simple supply chain that relies on a small number of stock keeping units (SKUs). For example a meal kit provider may have approximately 100-150 weekly SKUs whilst a supermarket can have between 10,000 and 25,000 SKUs to manage each week which can give rise to significant cost, complexity and logistical challenges.</li> <li>• <b>Food waste reduction:</b> The meal kit provider source-to-order business model is able to reduce food waste in the supply chain due to high visibility of customers' orders. After the cut-off date for customers to change or cancel their meal kit, meal kit providers can specify the quantities of ingredients for the day those ingredients are required. Supermarkets on the other hand, source and maintain large quantities and varieties of groceries, including food and have to order stock based on expected rather than actual demand. Research by United States Department of Agriculture found that in 2010 approximately 10% of total retail food supply in the United States was wasted through in-store food losses (which excludes food waste in production, processing and distribution and any food waste by the end-customer).<sup>6</sup></li> <li>• <b>Distribution:</b> Meal kit providers generally package ingredients into meal kits at their own manufacturing centres. With no retail 'shopfront' these facilities can be located in more industrial locations outside of the city centre and provide broad national reach with the assistance of third party logistic providers. In comparison, supermarket chains are required to distribute their groceries across country to many (potentially numbering in the hundreds or more) individual outlets, (often located in prime real estate locations), where groceries must be unpacked and/or placed on shelves.</li> <li>• <b>Data:</b> Meal kit providers gather data from customers when they subscribe to and use their service, including email addresses and their physical addresses. This data enables meal kit providers to run an anonymised analysis and conduct market research through third parties. Meal kit providers also see the customers' choice of meals and the portions ordered each week. Many supermarkets are also able to gather data on customers through, for example loyalty cards, but they are usually unaware of what recipe the consumer is cooking and for how many people.</li> </ul>	<p>Section 2.4.1</p>

6. Natural Resources Defence Council Issue Paper (Second edition of NRDC's original 2012 report): "Wasted: How America is Losing up to 40 Percent of its Food from Farm to Fork to Landfill", August 2017.

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TOPIC	SUMMARY	FOR MORE INFORMATION
Position of the meal kit market	<p>Marley Spoon believes that this strong market growth is expected to be driven by a variety of factors:</p> <ul style="list-style-type: none"> <li>• Trend towards greater <b>health and wellness</b>;</li> <li>• Increasing consumer preferences to prepare <b>'home-cooked meals'</b>;</li> <li>• Increased propensity to <b>buy online, particularly groceries</b>;</li> <li>• Improvement in <b>last-mile logistics networks</b>, better enabling delivery of fresh food direct to consumers; and</li> <li>• Trend towards <b>ethically minded and value driven</b> choices by consumers, including to reduce food waste.</li> </ul>	Sections 2.3.1 and 2.5

TOPIC	SUMMARY	FOR MORE INFORMATION
<b>1.2 Key features of Marley Spoon's business model</b>		
Why do customers choose Marley Spoon?	<p>The appeal of Marley Spoon meal kits is driven by the following factors:</p> <ul style="list-style-type: none"> <li>• Choice and variety;</li> <li>• Health;</li> <li>• Convenience and time savings;</li> <li>• Flexibility;</li> <li>• Family time; and</li> <li>• Food waste reduction.</li> </ul> <p>In the United States and Australia, Marley Spoon has also launched a separately branded offering named Dinnerly, which is a lower cost meal kit designed to broaden the customer base by targeting more cost conscious consumers.</p>	Sections 3.9.2 and 3.6
How does Marley Spoon generate revenue?	<p>Marley Spoon generates revenue primarily from the sale of its meal kits. The Company also generates revenue from the sale of other products to its customers including fruit boxes, holiday meal packages, dinner party meal kits and cookie boxes.</p>	Sections 3.2 and 3.7
Who are Marley Spoon's competitors?	<p>Marley Spoon believes it is competing within the intersection of the grocery market and restaurant market, with its subscription based meal kit services offering an alternative to both groceries and 'eating out' or getting 'takeaway' from restaurants. As such, Marley Spoon's competitors include supermarket chains, online only vendors of groceries, corner stores such as convenience stores and takeaway stores, dine-in restaurants, delivery only and take-away platforms, pre-prepared meal providers and other meal kit providers.</p> <p>Marley Spoon's key meal kit competitors in each of its geographic regions include:</p> <ul style="list-style-type: none"> <li>• <b>Multi-continental:</b> Hello Fresh.</li> <li>• <b>United States:</b> Hello Fresh, Blue Apron, Home Chef, Sun Basket, Plated.</li> <li>• <b>Other<sup>7</sup>:</b> Guosto, Chefs Plate, Linas Matkasse, My Food Bag.</li> </ul>	Sections 2.4 and 2.4.2

7. Geographies where Marley Spoon does not currently operate.

# 1. INVESTMENT OVERVIEW Continued

TOPIC	SUMMARY	FOR MORE INFORMATION
<p>What are the key features of the Marley Spoon business model?</p>	<p>Marley Spoon's business model is based on six key elements:</p> <ol style="list-style-type: none"> <li><b>1. Customer acquisition:</b> <ul style="list-style-type: none"> <li>• Marley Spoon acquires customers through a combination of online marketing, offline marketing and referrals. Approximately one third of new customers are referrals from existing customers and word of mouth.</li> <li>• Marley Spoon is able to benchmark multiple customer acquisition channels across different regions to assist setting its marketing activities. In the United States customer acquisition benefits from Marley Spoon's association with Martha Stewart.</li> <li>• 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).</li> </ul> </li> <li><b>2. Customer data insights:</b> <ul style="list-style-type: none"> <li>• 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 tailor further the suggested recipe selections for customers and weekly menus.</li> <li>• Marley Spoon's in-house chefs and nutritionists in conjunction with the food procurement team regularly develop new easy-to-cook recipes. More than 9,000 recipes have been created at Marley Spoon.</li> <li>• Recipes differ across the regions Marley Spoon operates to cater for different customer demands and seasons.</li> </ul> </li> <li><b>3. Preference for direct sourcing:</b> Marley Spoon seeks to source as many of the meal kit ingredients as possible direct from producers to assist delivering the freshest produce possible to customers. Other ingredients are sourced from trusted wholesale suppliers.</li> <li><b>4. In-house manufacturing:</b> <ul style="list-style-type: none"> <li>• Marley Spoon focuses on manufacturing excellence to offer choice as well as variety and drive margins, efficiencies and accuracy.</li> <li>• Marley Spoon has manufacturing centres in each of the regions it operates. Its meal kits are prepared and packed utilising proprietary and non-proprietary, standardised processes at its eight manufacturing centres located across the regions in which it operates.</li> </ul> </li> <li><b>5. Logistics:</b> Marley Spoon currently uses outsourced logistics to provide 'long haul' and 'last-mile' delivery to its customers.</li> </ol>	<p>Section 3.9</p>

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TOPIC	SUMMARY	FOR MORE INFORMATION
<p>What are the key features of the Marley Spoon business model? continued</p>	<p><b>6. Customer Care:</b></p> <ul style="list-style-type: none"> <li>• Excellent customer experience and care are important components of generating new customers by word of mouth and retaining existing customers.</li> <li>• Marley Spoon designs its processes, including its website and apps, manufacturing centres and delivery chain to best ensure customers receive the meal kits they desire, on time.</li> <li>• Customer support is also offered through a call centre, email support, social media and chat.</li> <li>• Marley Spoon monitors its average Net Promoter Score (the Company had an average Net Promoter Score of over 48 in CY 2017) as one means of measuring its performance.</li> </ul>	<p>Section 3.9</p>
<p>What is Marley Spoon's growth strategy?</p>	<p>Marley Spoon's growth strategy is based on three pillars:</p> <ol style="list-style-type: none"> <li>1. Grow Marley Spoon's customer base by growing consumer awareness, driving customer acquisition and exploiting new market opportunities such as the lower priced Dinnerly offering.</li> <li>2. Drive growth within the existing customer base through upselling additional products to existing customers and using data driven personalisation to increase order frequency and reduce churn.</li> <li>3. Improve efficiencies throughout the business through procurement and logistics optimisation and enhancing manufacturing and automation.</li> </ol>	<p>Section 3.11</p>
<p>What is the Company's dividend policy?</p>	<p>The Company does not intend to pay a dividend following Completion in respect of CY2018 and the current intention of the Board is that no dividend will be paid in the foreseeable future.</p>	<p>Section 4.10</p>

# 1. INVESTMENT OVERVIEW Continued

TOPIC	SUMMARY	FOR MORE INFORMATION																																																							
Marley Spoon's pro forma historical and forecast financial performance	<p>A selected summary of Marley Spoon's pro forma historical and pro forma and statutory forecast, financial information is set out below. You should read this information in conjunction with the more detailed discussion of the Financial Information set out in Section 4, including the assumptions, management discussion and analysis and sensitivity analysis, as well as the key risks set out in Section 5.</p> <p>A reconciliation of the reported historical and statutory forecast net loss to pro forma historical and forecast net loss is provided in Section 4.6.1.</p> <table border="1"> <thead> <tr> <th></th> <th colspan="3">Pro Forma Historical</th> <th>Pro Forma Forecast</th> </tr> <tr> <th>€ millions</th> <th>CY2015</th> <th>CY2016</th> <th>CY2017</th> <th>CY2018</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>3.9</td> <td>20.2</td> <td>53.2</td> <td>93.0</td> </tr> <tr> <td>EBIT</td> <td>(11.5)</td> <td>(24.2)</td> <td>(28.0)</td> <td>(24.9)</td> </tr> <tr> <td>Net Loss</td> <td>(11.5)</td> <td>(24.6)</td> <td>(29.3)</td> <td>(25.8)</td> </tr> <tr> <td>Operating EBITDA</td> <td>(10.1)</td> <td>(22.0)</td> <td>(25.4)</td> <td>(21.1)</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th></th> <th colspan="3">Reported Historical</th> <th>Statutory Forecast</th> </tr> <tr> <th>€ millions</th> <th>CY2015</th> <th>CY2016</th> <th>CY2017</th> <th>CY2018</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>3.9</td> <td>20.2</td> <td>53.2</td> <td>93.0</td> </tr> <tr> <td>EBIT</td> <td>(10.4)</td> <td>(24.0)</td> <td>(27.2)</td> <td>(25.0)</td> </tr> <tr> <td>Net Loss</td> <td>(10.4)</td> <td>(24.4)</td> <td>(28.5)</td> <td>(32.3)</td> </tr> </tbody> </table>		Pro Forma Historical			Pro Forma Forecast	€ millions	CY2015	CY2016	CY2017	CY2018	Revenue	3.9	20.2	53.2	93.0	EBIT	(11.5)	(24.2)	(28.0)	(24.9)	Net Loss	(11.5)	(24.6)	(29.3)	(25.8)	Operating EBITDA	(10.1)	(22.0)	(25.4)	(21.1)		Reported Historical			Statutory Forecast	€ millions	CY2015	CY2016	CY2017	CY2018	Revenue	3.9	20.2	53.2	93.0	EBIT	(10.4)	(24.0)	(27.2)	(25.0)	Net Loss	(10.4)	(24.4)	(28.5)	(32.3)	Section 4
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TOPIC	SUMMARY	FOR MORE INFORMATION
<b>1.3 Key investment highlights</b>		
Large market opportunity	Globally, the groceries and full-service restaurant market sizes are estimated to be US\$6.1 trillion <sup>8</sup> and US\$1.4 trillion <sup>9</sup> respectively. Today, in the regions currently serviced by Marley Spoon (Australia, United States and Europe, specifically Austria, Belgium, Germany and the Netherlands) there are approximately 177 million households. Those households with multiple inhabitants that have developed a habit of regular weeknight home cooking are key potential customers of meal kit providers.	Section 2.3.1
Established customer value proposition	<p>The appeal of Marley Spoon’s meal kits is driven by the following factors:</p> <ul style="list-style-type: none"> <li>• <b>Choice and variety:</b> Access to a diverse range of healthy and fresh meals across numerous cuisines. Each week, customers select recipes based on their dietary requirements, tastes and preferences.</li> <li>• <b>Health:</b> Meal kits typically contain healthy and fresh ingredients which are designed to resonate with consumers focused on healthy lifestyle choices and food consciousness, particularly those that prefer to cook with fresh ingredients over other alternatives, such as pre-processed food.</li> <li>• <b>Convenience and time savings:</b> Marley Spoon meal kits can remove the need for customers to spend time planning and shopping for meals, saving the customer time. Recipe boxes are conveniently delivered directly to the customer during the delivery window offered by Marley Spoon that works best for them.</li> <li>• <b>Flexibility:</b> Consumers can choose between 2-6 meals a week, with either 2-12 portions per recipe, depending on region. Customers can also skip a week or pause their subscription to suit their needs.</li> <li>• <b>Family time:</b> A key driver for the creation of Marley Spoon was to create an offering that assisted bringing families and friends together to share a healthy, home cooked meal.</li> <li>• <b>Food waste reduction:</b> Marley Spoon meal kits are assembled to result in almost zero uncooked food waste as the required amount of each ingredient is pre-measured and provided with each meal kit. An additional benefit for the customer cooking delivered meal kits is that they have not paid for food that they cannot use and need to throw away. As the Marley Spoon model assists in reducing the period between delivery from the producer to the end customer, food is less likely to be discarded because of expired ‘sell by dates’ (whether arising under law or company policy), and it normally does not need to discard older produce because of ‘cosmetic imperfections’.</li> </ul>	Section 3.9.2.1

8. Euromonitor, “World Grocery Retail Market”, March 2018 as updated by Retailing 2018 edition, Grocery Retailers, retail value RSP including sales tax, fixed 2017 ex rates.

9. Euromonitor International: “Consumer Foodservice Global Industry Overview”, October 2017.



# 1. INVESTMENT OVERVIEW Continued

TOPIC	SUMMARY	FOR MORE INFORMATION
Established operation with track record of strong growth	<p>Since launch, Marley Spoon has delivered over 14.5 million individual meals and developed more than 9,000 recipes. Marley Spoon has approximately 111,000 Active Customers as at 31 March 2018 across both the Marley Spoon and Dinnerly brands.</p> <p>In both CY2016 and CY2017, Marley Spoon grew its revenues in excess of 100% per year while at the same time, it improved its Contribution Margins (ie gross profits less fulfilment expenses) and exhibited operating leverage, with revenue increasing at a faster rate than both operating expenses (excluding Fulfilment Expenses) and General &amp; Administrative expenses over the period 1H16 to 2H17.</p>	Sections 3.1, 4.7.2 and 4.7.3
Attractive unit economics	<p>Marley Spoon seeks to apply a disciplined approach to customer acquisition costs (CAC) and generate positive Contribution Margins to help drive attractive unit economics. Globally, Marley Spoon's average CAC for CY2017 was approximately €69.</p> <p>Marley Spoon targets:</p> <ul style="list-style-type: none"> <li>• a payback period of less than six months; and</li> <li>• total customer life time value of ~3x or greater than the CAC.</li> </ul>	Section 3.9.7
Multiple growth levers	<p>Marley Spoon has multiple growth strategies based on three key pillars:</p> <ol style="list-style-type: none"> <li><b>1. Grow customer base:</b> Growing consumer awareness, driving customer acquisition and exploiting new market opportunities such as the lower priced Dinnerly offering.</li> <li><b>2. Drive growth in existing customers:</b> Upselling additional products to existing customers and using data driven personalisation to increase order frequency and reduce churn.</li> <li><b>3. Improving efficiencies:</b> procurement and logistics optimisation and enhancing manufacturing and automation.</li> </ol>	Section 3.11
Experienced management team	<p>The Marley Spoon team is led by co-founder Fabian Siegel. Before Marley Spoon, Fabian was the co-founder of Delivery Hero which is a global online restaurant food delivery service operating in Europe, Asia, Latin America and the Middle East.</p> <p>Fabian is supported by Julian Lange (CFO) and his Marley Spoon co-founder Till Neatby and an experienced team of managers around the world.</p>	Sections 3.10.1 and 6

TOPIC	SUMMARY	FOR MORE INFORMATION
<h2 style="background-color: #FFD700; padding: 5px;">1.4 Key risks</h2>		
<p>There are a number of risks associated with an investment in the Company that may affect its financial performance, financial position, cash flows, growth prospects and CDI price. The following table is a summary of key risks that the Company is exposed to.</p>		
<p><b>Marley Spoon operates in a competitive industry</b></p>	<p>Marley Spoon operates globally in competitive markets for groceries, and more specifically, meal kits. Marley Spoon’s competitors include a range of other food and meal-delivery companies, online and physical supermarkets, specialty retailers and potentially restaurants. The nature of competition faced by Marley Spoon may change over time, for example, participants in one region may expand into new regions that Marley Spoon operates in or new competitors may enter those markets. It is also possible that existing competitors may diversify their offering to compete with Marley Spoon, for example, a restaurant or takeaway outlet using delivery companies. Competitors or new entrants might develop new products, different price points or other strategies which may compete with Marley Spoon’s product offerings and/or have a material adverse effect on Marley Spoon’s ability to compete and contrive to grow.</p>	<p>Section 5.2.1</p>
<p><b>Risks associated with operational failure</b></p>	<p>Marley Spoon’s meal kits are reliant on a supply chain including the Company’s suppliers, in-house manufacturing process, outsourced logistics providers and technology platform. Any operational failure within Marley Spoon’s supply chain would significantly impact the Company’s ability to prepare and deliver meal kits of the requisite quality and in a timely manner to its customers. Such operational failure would impact the Company’s operating and financial performance as well as creating reputational risk and risk of breaching certain distribution, partnership or licensing contracts, potentially impacting the future performance of the Company. Marley Spoon also depends upon email, social media and other messaging services to promote its products and communicate with its customers and potential customers. Any disruptions to Marley Spoon’s ability to communicate with its customers and potential customers may adversely affect Marley Spoon’s performance, reputation and its ability to grow its business and customer base.</p> <p>If Marley Spoon acquires its Australian Logistics Provider as described in Section 3.9.6, there will be increased complexity in the Australian business associated with managing a chilled logistics operation, with potentially only modest (or negative) earnings contribution, and a risk that some of the provider’s existing customers may choose to switch to other providers.</p> <p>Alternatively, should Marley Spoon not acquire that provider, there is a risk that a Marley Spoon competitor or alternate provider of chilled logistic services may acquire the business and change Marley Spoon’s terms and conditions and be better placed to target Marley Spoon’s customers. For example, Marley Spoon believes that a competitor, HelloFresh, is exploring the opportunity to acquire the Australian Logistics Provider.</p>	<p>Section 5.2.2 and 3.9.6</p>

# 1. INVESTMENT OVERVIEW Continued

TOPIC	SUMMARY	FOR MORE INFORMATION
Limited trading history	Given Marley Spoon's limited trading history, it may be more difficult to fully and accurately evaluate its business, performance and prospects than that of a long-established business. The business model that Marley Spoon employs is also relatively new and it is therefore difficult to comprehensively assess the risks and challenges Marley Spoon may be exposed to. Marley Spoon is currently loss making. No assurance can be given that Marley Spoon will achieve its growth objectives or deliver expected returns or ultimately be profitable. The information set out in Section 3 represents Marley Spoon's current plans and strategies for the growth of its business. Marley Spoon's ability to achieve its objectives depends, in part, on the ability of the management team to implement the proposed business plan and to respond in a timely manner to any unforeseen circumstances. Any failure could have a material adverse impact on Marley Spoon's business, operating or financial performance.	Section 5.2.3
The Marley Spoon brand portfolio may diminish in reputation and value	The Marley Spoon brand portfolio and related intellectual property are key assets of the Company. The reputation and value associated with the brand portfolio and related intellectual property could be adversely impacted by a number of factors including failure to provide customers with the quality of service standards they expect, disputes or litigation with third parties such as employees, suppliers, and/or customers, failure to adequately protect Marley Spoon's intellectual property, failure to comply with legal and regulatory frameworks, and adverse media (including social media) coverage. Significant erosion in the reputation of, or value associated with, the Marley Spoon brand could have an adverse impact on consumer loyalty, levels of customer retention, relationships with suppliers and employee retention rates, all of which would adversely affect Marley Spoon's operational and financial performance.	Section 5.2.7
IT system risk	Marley Spoon relies on software and telecommunication systems to run its website, applications and internal operations. All customer ordering is conducted via online platforms and software systems. Information technology and data allows Marley Spoon to predict demand, determine the amount of ingredients and other supplies to purchase and arrange logistics. Marley Spoon may face information technology security breaches and service disruptions due to cyber-attacks, hacking, viruses, fraud and other malicious attacks. A material software malfunction, disruption or information technology security breach may adversely affect Marley Spoon's business operations.	Section 5.2.8
Government regulation of consumer privacy and use of data	Marley Spoon is subject to numerous regulations and laws, including some that specifically pertain to the marketing, sale and delivery of goods and services over the internet. Government regulation and oversight of e-commerce is constantly evolving and may change in a manner that is unfavourable to Marley Spoon, such as imposing stricter conditions or limitations on the processing, use and transmission of personal data. There is a risk that Marley Spoon will not always be in full compliance with all applicable laws and regulations.	Section 5.2.10

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TOPIC	SUMMARY	FOR MORE INFORMATION
<p><b>Food product contamination and compliance with legal and regulatory codes</b></p>	<p>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 Marley Spoon fails to put in place adequate temperature control mechanisms, miscalculates delivery times, or accurately notify customers of anticipated delivery times. There is also a risk of contamination of food products that could potentially happen at any point of the supply train and Marley Spoon cannot guarantee that food safety training and controls along the supply chain will be fully effective to prevent all food safety issues. Any spoiled products, contamination, product recalls, mislabelling or other health concerns that Marley Spoon is associated with, including where claims are merely alleged, may generate significant reputational damage, a decrease in demand for Marley Spoon’s products, operational disruptions, civil or criminal liability and sanctions, and be subject to significant costs which may have an adverse effect on the Company’s business, financial performance and operations.</p> <p>Marley Spoon is also subject to numerous health and safety laws and regulations, which vary across the jurisdictions in which they operate. These include rules for labelling and disclosing the content of specific types of food, the nutritional value of that food and its serving size, as well as rules that protect against contamination of products by food borne pathogens. Any failure by Marley Spoon to adhere to the numerous regulatory requirements that govern its facilities and operations could materially adversely affect its business, financial condition and operational outcomes.</p>	<p>Section 5.2.11</p>
<p><b>Failure to attract new or retain existing customers</b></p>	<p>Marley Spoon’s business model is reliant on its ability to retain existing customers and attract new customers in a cost-effective way. If customers (including new customers) do not perceive Marley Spoon’s products to be of sufficient value, quality, and utility and an appropriate alternative to the previous habits, or if Marley Spoon fails to develop new and relevant products, it may not be able to attract, engage and retain customers. The inability of Marley Spoon to continue to attract new customers in a cost-effective way, retain a portion of existing customers, or keep existing customers engaged, may have an adverse impact on Marley Spoon’s business, financial performance and operations.</p>	<p>Section 5.2.16</p>
<p><b>Reliance on key staff</b></p>	<p>Marley Spoon is reliant on the capabilities of a number of its key employees who have extensive experience in, and knowledge of, Marley Spoon’s procurement process and manufacturing techniques involved in the preparation of its meal kits. The loss of one or more of its key employees and any delay in their replacement may adversely impact the ability of Marley Spoon to implement and expand its business and growth strategies. There can be no assurance that Marley Spoon will be able to hire, integrate and retain key employees or, in the event that their employment is terminated, be able to replace them with appropriately qualified individuals in a timely manner. This could have a material adverse impact on Marley Spoon’s business, operating or financial performance.</p>	<p>Section 5.2.5</p>



# 1. INVESTMENT OVERVIEW Continued

TOPIC	SUMMARY	FOR MORE INFORMATION
German incorporation	<p>Marley Spoon is incorporated and registered in Germany and its corporate affairs and the rights of shareholders will be governed by, among other things, Marley Spoon's Constitution and the German Stock Corporation Act (<i>Aktiengesetz</i>). German laws relating to the protection of the interests of minority shareholders and the fiduciary responsibilities of directors differ from Australian laws. In particular, shareholders of German stock corporations do not generally have rights to take action against directors or officers of German stock corporation, and may only do so in limited circumstances.</p> <p>The Company is not subject to the Australian Corporations Act provisions (or equivalent German provisions) that may protect the interests of shareholders where a person seeks to acquire a substantial interest in, or control of, Marley Spoon. There is a risk that without such a regime, transactions involving substantial or control holdings may occur without all CDI Holders or shareholders being notified of those changes or necessarily having the opportunity to participate in the sale nor receive a premium payment for CDIs and/or Shares that they may wish to sell.</p>	Sections 5.2.17 and 9.3
Other risks	<p>More details on these specific risks and a number of other risks are outlined in Section 5.2, including risks regarding:</p> <ul style="list-style-type: none"> <li>• compliance with laws and regulations;</li> <li>• availability and cost of labour;</li> <li>• protection of intellectual property;</li> <li>• food costs volatility and changes in availability;</li> <li>• failure to recoup the investments made into their manufacturing centres;</li> <li>• managing future growth; and</li> <li>• expansion into new and adjacent markets.</li> </ul> <p>In addition, Section 5.3 outlines a number of general risks relevant to an investment in Marley Spoon.</p>	Sections 5.2 and 5.3

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TOPIC	SUMMARY	FOR MORE INFORMATION
<b>1.5 Key people</b>		
What is the organisational structure of Marley Spoon	As a German stock corporation established under the German Stock Corporation Act ( <i>Aktiengesetz, AktG</i> ), the Company has a Supervisory Board (comprised of non-executive directors from an Australian perspective) and a Management Board (comprised of executive directors from an Australian perspective). These boards are separate and an individual may not be a member of both. The Supervisory Board advises and supervises the Management Board in its management of the Company. The Supervisory Board also appoints the members of the Management Board and, if applicable, the Chairman and the deputy Chairman of the Management Board. The Management Board has the overall responsibility for the management of the Company, as provided by the German Stock Corporation Act ( <i>Aktiengesetz, AktG</i> ), and has the authority to represent and bind the Company vis a vis third parties.	Sections 6.1, 6.7, 9.2.2.1 and 9.2.2.2
Who are the members of the Supervisory Board?	<ul style="list-style-type: none"> <li>• Deena Shiff, Chairman</li> <li>• Pat O’Sullivan</li> <li>• Kim Anderson</li> <li>• Christoph Schuh</li> </ul>	Section 6.1.2
Who are the members of the Management Board	<ul style="list-style-type: none"> <li>• Fabian Siegel, Chief executive officer and co-founder</li> <li>• Julian Lange, Chief financial officer</li> </ul>	Section 6.1.3
Who are the other key members of management	<ul style="list-style-type: none"> <li>• Till Neatby, Co-founder &amp; head of food safety and quality</li> <li>• Ralph Siegel, Managing director - Europe</li> <li>• Rolf Weber, Managing director - Australia</li> <li>• Shannon Sawyer, Managing director - United States</li> <li>• Joerg Braner, Chief technology officer</li> <li>• Katalin Fritz, Head of global customer communications and outbound sales</li> <li>• Maria Siedlaczek, Global head of culinary</li> <li>• Jennifer Aaronson, Culinary director - United States</li> <li>• Jonas Erich, Chief marketing officer</li> <li>• Cindy Rubens, Head of culture</li> <li>• Dr. Mathias Hansen, General counsel</li> </ul>	Section 6.1.4

# 1. INVESTMENT OVERVIEW Continued

TOPIC	SUMMARY	FOR MORE INFORMATION																																																																
<b>1.6 Interests and benefits of key people</b>																																																																		
Who are the Existing Investors and what will be their interest in the Company at Completion?	<p>Details of interests in Shares (and CDI equivalents) of Existing Investors at the Prospectus Date, and as expected on Completion, are set out in Section 6.4.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2" style="background-color: #FFD700;">Investor type</th> <th colspan="2" style="background-color: #E0E0E0;">At the Prospectus Date</th> <th colspan="2" style="background-color: #E0E0E0;">At Completion</th> </tr> <tr> <th style="background-color: #FFD700;">Equivalent Interest in CDIs</th> <th style="background-color: #FFD700;">%</th> <th style="background-color: #FFD700;">Interest in CDIs</th> <th style="background-color: #FFD700;">%</th> </tr> </thead> <tbody> <tr> <td>Founders</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>- AKW (Fabian Siegel personally)</td> <td style="text-align: right;">15,723,000</td> <td style="text-align: right;">19.2%</td> <td style="text-align: right;">17,156,451</td> <td style="text-align: right;">12.2%</td> </tr> <tr> <td>- MexAttax interests</td> <td style="text-align: right;">3,050,000</td> <td style="text-align: right;">3.7%</td> <td style="text-align: right;">3,050,000</td> <td style="text-align: right;">2.2%</td> </tr> <tr> <td>Institutional financial shareholders</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>- Rocket Internet interests</td> <td style="text-align: right;">23,032,000</td> <td style="text-align: right;">28.1%</td> <td style="text-align: right;">24,401,000</td> <td style="text-align: right;">17.4%</td> </tr> <tr> <td>- Other institutional financial shareholders</td> <td style="text-align: right;">21,435,000</td> <td style="text-align: right;">26.1%</td> <td style="text-align: right;">23,154,000</td> <td style="text-align: right;">16.5%</td> </tr> <tr> <td>Third party investors under trust arrangements</td> <td style="text-align: right;">9,266,000</td> <td style="text-align: right;">11.3%</td> <td style="text-align: right;">11,528,676</td> <td style="text-align: right;">8.2%</td> </tr> <tr> <td>CDIs over Shares in respect of employee arrangements</td> <td style="text-align: right;">9,578,000</td> <td style="text-align: right;">11.7%</td> <td style="text-align: right;">9,578,000</td> <td style="text-align: right;">6.8%</td> </tr> <tr> <td>Others</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-%</td> <td style="text-align: right;">5,827,000</td> <td style="text-align: right;">4.1%</td> </tr> <tr> <td>Other holders of CDIs offered under the Offer</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-%</td> <td style="text-align: right;">45,774,873<sup>1</sup></td> <td style="text-align: right;">32.6%</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>82,084,000</b></td> <td style="text-align: right;"><b>100.0%</b></td> <td style="text-align: right;"><b>140,470,000</b></td> <td style="text-align: right;"><b>100.0%</b></td> </tr> </tbody> </table> <p>Note 1: The figure 45,774,873 CDIs above plus 1,408,451 CDIs (which Fabian Siegel has committed to subscribe for under the Offer at the Offer Price and which are included in his personal holding at Completion above) plus 2,112,676 CDIs (by AKW of on behalf of a third party investor) equals the total number of CDIs to be offered under the Offer (49,296,000 CDIs).</p> <p>No Existing Investors are selling any of their shareholding as part of the Offer.</p> <p>In addition to CDIs represented by Shares on issue on Completion, the Company will have, on issue on Completion, Option Rights over 7,775 Shares (as described in Section 6.6.2) and certain warrants convertible into Shares granted to Kreos, a current lender to the Company (as described in Section 9.8.2).</p>	Investor type	At the Prospectus Date		At Completion		Equivalent Interest in CDIs	%	Interest in CDIs	%	Founders					- AKW (Fabian Siegel personally)	15,723,000	19.2%	17,156,451	12.2%	- MexAttax interests	3,050,000	3.7%	3,050,000	2.2%	Institutional financial shareholders					- Rocket Internet interests	23,032,000	28.1%	24,401,000	17.4%	- Other institutional financial shareholders	21,435,000	26.1%	23,154,000	16.5%	Third party investors under trust arrangements	9,266,000	11.3%	11,528,676	8.2%	CDIs over Shares in respect of employee arrangements	9,578,000	11.7%	9,578,000	6.8%	Others	-	-%	5,827,000	4.1%	Other holders of CDIs offered under the Offer	-	-%	45,774,873 <sup>1</sup>	32.6%	<b>Total</b>	<b>82,084,000</b>	<b>100.0%</b>	<b>140,470,000</b>	<b>100.0%</b>	Table 3, Section 6.4 and 7.1.2
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What are the shareholdings of the members of the Supervisory Board?	Certain members of the Supervisory Board and Management Board (directly and indirectly) hold (or will on Completion hold) a number of CDIs and Option Rights. These holdings are set out in Section 6.3.	Section 6.3																																																																

TOPIC	SUMMARY	FOR MORE INFORMATION																																																
What significant benefits are payable to members of the Supervisory Board or Management Board?	Members of the Supervisory Board are entitled to remuneration and fees for their services as set out in Section 6.2.2. Members of the Management Board are remunerated for their services pursuant to their employment contracts as described in Section 6.2.3.	Sections 6.2.2 and 6.2.3																																																
What escrow arrangements will be in place at the completion of the Offer	<p>The Company has entered into certain agreements with Existing Shareholders and certain controllers which restrict the dealing in their CDIs for a period following Completion. These are described in Section 6.5.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #FFD700;"> <th>Investor type</th> <th>Interest in CDIs</th> <th>% escrowed</th> <th>Escrow period</th> </tr> </thead> <tbody> <tr> <td colspan="4">Founders</td> </tr> <tr> <td>- AKW (Fabian Siegel personally)</td> <td>17,156,451</td> <td>100%</td> <td>24 months from Completion</td> </tr> <tr> <td>- MexAttax interests</td> <td>3,050,000</td> <td>100%</td> <td>24 months from Completion</td> </tr> <tr> <td colspan="4">Institutional financial investors</td> </tr> <tr> <td>- Rocket Internet interests</td> <td>24,401,000</td> <td>100%</td> <td>12 months from Completion</td> </tr> <tr> <td>- Other institutional financial investors</td> <td>23,154,000</td> <td>100%</td> <td>12 months from Completion</td> </tr> <tr> <td>Other third party investors under trust arrangements</td> <td>9,416,000</td> <td>100%</td> <td>9,073,000 for 12 months from Completion 343,000 for 24 months from Completion</td> </tr> <tr> <td>CDIs over Shares in respect of employee arrangements</td> <td>9,578,000</td> <td>100%</td> <td>24 months from Completion</td> </tr> <tr> <td>Others - escrowed</td> <td>2,527,000</td> <td>100%</td> <td>395,000 for 24 months from Completion 2,132,000 for 12 months from Completion</td> </tr> <tr style="border-top: 1px solid black;"> <td><b>Total escrowed</b></td> <td><b>89,282,451</b></td> <td><b>63.6% of CDIs escrowed on Completion</b></td> <td></td> </tr> <tr style="border-top: 1px solid black;"> <td><b>Total not escrowed</b></td> <td><b>51,187,549</b></td> <td><b>36.4% of CDIs not escrowed on Completion</b></td> <td></td> </tr> </tbody> </table> <p>Note: Fabian Siegel's personal holding via AKW includes 1,408,451 CDIs he has committed to subscribe for under the Offer at the Offer Price which will be escrowed until the CY18 Results Date.</p>	Investor type	Interest in CDIs	% escrowed	Escrow period	Founders				- AKW (Fabian Siegel personally)	17,156,451	100%	24 months from Completion	- MexAttax interests	3,050,000	100%	24 months from Completion	Institutional financial investors				- Rocket Internet interests	24,401,000	100%	12 months from Completion	- Other institutional financial investors	23,154,000	100%	12 months from Completion	Other third party investors under trust arrangements	9,416,000	100%	9,073,000 for 12 months from Completion 343,000 for 24 months from Completion	CDIs over Shares in respect of employee arrangements	9,578,000	100%	24 months from Completion	Others - escrowed	2,527,000	100%	395,000 for 24 months from Completion 2,132,000 for 12 months from Completion	<b>Total escrowed</b>	<b>89,282,451</b>	<b>63.6% of CDIs escrowed on Completion</b>		<b>Total not escrowed</b>	<b>51,187,549</b>	<b>36.4% of CDIs not escrowed on Completion</b>		Section 6.5
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What Corporate Governance policies does the Company have in place?	A summary of the Corporate Governance Policies adopted by the Company is set out in Section 6.7.4.	Section 6.7.4																																																



# 1. INVESTMENT OVERVIEW Continued

TOPIC	SUMMARY	FOR MORE INFORMATION
<b>1.7 Overview of the Offer</b>		
What is the Offer?	<p>This Prospectus provides investors with the opportunity to participate in the initial public offering to acquire CHESSE Depository Interests (CDIs) over ordinary shares (Shares) in Marley Spoon.</p> <p>The Company is undertaking an offer of 49,296,000 CDIs (equivalent to 49,296 Shares) at A\$1.42 per CDI to raise approximately A\$70 million.</p>	Section 7.1
Who is the issuer of the Prospectus?	Marley Spoon AG (ARBN 625 684 068), a company registered in Germany. Marley Spoon is registered with ASIC as a foreign company.	Section 9.2
How is the Offer structured?	<p>The Offer will comprise:</p> <ul style="list-style-type: none"> <li>• The Institutional Offer;</li> <li>• The Broker Firm Offer; and</li> <li>• The Chairman's List Offer.</li> </ul> <p>No general public offer of CDIs will be made under the Offer.</p>	Section 7.1.1
What are CDIs?	<p>ASX operates an electronic transfer system called CHESSE operated by ASX Settlement.</p> <p>Marley Spoon is incorporated in Germany, which does not recognise the CHESSE system of holding securities. Accordingly, to enable companies such as Marley Spoon to have their securities cleared and settled electronically through CHESSE, depository instruments called CDIs are issued. CDIs confer the beneficial ownership in foreign securities, such as the Shares, on the CDI Holder, with the legal title to such Shares being held by an Australian depository nominee.</p>	Section 9.1
What is the CDI:Share ratio?	<p>1,000 CDIs will be equivalent to one Share.</p> <p>This ratio has been adopted by the Company to achieve an Offer Price which is at a level familiar to investors in a listing on ASX in circumstances where it was impractical in the circumstances for the Company to achieve such a level through a subdivision of its Shares.</p>	Section 9.1
What rights and liabilities attach to the CDIs being offered and underlying Shares?	<p>A description of the CDIs is set out in Section 9.1.</p> <p>A description of the Company's Shares, including the rights and liabilities attaching to them, is set out in Sections 9.2 and 9.3.</p>	Sections 9.1-9.3 and 9.4.1.12

TOPIC	SUMMARY	FOR MORE INFORMATION
How are votes cast by CDI Holders and how are any dividends paid?	<p><b>Voting at a general meeting</b> - CDI Holders are able to vote at Marley Spoon's general meetings in the manner set out in Section 9.1. As 1,000 CDIs represent an interest in one Share, to vote a certain way (e.g. for or against a resolution) 1,000 CDIs will represent a vote of one Share. Where a CDI Holder holds less than 1,000 CDIs, or a number of CDIs which is not a multiple of 1,000, the holder should consider instructing CDN, as the legal owner, to vote the Shares underlying the CDIs in a particular way if they wish to vote their CDIs. In this circumstance, all votes of CDIs cast a certain way (e.g. for or against a resolution) using this option will be aggregated first, with that aggregated number only then rounded down to the nearest multiple of 1,000, to determine the number of Shares to be voted in that way.</p> <p><b>Dividends</b> - Despite legal title to the Shares being vested in CDN, ASX Settlement Operating Rules provide that CDI Holders are to receive dividends and other entitlements which attach to the underlying Shares. It is possible that marginal differences may exist between the resulting entitlement of a CDI Holder and the entitlements that would have accrued if a CDI Holder held their holding directly as Shares. As the ratio of CDIs to Shares is not one-to-one and any entitlement will be determined on the basis of Shares rather than CDIs, a CDI Holder may not always benefit to the same extent, for example from the rounding up of fractional entitlements. If the Company pays a dividend, it will adopt procedures as required by the ASX Settlement Operating Rules to facilitate payment in respect of holdings of CDIs which are not multiples of 1,000 (or less than 1,000).</p>	Sections 9.1-9.3 and 9.4.1.12
What are the key differences between Australian and German company law?	<p>As the Company is incorporated in Germany and not in Australia, it is not subject to certain aspects of Australian company law. Below are some of the key differences between Australian and German company laws as they apply to the Company:</p> <ul style="list-style-type: none"> <li>• <b>Takeovers</b> - Marley Spoon is not able to incorporate, into its Constitution, a regime equivalent to the Australian Corporations Act takeover laws. The Corporations Act takeover laws prohibit a person from acquiring a relevant interest in issued voting shares in a listed company if any person's voting power in the company will increase from 20% or below to more than 20%, or from a starting point that is above 20% and below 90%;</li> <li>• <b>Disclosure of substantial holdings</b> <ul style="list-style-type: none"> <li>» as the shares of the Company are not listed on organized market in Germany or another member state of the European Economic Area, the provisions regarding the disclosure of substantial holdings according to the German Securities Trading Act (<i>Wertpapierhandelsgesetz, WpHG</i>) do not apply to the Company. However, an enterprise holding more than 25% of or a majority (more than 50%) in the shares of the company, must still inform the company of that holding and the company must publish such holding immediately in the German Federal Gazette (<i>Bundesanzeiger</i>).</li> <li>» The provisions of the Corporations Act relating to disclosure substantial holdings do not apply.</li> </ul> </li> <li>• <b>Changes in the rights attaching to shares</b> - Under German corporation law, certain rights attached to the shares, such as the right to a dividend, cannot be changed. The Corporations Act allows a company to set out in its constitution the procedure for varying or cancelling rights attached to shares or a class of shares.</li> </ul>	Section 9.3

# 1. INVESTMENT OVERVIEW Continued

TOPIC	SUMMARY	FOR MORE INFORMATION																														
Will the CDIs be quoted on ASX?	<p>The Company will apply for admission to the official list of ASX and quotation of CDIs on ASX under the code 'MMM' within seven days of the date of this Prospectus.</p> <p>Completion is conditional on the ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all application monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.</p>	Section 7.2.1																														
What is the proposed use of funds raised under the Offer?	<p>The Offer is expected to raise approximately A\$70 million. The Offer is being conducted to provide:</p> <ul style="list-style-type: none"> <li>• additional cash on Marley Spoon's balance sheet, in particular to assist funding its growth strategy, expected losses, and an increase in working capital (refer to Section 3.11 and 4);</li> <li>• for the repayment of certain of its existing debts (refer to Section 4.4.2);</li> <li>• additional financial flexibility and access to listed capital markets;</li> <li>• a liquid market for CDIs and an opportunity for others to invest in Marley Spoon; and</li> <li>• benefits of an enhanced profile that arises from being a listed entity, including to assist attract and retain quality employees.</li> </ul> <p>The proceeds of the Offer will also be used to pay the costs of the Offer. No existing investors are selling any of their holding as part of the Offer.</p> <table border="1"> <thead> <tr> <th>Sources</th> <th>€m</th> <th>A\$m</th> <th>Uses</th> <th>€m</th> <th>A\$m</th> </tr> </thead> <tbody> <tr> <td>Cash proceeds to Marley Spoon for issue of CDIs under the Offer</td> <td>43.8</td> <td>70.0</td> <td>Increase in cash and cash equivalents on balance sheet</td> <td>28.0</td> <td>44.7</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Debt repayment</td> <td>11.5</td> <td>18.5</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Transaction costs</td> <td>4.3</td> <td>6.8</td> </tr> <tr> <td><b>Total sources</b></td> <td><b>43.8</b></td> <td><b>70.0</b></td> <td><b>Total uses</b></td> <td><b>43.8</b></td> <td><b>70.0</b></td> </tr> </tbody> </table>	Sources	€m	A\$m	Uses	€m	A\$m	Cash proceeds to Marley Spoon for issue of CDIs under the Offer	43.8	70.0	Increase in cash and cash equivalents on balance sheet	28.0	44.7				Debt repayment	11.5	18.5				Transaction costs	4.3	6.8	<b>Total sources</b>	<b>43.8</b>	<b>70.0</b>	<b>Total uses</b>	<b>43.8</b>	<b>70.0</b>	Section 7.1.2
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Is the Offer underwritten?	Yes. The Offer is fully underwritten by the Joint Lead Managers.	Sections 7.4 and 6.1																														
What is the allocation policy?	<p>The allocation of CDIs between the Broker Firm Offer and the Institutional Offer will be determined by the Joint Lead Managers and the Company having regard to the allocation policies outlined in Sections 7.2.2.6 and 7.2.3.2. The allocation of CDIs for the Chairman's List Offer will be determined by the Company in consultation with the Joint Lead Manager having regard to the allocation policy outlined in Section 7.2.4.4.</p> <p>With respect to the Broker Firm Offer, it will be a matter for the Broker to determine how they allocate CDIs among their eligible clients and they (and not the Company or the Joint Lead Managers) will be responsible for ensuring that eligible clients who have received an allocation from them receive the relevant CDIs.</p> <p>The Company, in consultation with the Joint Lead Managers, has discretion regarding the level of scale-back, and the allocation of CDIs under the Offer (if any).</p>	Sections 7.2.1, 7.2.2.6, 7.2.3.2, and 7.2.4.4.																														

TOPIC	SUMMARY	FOR MORE INFORMATION
What is the minimum application under the Offer?	Applications must be for a minimum of A\$2,000 under the Offer.	Section 7.2.1
Is there any brokerage, commission or stamp duty payable by applicants?	No brokerage, commission or stamp duty is payable by applicants on acquisitions of CDIs under the Offer.	Section 7.2.1
What are the tax implications of investing in CDIs under the Offer?	Applicants may be subject to Australian income tax or withholding tax on any future dividends paid. The tax consequences of any investment in CDIs will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest.	Section 9.11
What is the Company's dividend policy?	<p>The Company does not intend to pay a dividend following Completion in respect of CY2018 and the current intention of the Board is that no dividend will be paid in the foreseeable future.</p> <p>The payment of a dividend by Marley Spoon in the future is at the discretion of the Company and subject to shareholder approval and will be a function of a number of factors, including the general business environment, the operating results and financial condition of Marley Spoon, future funding requirements, capital management initiatives, tax considerations, any contractual, legal or regulatory restrictions on the payment of dividends by Marley Spoon, and any other factors that may be considered relevant.</p>	Section 4.10
When will I receive confirmation that my application has been successful and when can I sell my CDIs?	<p>It is expected that trading of CDIs on ASX will commence on or about Monday, 2 July 2018, initially on a deferred settlement basis until the Company has advised ASX that holding statements have been despatched to investors<sup>10</sup>.</p> <p>Normal settlement trading is expected to commence on or about Wednesday, 4 July 2018.</p> <p>Refunds (without interest) to applicants who make an Application and receive an allocation of CDIs, the value of which is smaller than the amount of the application monies, will be made as soon as practicable after Completion of the Offer.</p>	Section 7.2.1 and 7.6.2
How can I apply?	<p>Eligible investors may apply for CDIs by completing a valid Application Form attached to or accompanying this Prospectus or available online at <a href="https://events.miraql.com/Marley-Spoon-IPO">https://events.miraql.com/Marley-Spoon-IPO</a>.</p> <p>Applicants under the Broker Firm Offer should follow the instructions of their Broker.</p> <p>Applicants under the Chairman's List Offer should review the instructions on their personalised invitation and complete an online Chairman's List Offer Application Form.</p> <p>To the extent permitted by law, an application by an applicant under the Offer is irrevocable.</p>	Sections 7.2.2 and 7.2.4

10. This date is subject to change and is indicative only.



# 1. INVESTMENT OVERVIEW Continued

TOPIC	SUMMARY	FOR MORE INFORMATION
Can the Offer be withdrawn?	<p>Yes, Marley Spoon may withdraw the Offer at any time before the issue of CDIs to successful applicants or bidders in the Broker Firm Offer, Chairman's List Offer and Institutional Offer.</p> <p>If the Offer is cancelled or withdrawn before the allotment of CDIs, then all application monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act.</p>	Sections 7.2.1 and 7.7
Where can I find out more information about this Prospectus or the Offer?	<p>Call the Marley Spoon Offer Information Line on 1800 647 819 (from within Australia) between 8.30am and 5.30pm (Sydney time), Monday to Friday.</p> <p>All enquiries in relation to the Broker Firm Offer should be directed to your Broker.</p> <p>If you have any questions about whether to invest in the Company, you should seek professional advice from your accountant, financial advisor, stockbroker, lawyer or other professional advisor before deciding whether to invest.</p>	Section 7.2.1

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# 2.

## INDUSTRY OVERVIEW



## 2. INDUSTRY OVERVIEW

### 2.1 INTRODUCTION

Marley Spoon provides meal kits to customers in Australia, the United States, Austria, Belgium, Germany and the Netherlands. Meal kits offer a convenient option for customers to cook healthy meals with fresh ingredients following chef-designed recipes. This Section gives an overview of what meal kits are, an overview of the broader grocery and restaurant markets in which the meal kit market sits, the current competitive environment and key trends driving meal kit adoption.

### 2.2 WHAT ARE MEAL KITS?

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. Many meal kit providers, including Marley Spoon, provide a subscription-based service where customers sign up to a weekly plan and choose a set number of meals and portions - from a changing menu which are then delivered the following week.

Meal kits provide customers with an opportunity to cook for family or friends at home without sourcing all the ingredients themselves. Key reasons why customers buy meal kits (their "value proposition") include:

- **Choice and variety:** Meal kits give customers access to a broad range of recipes and cuisines that are typically designed by in-house chefs and/or nutritionists. Many meal kit providers use customer feedback and ordering habits to improve their menus and have the potential to use this data in the future to tailor menus to reflect anticipated individual customer preferences.
- **Convenience:** Meal kits may be more convenient for customers wanting to eat at home. They can provide a relatively quick and easy cooking process that saves time around the planning of and shopping for food. Consumers who use meal kits do not need to research recipes, work out what ingredients need to be bought for a particular meal, and in what quantities, and potentially save time associated with shopping at a grocery store as meal kits can be delivered directly to the household.
- **Health:** Meal kit recipes typically focus on fresh and non-processed ingredients, which resonates with consumers focused on healthy lifestyle choices and food consciousness, particularly those that prefer to cook with raw ingredients over other alternatives, such as processed food.
- **Family time:** Meal kits can encourage family and friends to spend time together providing a sense of accomplishment and satisfaction that is generated from a home cooked meal.
- **Food waste reduction:** Meal kit providers can reduce food waste in the food supply chain by sourcing ingredients based on actual consumer demand. Reducing food waste is consistent with sustainable living. After the cut-off date for consumers to change or cancel their meal kits, meal kit providers can specify the quantities of ingredients they will need from their suppliers ("source-to-order model"). In comparison, supermarkets often source and maintain larger quantities and varieties of products without advance notice of the actual demand for each ingredient ("source-to-stock model"). This can lead to food being wasted (refer to Section 2.4.1 for more detail).

Customers may choose meal kits for different reasons: for example, because they are too busy or prefer not to plan upcoming meals and select appropriate recipes; they are too busy or prefer not to go grocery shopping and identify and buy the required quantity of ingredients, or because they lack the skills or confidence to cook from recipes they have at home.

## 2.3 ADDRESSABLE MARKET OPPORTUNITY

### 2.3.1 Position of the meal kit market

The global full-service restaurant market was estimated to be US\$1.4 trillion<sup>11</sup> and the global grocery market was estimated to be worth US\$6.1 trillion in 2016<sup>12</sup> by Euromonitor. The meal kit market sits within the intersection of two sub-segments of the global food market, namely: the groceries and restaurant markets.

Submarket	Estimated global size	Explanation
Grocery retailers <sup>13</sup>	US\$6.1 trillion <sup>14</sup>	Meal kits are a substitute for buying groceries for a home-cooked meal
Full-service restaurants	US\$1.4 trillion <sup>15</sup>	Meal kits provide consumers with an alternative to 'eating out' or getting 'takeaway' from restaurants

According to Market research publisher Packaged Facts<sup>16</sup>, it is estimated that in July 2017 the United States grocery market was worth approximately US\$800 billion through 2016 and online grocery sales have been estimated to be worth approximately US\$9.7 billion, or about 1.2% of the overall United States grocery market. Online grocery sales are projected to grow at a compound annual growth rate of 8.5% between 2017 and 2020<sup>17</sup>, which is significantly higher than the 1.3% compound annual growth rate projected for the overall grocery market over the same period.<sup>18</sup>

In 2016, sales in the United States restaurant market were valued at over US\$540 billion with online foodservice sales of US\$12 billion in the same period<sup>19</sup>. Online sales are also projected to grow in this segment at a compound annual growth rate of 22.6% between 2017 and 2020.<sup>20</sup>

It was estimated in July 2017 that the United States market for fresh food meal kits had increased from US\$1.5 billion in 2016 to US\$4.65 billion in 2017<sup>21</sup>. The total United States meal kit market size is expected to increase to US\$11.6 billion by the end of 2022<sup>22</sup>.

Marley Spoon believes that this strong market growth is expected to be driven by a variety of factors (refer to Section 2.5 for further information):

- Trend towards greater **health and wellness**;
- Increasing consumer preferences to prepare **home cooked meals**;
- Increased propensity to **buy online**;
- Improvement in **last mile logistics networks**, better enabling delivery of fresh food direct to consumers; and
- Trend towards **ethically minded and value driven** choices by consumers, including to reduce food waste.

In the regions currently serviced by Marley Spoon (Australia, United States and Europe (specifically Austria, Belgium, Germany and the Netherlands)) there are approximately 177 million households<sup>23</sup>. Those households with multiple inhabitants that have developed a habit of regular weeknight home cooking are key potential customers of meal kit providers.

11. Euromonitor International: "Consumer Foodservice Global Industry Overview", October 2017.

12. Euromonitor International, "World Grocery Retail Market", March 2018 as updated by Retailing 2018 edition, Grocery Retailers, retail value RSP including sales tax, fixed 2017 ex rates.

13. This submarket also includes non-grocery items.

14. Euromonitor International, "World Grocery Retail Market", March 2018 as updated by Retailing 2018 edition, Grocery Retailers, retail value RSP including sales tax, fixed 2017 ex rates.

15. Euromonitor International: "Consumer Foodservice Global Industry Overview", October 2017.

16. Market research publisher Packaged Facts, "Meal Kit Delivery Services in the U.S., 2nd Edition," July 2017.

17. As above.

18. As above.

19. As above.

20. As above.

21. As above.

22. As above.

23. Based on population data from the Australian Bureau of Statistics, United States Census Bureau and Eurostat as well as Marley Spoon penetration data.



## 2. INDUSTRY OVERVIEW Continued

### 2.3.2 The grocery market

The global grocery market is traditionally served by several supermarket chains and a large number of smaller markets and 'corner shops' in each country. The supermarket and corner shop offerings include dry goods and fresh food ingredients. As mentioned above, United States online grocery sales are estimated to be approximately 1.2% of the overall United States grocery market<sup>24</sup>, which is low by comparison with other large consumer markets including toys and games with 44% online penetration, consumer electronics with 24% online penetration and apparel and footwear with 14% online penetration<sup>25</sup>. Global online grocery spend is currently around US\$20 billion and estimated to double by 2025. This grocery spend may flow through a range of different online channels, for example online offerings from traditional supermarkets, online only vendors, pre-prepared food providers and meal kit providers among others.

While typically significantly smaller than supermarket chains, meal kit providers will seek to benefit from growth in the online grocery market and food delivery services, from the drivers described in Section 2.5, and the value proposition offered to consumers described in Section 2.2.

- Some supermarket chains have recently increased their efforts to participate in a growing online grocery market, and may benefit from strong brands, established infrastructure and purchasing power. However, where these chains continue to use a source-to-stock model they may continue to face many of the same challenges online as they do offline (including levels of food waste and significant inventory levels).
- Consumers are looking to websites and mobile applications to improve convenience.<sup>26</sup>
- Consumer preference for convenience has been a driving demand for food delivery<sup>27</sup>. The value of global food delivery was US\$115 billion in 2016 and is expected to grow by 51% by 2021.<sup>28</sup>

Some supermarket chains and online only vendors have also started to offer meal kits to their customers. Some are also seeking to increase market share by entering agreements with meal kit providers to, for example, leverage off the manufacturing skills and technological investment made by those meal kit providers. For example, Marley Spoon meal kits are sold online by Amazon Fresh and Chef'd meal kits are sold at Southern California grocer Gelson's Market. However, if supermarket chains continue to use a source-to-stock model for meal kits they may continue to face many of the same challenges as they do in their current offering, including the potential for food waste.

### 2.3.3 The restaurant market

Euromonitor estimates the global full-service restaurant market was worth US\$1.4 trillion in 2016<sup>29</sup>. As of June 2016, there were over 80,000 eating out establishments in Australia alone. These establishments include restaurants, fast food chains, cafes, pubs, bars or clubs. Many of these establishments also offer a take away or delivery option. Restaurant delivery, in particular, is growing following the introduction of services such as Deliveroo, Delivery Hero and Uber Eats.

Restaurants appeal to customers who wish to eat out of home. Restaurant delivery services appeal to customers who do not wish to prepare or cook a meal. These dining options are typically more expensive than meal kits, particularly if factors like freshness and healthiness are considered. Marley Spoon believes that meal kits offer customers an alternative where the customer is seeking a fresh home cooked meal that is generally less expensive than a restaurant or restaurant delivery option.

24. Market research publisher Packaged Facts, "Meal Kit Delivery Services in the U.S., 2nd Edition," July 2017.

25. Euromonitor International: Passport: "Food Shopping Reinvented: Alternative Business Models in Food and Nutrition", January 2018.

26. Euromonitor International, Passport: "Consumer Foodservice Global Industry Overview", October 2017.

27. As above.

28. As above.

29. As above.

## 2.4 COMPETITIVE LANDSCAPE

As described in Section 2.3.1, meal kit providers compete within the intersection of the grocery market and restaurant market, with subscription based meal kit services offering an alternative to both groceries and 'eating out' or getting 'takeaway' from restaurants. As such, their competitors include:

- supermarket chains (e.g. Woolworths, Coles and IGA (in Australia), Kroger, Albertsons, Costco, Whole Foods, Publix and Trader Joes (United States), Albert Heijn (Netherlands) and Aldi (Australia, Europe and United States));
- online only vendors of groceries (e.g. Amazon Fresh (United States, Germany) and Fresh Direct (United States), Grocery-run and Groceryshop.com.au (Australia, non-perishable items only);
- corner stores such as convenience stores and takeaway stores;
- dine-in restaurants;
- delivery only and take-away platforms (e.g. Deliveroo, UberEats, Delivery Hero);
- pre-prepared meal providers (e.g. Youfoodz, FreshMeals2U, light n' easy and Weight Watchers); and
- meal kit providers (refer to Section 2.4.2 for more detail).

The grocery market and restaurant market are each fragmented with numerous players in each category. Within each category there is a broad range of providers. Some of those providers (particularly in the grocery market) operate on a global scale and have significant reserves of capital, assets and human resources. An international or national provider is able to rely on their bulk buying power to source products at a lower cost than a corner store. Notwithstanding the above, there are some examples of market concentration, for example, in Australia, 2 key players, Coles and Woolworths, dominate the supermarket and grocery sector.

### 2.4.1 Meal kits versus traditional supermarkets

The meal kit business differs from traditional supermarkets in a number of ways. A key difference is the ordering model as described in Section 2.4.3 - with meal kit businesses typically operating a source-to-order model (which is common in many manufacturing industries) and supermarkets typically offering a source-to-stock model (a more traditional retail model). Other common differences are summarized below:

- **Customer experience:** meal kits can help minimise the stress of having to decide what to cook for dinner. Without meal kits, consumers need to not only choose the recipe they would like to cook, but also make sure they purchase or have the correct quantity of ingredients. If cooking a variety of different cuisines, consumers may have to go to more than one store to obtain all the ingredients they need. In comparison, meal kits provide consumers with an easy choice by allowing customers to choose from a recipe list and have ingredients delivered to their home. This assists customers to spend less time researching recipes and traveling to and shopping at the supermarket. It is also possible that food purchased at the supermarket may ultimately be wasted as the customer may not be able to purchase the exact quantities required.
- **Supply chain:** unlike many supermarkets and online grocery providers, meal kit providers have a relatively simple supply chain that relies on a small number of SKUs. For example a meal kit provider may have approximately 100-150 weekly SKUs whilst a supermarket can have between 10,000-25,000 SKUs to manage each week which can give rise to significant cost, complexity and logistical challenges.

## 2. INDUSTRY OVERVIEW Continued

- **Food waste reduction:** the meal kit provider source-to-order business model is able to reduce food waste in the supply chain due to the high visibility of customers' orders. Meal kit providers tend to work with farmers, food producers and distribution partners to operate a demand driven, 'just-in-time' delivery model with limited quantities of perishable items held in stock. After the cut-off date for customers to change or cancel their meal kits (for example, a week before delivery), meal kit providers can specify the quantities of ingredients for the day those ingredients are required. As noted above, supermarkets on the other hand, source and maintain large quantities and varieties of groceries, including food, and have to order stock based on expected rather than actual demand. Research by United States Department of Agriculture found that in 2010 approximately 10% of total retail food supply in the United States was wasted through in-store food losses (which excludes food waste in production, processing and distribution and any food waste by the end-customer).<sup>30</sup>
- **Distribution:** meal kit providers generally package ingredients into meal kits at their own manufacturing centres. With no retail 'shopfront' these facilities can be located in more industrial locations outside of the city centre and provide broad national reach with the assistance of third party logistic providers. In comparison, supermarket chains are required to distribute their groceries across a country to many (potentially numbering in the hundreds or more) individual outlets, (often in prime real estate locations), where groceries must be unpacked and/or placed on shelves.
- **Data:** meal kit providers gather data from customers when they subscribe to and use their service, including email addresses and their physical addresses. This data enables meal kit providers to run an anonymised analysis and conduct market research through third parties such as Facebook. Meal kit providers also see the customers' choice of meals and the portions ordered each week. Many supermarkets are also able to gather data on customers through, for example loyalty cards, but they are usually unaware of what recipe the consumer is cooking and for how many people. Furthermore, Marley Spoon customers are able to rate each recipe they make. This information can then be used to improve future menus and potentially move towards greater menu personalisation.

### 2.4.2 Key meal kit participants

The meal kit market is fragmented with a number of local and global meal kit providers. While we know global meal kit brands may develop, Marley Spoon does not believe that the meal kit market is "a winner takes all market" (meaning that the market will mature with only one or a small number of dominant players like Facebook in social media or Google in search). This is because of the size of the global food market, diverse and often localised food preferences and meal cultures and the experience with other segments of the grocery market and restaurant market. Accordingly, Marley Spoon believes that multiple providers will be able to achieve notable brand reputation and economies of scale in the countries in which they operate.

Many meal kit providers appear to have similar offerings, however key factors like those mentioned in Section 2.4.3 can serve to differentiate them. HelloFresh is Marley Spoon's closest meal kit competitor, operating in many of Marley Spoon's geographic markets. Marley Spoon is the second largest participant by geography with multi-continental operations in the meal kit market which, Marley Spoon believes, provides several advantages over smaller meal kit providers. For example, a global recipe base, international chefs and nutritionists to create recipes, centralised administrative services and marketing insights, shared technology, shared experience in logistics and supplier relationships.

30. Natural Resources Defence Council Issue Paper (Second edition of NRDC's original 2012 report): "Wasted: How America is Losing up to 40 Percent of its Food from Farm to Fork to Landfill", August 2017.

The following table is a snapshot of a number of key global meal kit providers and certain differences in their offerings.

Company	Geography	Year founded	Example menu options (vary by region)
<b>Multi-continental</b>			
Hello Fresh	United States, UK, Germany, Australia, Austria, Netherlands, Belgium, Luxembourg, Switzerland, Canada	2012	4-9 recipes per box type, 2-5 meals per week, 2 or 4 portions per recipe, vegetarian option
Marley Spoon	Australia, United States, Netherlands, Belgium, Germany, Austria	2014	10-12 recipes per week, 2-6 meals per week, 2-12 portions per recipe, vegetarian & healthy options, low price alternative, add-ons
<b>United States</b>			
Blue Apron	United States	2012	8-12 recipes per week, 2-4 meals per week, 2 or 4 portions per recipe (also offer monthly wine delivery)
Home Chef	United States	2013	12+ meal or options per week including a premium option (also offers smoothies and fruit baskets), 2-6 meals, 2,4 or 6 portions per recipe
Sun Basket	United States	2014	18 meal types, 2-4 times cooking per week, 2 or 4 portions per recipe
Plated	United States	2012	20 recipes per week, 2-4 meals per week, 2-4 portions per recipe
<b>Other<sup>31</sup></b>			
Gousto	UK	2012	Over 20 recipes per week, 2-4 meals per week, 2 person or family box portions
Chefs Plate	Canada	2014	9 recipes per week, 2-4 meals per week, 2 person portions or 4 person family box portions
Linas Matkasse	Sweden, Norway, Finland, Denmark	2008	2-6 portions per recipe
My Food Bag	NZ	2012	13 'food bags,' 3-5 meals cooking per week, 2-5 portions per recipe, also offers add-ons

Note: Based on information set out in the website of the relevant company as at 28 May 2018. Geographies and menu options are subject to change. This table is a summary only and does not purport to be a complete list of all meal kit providers.

31. Geographies where Marley Spoon does not currently operate.

## 2. INDUSTRY OVERVIEW Continued

### 2.4.3 Key competitive differentiators amongst meal kit providers

Amongst meal kit providers, there are a number of key competitive differentiators. These fall into two categories: (i) Product and customer experience; and (ii) Strategy and execution.

#### 2.4.3.1 Product and customer experience differentiation

Meal kit providers can differentiate themselves based on the following factors:

- **Choice:** The number of meals and the portions available together with the variety in recipes differentiate meal kit providers. The longer a customer uses a specific service, the number of recipe choices becomes more important. Greater choice has the potential to appeal to a broader range of customers for a longer period of time.
- **Flexibility:** Flexibility can take a number of forms, for example providing options, and the ability to readily update selections, of how many meals a customer can order each week, the minimum order size, how many portions of each meal they want, delivery days and timing of the delivery and how many days before delivery a customer is able to change to their order. Greater flexibility has the potential to appeal to a broader range of customers and to keep those customers satisfied.
- **Ease of use:** This applies to both the physical product (i.e. the complexity of the recipe and the instructions) and the digital product (i.e. how easy is it for a customer to change their order, learn about the recipes, etc.). Most large meal kit providers offer both a website solution and an app. Recipes tend to have about 7 or more ingredients. There are some offerings, for example, Marley Spoon's Dinnerly offering, which may be simpler with fewer ingredients (on average about six ingredients) and require less time.
- **Quality of food:** Sourcing food from reliable and quality sources and ensuring freshness upon delivery is necessary for meal kit providers to ensure customer satisfaction.
- **Pricing and value perception:** Some meal kit providers are now providing different priced options to appeal to multiple market segments. Customers compare the quality, price and value of different meal kits.

#### 2.4.3.2 Strategy and execution

Meal kit providers may adopt different strategy and execution models, which may lead to different customer experiences. For example:

- **In-house vs outsourced activities:** the extent that steps in the supply chain are kept in-house or outsourced differs between meal kit providers. In-house manufacturing and customer service activities require management but may assist a meal kit provider to provide a flexible and tailored offering.
- **Manufacturing excellence:** The extent to which a meal kit provider brings manufacturing in-house (which is common) and then focuses on manufacturing excellence and efficiencies can be a key differentiating factor. A meal kit provider's manufacturing activities can impact food safety and quality, the level of choice and flexibility that can be offered to its customers and the efficiency of their operations.
- **Brand/reputation:** Offering a reliable high-quality service and great customer service are very important for customer satisfaction. This can be important when seeking to encourage customer engagement on a weekly basis. Strong brand recognition and a positive reputation can assist meal kit providers to acquire and retain customers.



## 2.5 KEY TRENDS IN MEAL KIT ADOPTION

This Section will summarise the key trends driving the adoption of meal kits globally.

<p><b>Trend towards greater health and wellness</b></p>	<ul style="list-style-type: none"> <li>• Consumers are seeking meals with fresh and natural ingredients that promote good health, with many consumers willing to pay a premium for food with healthy attributes.</li> <li>• Meal kits are designed to help consumers balance busy lifestyles with healthy and nutritious home cooked meals. Marley Spoon believes that the meal kit industry can benefit from a trend towards consumers being focused on healthy lifestyle choices and food consciousness.</li> <li>• Some consumers are skeptical about claims on food labels and may value the higher transparency that is available when food is sourced directly from the farm or trusted producers, as is the case with many meal kit providers.</li> </ul>
<p><b>Increasing consumer preferences to prepare 'home-cooked' meals</b></p>	<ul style="list-style-type: none"> <li>• According to a national consumer survey conducted by Market research publisher Packaged Facts in June 2017, most home cooked meals are prepared from scratch, and more than 9 in 10 United States adults cook at home. Cooking from scratch remains the most frequent way of preparing a meal, with 70% of United States shoppers doing so three or more times a week.<sup>32</sup></li> <li>• Customers who order meal kits tend to prepare meals at home more frequently than the average shopper.<sup>33</sup></li> <li>• Meal kits aim to provide an at-home cooking experience, allowing consumers to learn new cooking techniques and experience culinary triumphs in their own kitchens rather than ordering take-out or delivery.</li> <li>• With the growth of cooking-related television shows and their popularity, Marley Spoon believes the 'MasterChef effect' may increase a consumer's desire to prepare a variety of home cooked meals inspired by TV shows and celebrity chefs driving demand for meal kit offerings.</li> </ul>
<p><b>Increased propensity to buy online, particularly groceries</b></p>	<ul style="list-style-type: none"> <li>• Increased digital connectivity is transforming the buying experience in most industries. Across industries globally, there is an increased propensity to buy online and 11% of total retailing sales are expected to occur digitally in 2020.<sup>34</sup></li> <li>• There are more and more offerings for buying food online, be it through new offerings like meal kits, traditional supermarkets going online, or large online retailers such as Amazon Fresh, Amazon Pantry or Alibaba expanding into the grocery segment. According to a report published by Market research publisher Packaged Facts, in throughout 2016 online grocery sales have been estimated to be approximately US\$9.7 billion, or about 1.2% of the overall United States grocery market.<sup>35</sup></li> <li>• Online ordering continues to grow as consumers use technology to streamline the ordering process.<sup>36</sup></li> <li>• This may increase a consumer's familiarity with purchasing fresh food online, which in turn is expected to increase the consumer's consideration of online subscription meal kit offerings.</li> </ul>

32. Market research publisher Packaged Facts, "Meal Kit Delivery Services in the U.S., 2nd Edition," July 2017.

33. As above.

34. Euromonitor International, Passport: "2016 Digital Consumer Index: Identifying the Next Digital Frontiers", October 2016.

35. Market research publisher Packaged Facts, "Meal Kit Delivery Services in the U.S., 2nd Edition," July 2017.

36. Euromonitor International, Passport: "Consumer Foodservice Global Industry Overview", October 2017.

## 2. INDUSTRY OVERVIEW Continued

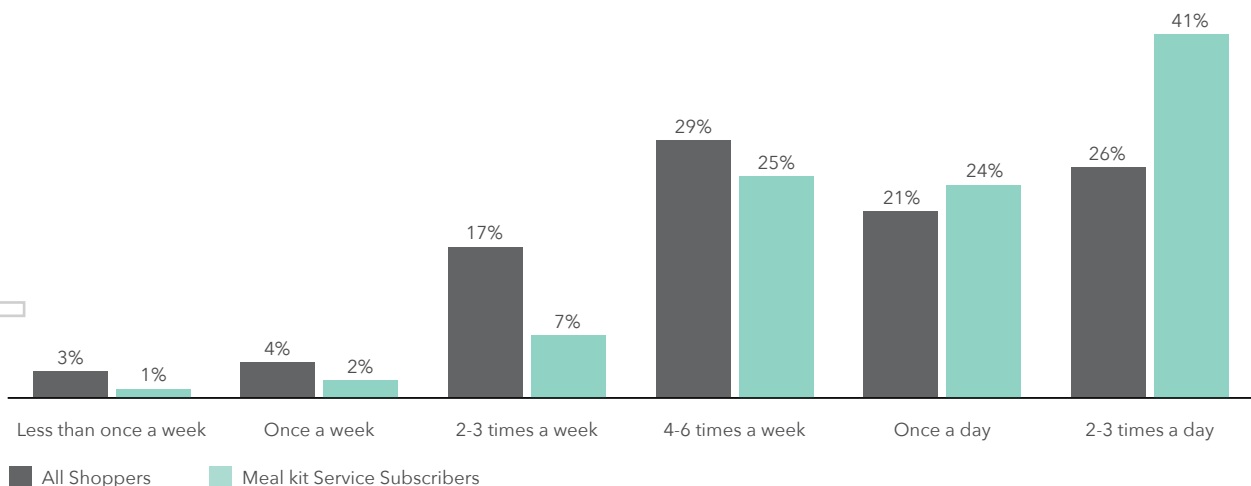
Improvement in last-mile logistics networks, better enabling delivery of fresh food direct to consumers

- Marley Spoon believes the rise in e-commerce has enabled increased scale for logistics providers allowing for lower delivery costs for users of logistics services and meal kit providers.
- It is estimated that the value of global food delivery was US\$115 billion in 2016 and is expected to grow 51% by 2021.<sup>37</sup>
- Development of logistics networks with fast, reliable and refrigerated delivery options can enable meal kit providers to deliver fresh produce directly to consumers.
- As the technology develops, and delivery services improve, more consumers are looking to delivery for convenient dining.<sup>38</sup>

Trend towards ethically minded choices by consumers, including to reduce food waste

- Consumers are increasingly choosing restaurants and concepts that match their values in order to feel good about the dining experience. Local supply chains, eco-friendly, and no-waste concepts are growing in popularity.<sup>39</sup>
- Examples of this changing consumer behavior include consumers using keep coffee cups and reusable bags, composting and recycling, and the emergence of food rescue charities such as OzHarvest.
- Ethically minded consumers are able to turn to meal kits that are focused on providing food directly to consumers and reducing food waste.
- A study from the United States Department of Agriculture in 2010 found that 21% of the total food supply is lost at the consumer level, including both households and “out of home” consumption (e.g. in restaurants) and 10% of total retail food supply loss occurred at the in-store grocery retail level.<sup>40</sup>
- Additionally, many meal kit providers, including Marley Spoon, offer ethically sourced and organic ingredients in their meal kits.

**PREPARING/COOKING FULL MEALS AT HOME, BY FREQUENCY, 2017 (PERCENT OF UNITED STATES ADULTS WHO COOK: ALL SHOPPERS VS. CURRENT MEAL KIT SERVICE SUBSCRIBERS)**



Source: Market research publisher Packaged Facts, “Meal Kit Delivery Services in the U.S., 2nd Edition,” July 2017 based on a Market research publisher Packaged Facts June 2017 National Consumer Survey.

37. Euromonitor International, Passport: “Consumer Foodservice Global Industry Overview,” October 2017

38. As above.

39. As above

40. Natural Resources Defence Council Issue Paper (Second edition of NRDC’s original 2012 report): “Wasted: How America is Losing up to 40 Percent of its Food from Farm to Fork to Landfill”, August 2017.

## 2.6 REGULATORY ENVIRONMENT

Marley Spoon is subject to various legal and regulatory regimes across the regions in which it operates, including a range of European Union (EU) regulations; national laws in Germany, the Netherlands, Austria and Belgium; federal, state and territory legislation in Australia; and federal and state legislation in the United States. These various legal and regulatory regimes may relate to:

### Food Safety

- the registration, licensing and inspection of food production businesses and facilities;
- the handling, storing, producing, processing, packaging, distributing, transporting or disposing of food;
- general practices to minimise opportunities for food contamination;
- health, hygiene and training requirements for persons who may handle food during production and processing, or who may handle surfaces likely to come into contact with the food during production and processing;
- the cleaning, sanitisation and maintenance of premises where food is produced and processed, and the equipment used in production and processing;
- the imposition of risk management and recording systems, including:
  - » the introduction of a food hygiene management system in accordance with HACCP (Hazard Analysis and Critical Control Point) concepts, which is commensurate to the nature and the size of the business and ensures that potential hazards and risks are identified and mitigated (for example, the temperature of protein at the time of receipt from supplier, during handling, and delivery); and
  - » the development of systems or processes to allow for the complete traceability of foodstuffs throughout the supply chain;
- the use of chemicals or micro biological materials (for example, fertilisers) in the production of food;
- the labelling and disclosure of the content, nutritional value, allergy information, expiration date and serving size of specific food items;

### Consumer Protection

- advertising, marketing, sale and delivery of goods and services, including over the internet;
- the provision of detailed and accurate information in relation to goods and services, associated consumer rights and obligations, product guarantees and warranties, endorsements and testimonials;
- claims regarding price reductions, comparative prices, manufacturers' lists or suggested retail pricing;

### Data protection and cyber-security

- the design and structure of online marketplaces/shops, including ordering, payment and delivery systems;
- the design and transmission of personalised product recommendations to consumers;
- the collection, processing, storage, use and transfer of personal data;
- the protection of personal and other confidential information from misuse, interference, loss, unauthorised access, modification or disclosure;
- the provision of privacy policies and collection statements;
- the use of web analysis technologies such as cookies or tracking tools;
- the use of social plugins;
- physical security against unauthorised access and manipulation (for example, secure storing and transportation of physical data carriers);
- password assignment, authorisation concepts, logging of subsequent changes of data and separation of data that has been collected for different purposes;
- reasonable encryption as well as protection against accidental loss, destruction or damage; and
- the maintenance of appropriate network security mechanisms and compliance management measures to mitigate against IT-related risks.

## 2. INDUSTRY OVERVIEW Continued

EU regulations are directly applicable in all member states of the EU (**EU Member States**), with no national implementation required. In contrast, EU directives instruct EU Member States to implement certain provisions into national law and typically prescribe only minimum standards, with EU Member States retaining discretion as to any higher standards they wish to introduce. As a result, the implementation and therefore application of EU directives may vary from one EU Member State to another.

The EU enacted the General Data Protection Regulation (Regulation 2016/679/EU of the European Parliament and of the Council of April 27, 2016, the "General Data Protection Regulation") (**GDPR**) which came into effect on 25 May 2018. The GDPR imposes significant change to privacy laws in Europe and applies and is enforced from 25 May 2018. The key changes relate to:

- the increased territorial scope - the GDPR will have a global impact as it is intended to apply to organisations operating in the EU as well as businesses outside the EU that offer goods or services or monitor the behaviour of individuals in the EU, regardless of where the data processing occurs;
- penalties - organisations that fail to comply with the GDPR face heavy fines up to €20 million or up to 4% of global annual turnover, whichever is higher; and
- consent - the conditions for consent have been strengthened. The request for consent must be given in an intelligible and easily accessible form using clear and plain language with the purpose for data processing attached to that consent. It must be as easy to withdraw consent as it is to give it.

The applicable laws and regulations impose extensive duties and responsibilities on Marley Spoon, and grant extensive powers to the competent authorities in terms of oversight and enforcement. Local, state and federal authorities may assess and inspect Marley Spoon's processes and facilities. In cases of non-compliance, Marley Spoon may be subject to civil or criminal liability, administrative orders, site closures, fines, penalties or other sanctions. The regulatory structures are continually evolving and developing. While Marley Spoon has procedures in place to seek to ensure that it complies with all applicable laws and regulations, it cannot guarantee full compliance.

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**3.**  
**COMPANY  
OVERVIEW**



**MARLEY  
SPOON**

**WE LOVE COOKING**



## 3. COMPANY OVERVIEW

### 3.1 BACKGROUND

Marley Spoon was founded in 2014 in Germany with the core mission to help customers solve the daily problem of “*what are we going to cook tonight?*”

Marley Spoon’s aim is to provide quality, fresh ingredients in its meal kits with recipes developed in-house to simplify the purchasing and cooking process and enable customers to prepare healthy home cooked meals for their family and friends.

Since launch, Marley Spoon has delivered over 14.5 million individual meals and developed more than 9,000 recipes. Marley Spoon has approximately 111,000 Active Customers as at 31 March 2018 across both the Marley Spoon and Dinnerly brands. Active Customers are customers who have purchased a Marley Spoon or Dinnerly meal kit at least once over the past 90 days (**Active Customers**).

### 3.2 INTRODUCTION TO MARLEY SPOON’S BUSINESS MODEL

Marley Spoon generates revenue by selling meal kits containing ingredients it sources from producers and suppliers, and recipes it creates in-house, through a weekly, subscription-based service to customers in three primary regions: Australia, United States and Europe (servicing Austria, Belgium, Germany and the Netherlands), and has those meal kits delivered to its customers’ homes. Its main expenses include food, manufacturing expenses (primarily labour costs), packaging costs and shipping costs.

Key components of its business model include:

- efficient and effective **customer acquisition**;
- use of **customer data insights** to plan its offering;
- preference for **direct sourcing** of produce to ensure freshness;
- **in-house manufacturing** of meal kits to enhance efficiencies and accuracy;
- **outsourced logistics** are currently used to deliver meal kits in timely, a cost effective, manner; and
- a focus on **customer care** and experience to drive customer satisfaction and retention.

Marley Spoon has a flexible and simple ordering model, variety in its weekly recipes, two differentiated offerings (Marley Spoon, and Dinnerly in the United States and Australia), an experienced management team, a focus on manufacturing excellence at its 8 manufacturing centres located across the regions it services, and a clear growth strategy.

The above components, along with further detail of Marley Spoon’s business model and production process are described in this Section 3. Marley Spoon has experienced rapid revenue growth since launch and continues to seek savings and efficiencies as its business scales in size, as is discussed along with other financial information in Section 4.

### 3.3 MARLEY SPOON OVERVIEW BY REGION

#### 3.3.1 Australia

Marley Spoon’s Australian operations launched in June 2015 followed by the launch of Dinnerly in March 2018. In the 3 months to 31 March 2018, Australia represented 37% of Marley Spoon’s revenue. As at 31 January 2018, 35% of Marley Spoon’s workforce was located in Australia with an Australian head office in Sydney and two manufacturing centres, one located in Sydney and the other in Melbourne. Marley Spoon can reach approximately 70% of the population in Australia, including the city and surrounds of Sydney, Brisbane, Melbourne, Adelaide, Canberra, the Gold Coast, Wollongong, Newcastle and NSW’s Central Coast.

A key focus in Australian for Marley Spoon’s is to grow Active Customers, including through:

- significantly increasing choice and flexibility for Marley Spoon meal kits;
- adding menu choices to Dinnerly during CY2018; and
- exploring establishing partnerships with retail distribution partners to increase the current national and regional delivery footprint.

### 3.3.2 United States

The Marley Spoon United States operations launched in April 2015. This was followed by a licensing and promotion agreement with a Martha Stewart company in April 2016 and the launch of the co-branded ‘Martha and Marley Spoon’ offering shortly after that. A second brand, Dinnerly, was launched in July 2017, at a price point of US\$5 per portion (approximately 50% per portion of the meal kits of Martha & Marley Spoon). In the 3 months to 31 March 2018, the United States contributed 34% of Marley Spoon’s revenue. As at 31 January 2018, 25% of the group’s workforce was located in the United States.

Marley Spoon currently operates manufacturing centres in Texas, California, and New York with an office in New York.

In addition to relocating a manufacturing centre from the Bronx, NY to a new location on the East Coast, a key focus for Marley Spoon in the United States is to grow Active Customers, including through:

- increasing productivity and quality of their operations;
- adding menu choices to Dinnerly during CY 2018; and
- continuing to develop its arrangements with Amazon Fresh United States for it to sell Martha & Marley Spoon meal kits to its users (as discussed in Section 3.9.2.2).

### 3.3.3 Europe

Marley Spoon was founded in Europe and launched in Germany in May 2014. Marley Spoon’s European operations now span Germany, the Netherlands, Austria and Belgium. In the 3 months to 31 March 2018, Europe contributed 29% of Marley Spoon’s revenue. As at 31 January 2018, 40% of the Marley Spoon workforce was located in Europe. Marley Spoon currently operates three manufacturing centres in Europe (Germany, the Netherlands and Austria). In addition, Marley Spoon’s head office is located in Berlin, Germany with another European office in Amsterdam, the Netherlands.

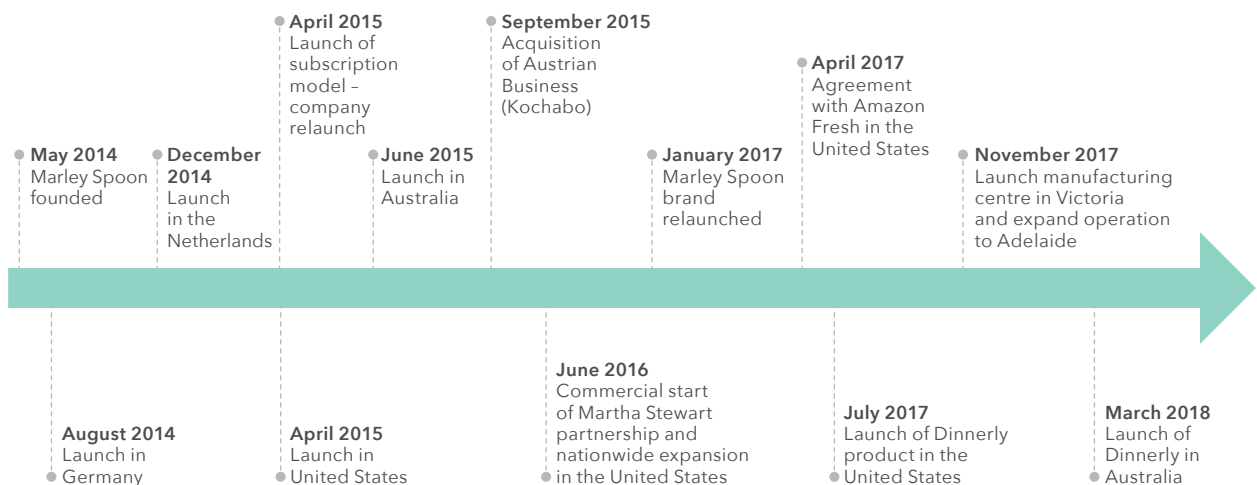
A key focus for Marley Spoon in Europe is to grow Active Customers, including through:

- a strong focus on average revenue per Active Customer (and building brand loyalty) including through additional product offerings for specific occasions, i.e. Christmas and Dinner Parties; and
- developing its new agreement with Amazon Fresh Germany (which began in April 2018) to sell Marley Spoon meal kits to Amazon Fresh for it to sell to its users (as discussed in Section 3.9.2.2).

## 3.4 MARLEY SPOON HISTORY

Marley Spoon has reached many milestones during the past four years since launch:

### MARLEY SPOON TIMELINE SINCE LAUNCH



## 3. COMPANY OVERVIEW Continued

### 3.5 MARLEY SPOON PRODUCT OFFERING

#### 3.5.1 How it works

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

##### Step 1: Marley Spoon chefs design a range of varied recipes

- Each week Marley Spoon chefs and nutritionists select between 10-12 recipes for the Marley Spoon brand and 3 - 6 recipes for Dinnerly (depending on the region). These recipes may be existing recipes or new recipes which have been developed in-house.
- Recipes are selected:
  - » having regard to the availability of seasonal fresh produce and quality meat;
  - » to provide a variety of meal options for different dietary requirements, tastes and preferences (for example, healthy, express recipes, kid-friendly, non-pork and vegetarian depending on region); and
  - » to offer different cuisine options.

##### Step 2: Customers decide what to cook and when

- Up to 6 days before the delivery day (the 'order cutoff'), the customer selects:
  - » the number of meals it will cook from meal kits in the coming week(s) - generally between 2 and 6 meals per week;
  - » the recipes he or she wishes to make;
  - » the number of portions required (generally between 2-12 portions per recipe); and
  - » a delivery day, and a delivery time if their delivery area has multiple delivery time slots per day.
- The above selections are submitted through Marley Spoon's website or the mobile application.

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

- Marley Spoon sources the ingredients for each meal kit from producers or suppliers, who deliver the ingredients to the Company's manufacturing centres. Marley Spoon 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 a fast turnaround of quality, fresh produce to customers, with little time spent sitting on shelves being handled by customers as can occur at traditional supermarkets.
- Meal kits are typically delivered weekly (with multiple delivery windows) in recyclable boxes with perishable ingredients packed in insulated liners with ice bags to keep those items cool and preserve freshness.

##### Step 4: Customer cooks and enjoys

- The meal kits with pre-measured ingredients are ready for the customer to cook at a time that is convenient for them.
- Each box contains key ingredients for each meal, separated into bags (referred to as 'dish bags') for convenient, 'grab and go' cooking.
- A recipe card is provided, which sets out the step by step instructions (generally a maximum of six steps) to prepare the meal.
- To cook each meal the customer need only provide a few common staples (e.g. oil, soy sauce, salt and pepper etc.) and have a basic kitchen set up (e.g. oven, stove and common cooking items like pots, pans, knives, grater, baking paper etc.) depending on the meal.

### SIMPLE FOUR STEP PROCESS



#### 3.5.2 Products and flexibility designed to appeal to customer preferences

Marley Spoon meal kits are designed to appeal to customers by providing a stress-free cooking experience, variety to suit its customers' tastes and dietary requirements and a flexible ordering model.

##### 3.5.2.1 Simplified cooking experience

Marley Spoon meal kits can simplify the weekly cooking experience by removing the need to plan and shop for meals. Further the ingredients in Marley Spoon meal kits are pre-measured so that there is minimal to no food waste.

Meals are designed based on simple recipes, with easy step-by-step instructions and generally can be prepared in 20-30 minutes or 30-40 minutes depending on the meal.

### DELICIOUS RECIPES

Our chefs cook up wholesome new dishes and easy step-by-step recipes every week.

### 3. COMPANY OVERVIEW Continued

#### 3.5.2.2 Variety to suit customers dietary requirements, tastes and preferences

Each week Marley Spoon's dedicated team of chefs and nutritionists curate 10-12 recipes based on actual customer data and insights (refer to Section 3.9.3 for further details). The Marley Spoon culinary team develops these recipes using seasonal ingredients and a variety of meat and fish options and assesses past customer behaviour and recipe rating data and feedback.

The range of recipes are also designed to suit various dietary requirements, tastes and preferences, for example, healthy, vegetarian or non-pork options, while also providing various cuisines to choose from.



#### Japanese Meatballs

with Broccoli and Miso Butter

CHICKEN SPICY KID-FRIENDLY HEALTHY

UNDER 30 MIN.

#### 3.5.2.3 Flexible ordering model

The Marley Spoon ordering model is flexible. When customers sign up they select a 2-person or a family box (sufficient for at least 4 people). After that, the customer chooses the number of meals they wish to cook from meal kits for the week (generally between 2 and 6 meals per week). As seen in the table below, the greater the number of meals purchased reduces the average cost per meal, which currently ranges from A\$13.75 to A\$8.95 per meal in Australia.

#### EXAMPLE: MARLEY SPOON MEAL KIT PLANS IN AUSTRALIA, IN AUSTRALIAN DOLLARS

	2 meals a week	3 meals a week	4 meals a week
<b>2 person box</b>			
Price per portion	A\$13.75	A\$11.65	A\$11.50
Price per week	A\$55.00	A\$69.90	A\$92.00
<b>Family box</b>			
Price per portion	A\$10.50	A\$9.50	A\$8.95
Price per week	A\$84.00	A\$114.00	A\$143.20

Information as at the Prospectus Date.

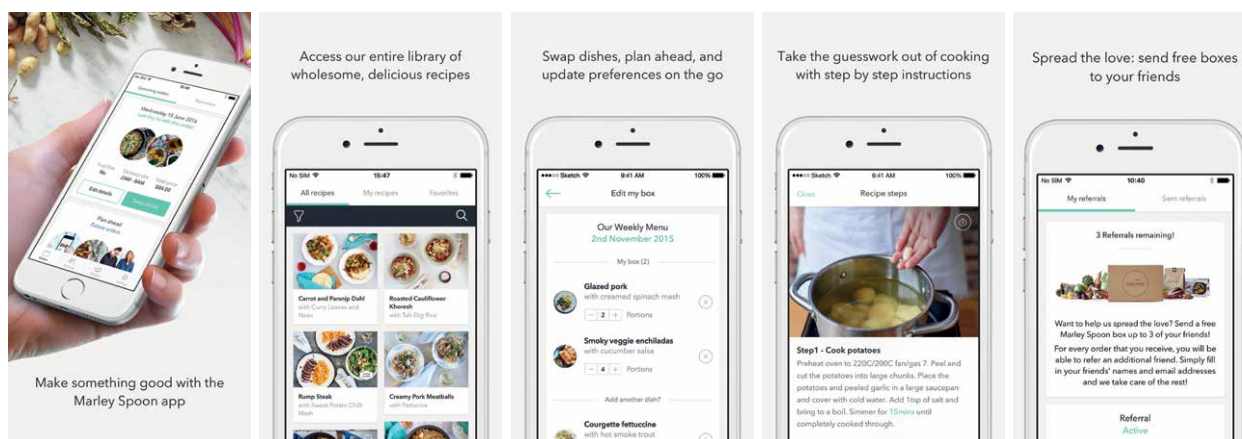
Customers can adjust their subscription (including the default number of meals and portions they will receive each week) and delivery times, and may pause their subscription for a period or cancel their subscription. There are no lock-in contracts.



### 3.5.3 Simple online ordering and mobile applications

Marley Spoon utilises a simple, easy to use website and mobile application to enable customers to quickly and easily select recipes and/or modify their current subscription on the go at any time of the day or night before the order cut-off. Marley Spoon offers mobile applications on both the Apple and Android application stores.

The ordering process is simplified by suggesting a default selection of recipes each week, based on the customer's subscription preferences. Even if the customer forgets to specify their meals for a given week, they don't miss out on meal kits for that week.



### 3.5.4 Easy access to information to make cooking simple

Marley Spoon's website and apps have a wealth of information to assist its customers.

Information is provided for each meal, including the level of cooking skill required, calories, cooking time, ingredients and nutritional and allergen information.

Customers are also advised what cooking items, accessories (for example, baking paper or pans) and staples (for example, oil, mustard, soy sauce, salt and pepper, sugar, etc.) they will need for each meal to assist the customer select their preferred meals.

## 3.6 DINNERLY

In July 2017, Marley Spoon launched Dinnerly under a separate brand 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 3 set meals per week, selected by the business with customers being able to choose between 2 or 4 portions per meal. Meals cost US\$5 per meal (A\$5.75 in Australia (family box)) plus shipping and, at this price point, is one of the most inexpensive quality meal kits available in the United States and Australia. 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.

The 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, using digital recipe cards instead of paper and 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 provide a simple fresh home cooked meal experience, Marley Spoon remains targeted at customers who desire greater variety of meals with more ingredients, flexibility and choice, with Dinnerly targeted at customers who seek easy, fast and affordable meals.

### 3. COMPANY OVERVIEW Continued

**DINNERLY**

[Current recipes](#) [How it works](#) [Contact us](#)

[Log in](#)

[Sign Up](#)



## Dinnertime made easy

Fewer ingredients per dish means less fuss and more flavour.

#### DINNERLY MEAL KIT PLANS IN AUSTRALIA, IN AUSTRALIAN DOLLARS

3 meals a week

##### 2 person box

Price per portion	A\$6.50
Price per week (incl. shipping)	A\$47.95

##### Family box

Price per portion	A\$5.75
Price per week (incl. shipping)	A\$77.95

### 3.7 OTHER PRODUCTS

As customers become accustomed to the convenience of Marley Spoon, it has expanded its offering to include additional products in select regions in which Marley Spoon operates. These include:

- **Fruit boxes:** Option to add on a basket of fresh fruit to your weekly meal delivery.
- **Holiday meals:** Special holiday meal packages during holiday seasons (Christmas, Thanksgiving and Easter).
- **Dinner parties:** Special meal kit to provide a full multi-course dinner party for up to 8 adults.
- **Cookie boxes:** Ingredients for the 'seasons sweetest treats' (for example, chocolate gingerbread cookies and double chocolate peppermint brownies).

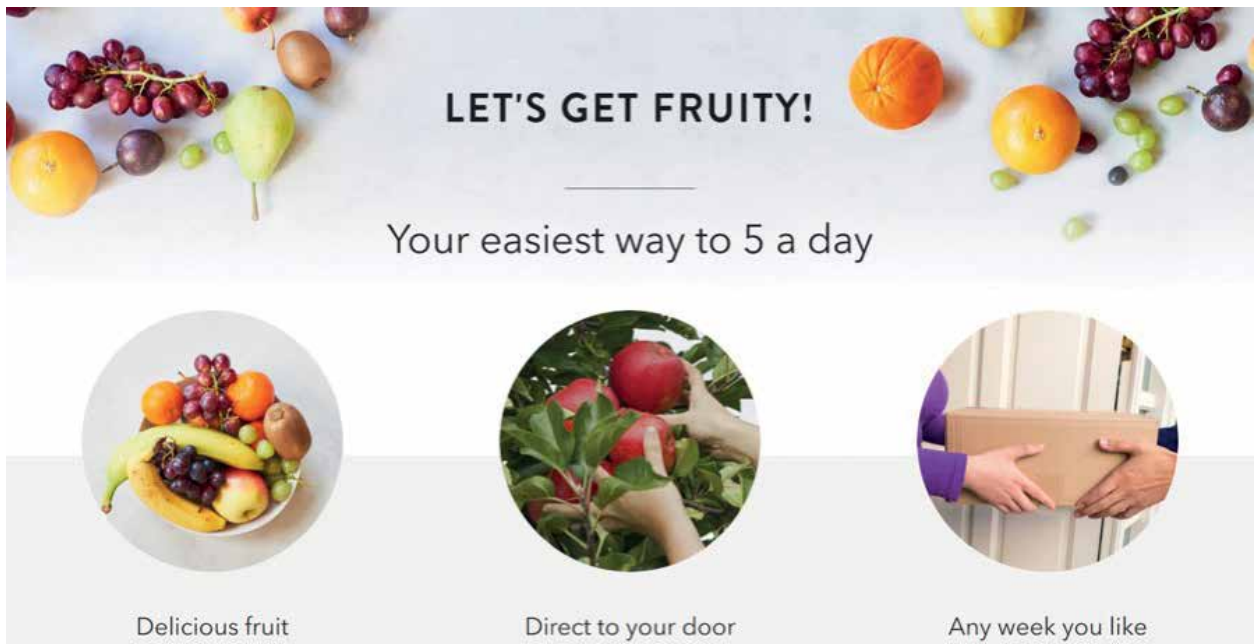


### Christmas Box

Our Christmas Box contains everything you need to cook a delicious feast for up to six guests. Including starters, Maple Baked Ham, Roasted Salmon, two delicious sides and one show-stopping dessert.

**HIDE MENU -**

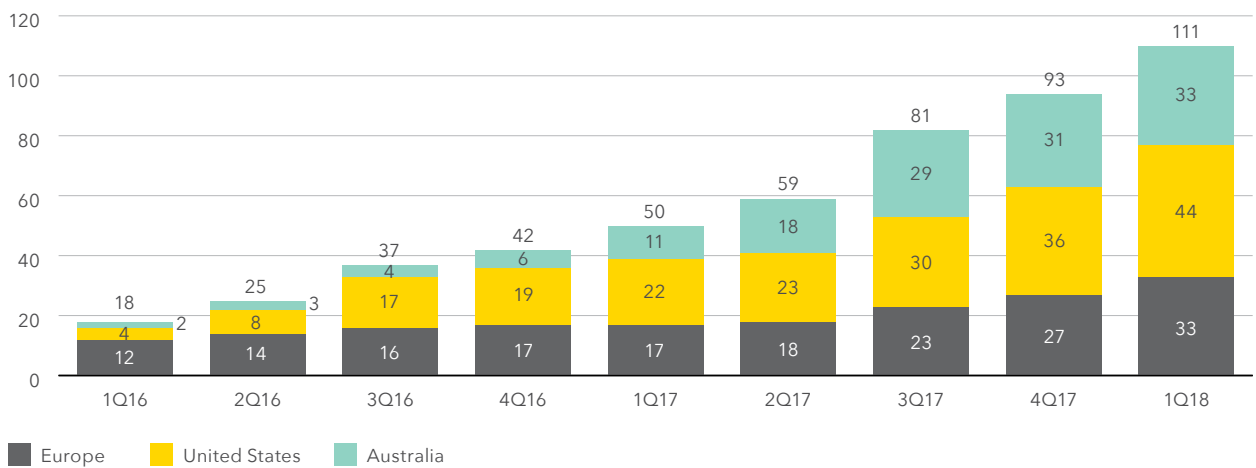
- Beetroot and Goat's Curd Blinis and Cheese Board with Lavosh
- Baked Salmon with Horseradish Labne and Pickled Fennel



### 3.8 MARLEY SPOON'S CUSTOMERS AND TARGET CUSTOMERS

Marley Spoon's meal kits are used by a variety of customers in the regions in which Marley Spoon operates. Marley Spoon has approximately 111,000 Active Customers as at 31 March 2018 across both the Marley Spoon and Dinnerly brands. This number has grown by over 100% in the last 12 months.

#### MARLEY SPOON ACTIVE CUSTOMERS (000s)



Marley Spoon estimates that as at 1 March 2018, of its Active Customers:

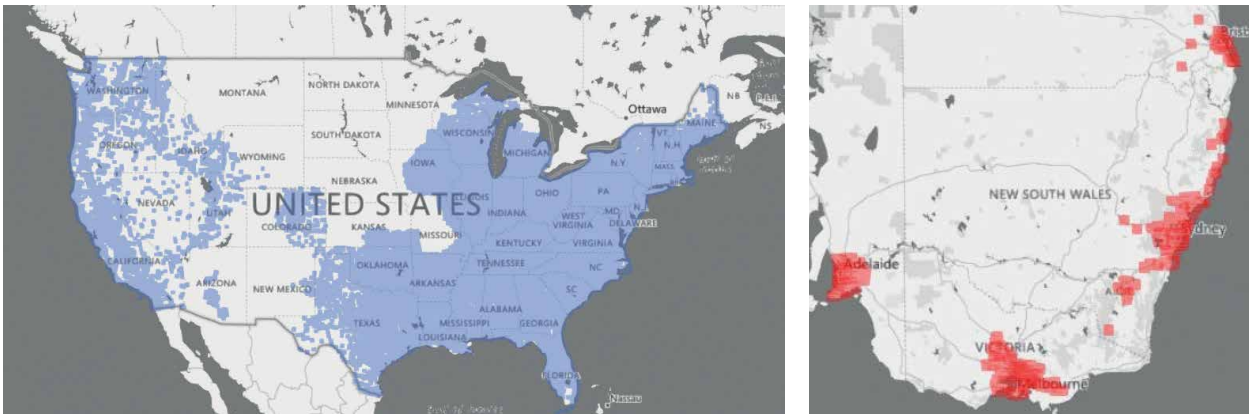
- approximately 80% are female and are 30+ years old;
- approximately 80% are in a relationship;
- approximately 40% live in households with children; and
- are broadly distributed across Marley Spoon's delivery area, with a higher penetration in urban or inner city suburban areas.

### 3. COMPANY OVERVIEW Continued

Marley Spoon has been able to build customer profiles based on customer surveys, audience insights from its marketing and Google AdWords audience insights. There are approximately 177 million households in the regions that Marley Spoon services<sup>41</sup>. Marley Spoon believes that households within these regions with multiple inhabitants that have developed a habit of regular weeknight home cooking are its key potential customers. Marley Spoon is currently able to service:

- nearly 100% of Germany and Austria, 90% of Netherlands and 46% of Belgium (all except Wallonie);
- ~92% of the population in the United States; and
- ~70% of the population of Australia (i.e. Sydney, Canberra, Melbourne, Brisbane, Adelaide, the Gold Coast, Wollongong, Newcastle and NSW's Central Coast).

In the case of the United States and Australia, this coverage is illustrated in the maps below:

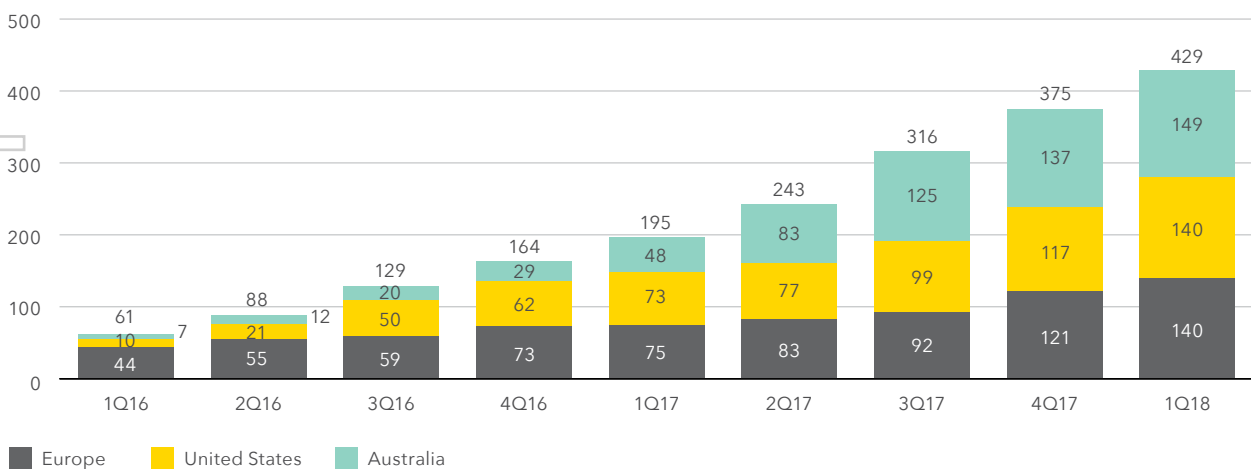


Note: coverage does not include areas shaded in grey.

Order history and delivery day data shows a preference for cooking meal kits during the week rather than on the weekend. Marley Spoon customers have cited in customer surveys that the top reasons they use Marley Spoon is for variety in weeknight home cooking, convenience and time saving. The top reasons new customers cite in customer surveys for trying Marley Spoon are the ability to choose what to cook and appealing dishes.

Marley Spoon has seen growth in total orders as active customer numbers have increased. In 2017, Marley Spoon's customers cooked, on average, more than 6.5 evenings per month.

#### MARLEY SPOON TOTAL ORDERS (000s)



41. Based on population data from the Australian Bureau of Statistics, United States Census Bureau and Eurostat as well as Marley Spoon penetration data.

### 3.9 KEY FEATURES OF THE MARLEY SPOON BUSINESS MODEL

#### 3.9.1 Overview

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



<b>1. Customer acquisition</b>	<ul style="list-style-type: none"> <li>Marley Spoon acquires customers through a combination of online marketing, offline marketing and referrals. Approximately one third of new customers are referrals from existing customers and word of mouth. Refer to 3.9.2.2 for more detail. Marley Spoon is able to benchmark multiple customer acquisition channels across different regions and to assist setting its marketing activities. In the United States customer acquisition benefits from Marley Spoon's association with Martha Stewart. Refer to Section 3.9.2.3 for more detail.</li> <li>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). Refer to Section 3.9.2.1 for more detail.</li> </ul>
<b>2. Customer data insights</b>	<ul style="list-style-type: none"> <li>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 tailor further the suggested recipe selections for customers and weekly menus.</li> <li>Marley Spoon's in-house chefs and nutritionists in conjunction with the food procurement team regularly develop new easy-to-cook recipes. More than 9,000 recipes have been created at Marley Spoon.</li> <li>Recipes differ across the regions Marley Spoon operates to cater for different customer demands and seasons.</li> <li>Refer to Section 3.9.3 for more detail.</li> </ul>
<b>3. Preference for direct sourcing</b>	<ul style="list-style-type: none"> <li>Marley Spoon seeks to source as many of the meal kit ingredients as possible direct from producers to assist delivering the freshest produce possible to customers. Other ingredients are sourced from trusted wholesale suppliers.</li> <li>Refer to Section 3.9.4 for more detail.</li> </ul>
<b>4. In-house manufacturing</b>	<ul style="list-style-type: none"> <li>Marley Spoon focuses on manufacturing excellence to offer choice as well as variety and drive margins, efficiencies and accuracy.</li> <li>Marley Spoon has manufacturing centres in each of the regions it operates. Its meal kits are prepared and packed utilising proprietary and non-proprietary, standardised processes at its eight manufacturing centres located across the regions in which it operates.</li> <li>Refer to Section 3.9.5 for more detail.</li> </ul>



### 3. COMPANY OVERVIEW Continued

5. Logistics	<ul style="list-style-type: none"> <li>• Marley Spoon currently uses outsourced logistics to provide 'long haul' and 'last-mile' delivery to its customers.</li> <li>• Refer to Section 3.9.6 for more detail.</li> </ul>
6. Customer care	<ul style="list-style-type: none"> <li>• Excellent customer experience and care 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 centres and delivery chain to best ensure customers receive the meal kits they desire, on time.</li> <li>• Customer support is also offered through a call centre and email support</li> <li>• Marley Spoon monitors its average Net Promoter Score (the Company had an average Net Promoter Score of over 48 in CY 2017) as one means of measuring its performance.</li> <li>• Refer to Section 3.9.2.2 for further detail.</li> </ul>

#### 3.9.2 Customer acquisition

##### 3.9.2.1 Established customer value proposition

Marley Spoon's key product offering is its weekly meal kits, which contain fresh, pre-measured ingredients and step-by-step instructions to prepare home cooked meals. The appeal of Marley Spoon meal kits is driven by the following factors:

- **Choice and variety:** Access to a diverse range of healthy and fresh meals across numerous cuisines. Each week, customers select recipes based on their dietary requirements, tastes and preferences. Variety in Marley Spoon's weekly menus is also particularly important to retain customers over the longer term.
- **Health:** Meal kits typically contain healthy and fresh ingredients which are designed to resonate with consumers focused on healthy lifestyle choices and food consciousness, particularly those that prefer to cook with fresh ingredients over other alternatives, such as pre-processed food. Produce is sourced directly from the farm, producers and other trusted wholesale suppliers. The recipe boxes are shipped directly from Marley Spoon's manufacturing centre to the customer's home, eliminating time sitting on shelves being handled by customers as can occur at traditional supermarkets. As the ingredients in each meal kit are pre-measured, only the food required for an order is distributed.
- **Convenience and time savings:** In today's fast paced world, with many consumers being time poor, the ability to plan, shop and cook all weekly meals can be a challenge. Marley Spoon meal kits remove the need for customers to spend time planning and shopping for meals, saving the customer time. Recipe boxes are conveniently delivered directly to the customer during the delivery window offered by Marley Spoon that works best for them.
- **Flexibility:** The Marley Spoon branded offering allows customers to choose between 2-6 meals a week, with 2-12 portions per recipe. This provides the customer with the flexibility to use Marley Spoon for either most of the working week or only on those days when the customer expects to be busier than usual. Customers can also skip a week or pause their subscription to suit their needs. In addition, customers are able to choose between multiple delivery days and time slots (depending on region) in order to integrate Marley Spoon's meal kits into their weekly routines.
- **Family time:** A key driver for the creation of Marley Spoon was to create an offering that assisted bringing families and friends together to share a healthy, home cooked meal.

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- **Food waste reduction:** Waste is an important issue in many industries and the food industry is not immune. Due to the nature of the perishability of groceries, managing food waste is a challenge for traditional participants like supermarkets and their consumers. It can be a frustrating feeling to throw away food that was not consumed in time and consider the money that has been wasted. Many consumers are seeking options that align with their values, with local supply chains, eco-friendly and no-waste concepts growing in popularity.<sup>42</sup> Marley Spoon meal kits are assembled to result in almost zero uncooked food waste as the required amount of each ingredient is pre-measured and provided with each meal kit. An additional benefit for the customer cooking delivered meal kits is that they have not paid for food that they cannot use and need to throw away.

Section 2.4.1 discusses the source-to-stock model that traditional supermarkets often employ and which may lead to waste. As the Marley Spoon model assists in reducing the period between delivery from the producer to the end customer, food is less likely to be discarded because of expired 'sell by dates' (whether arising under law or company policy), and it normally does not need to discard older produce because of 'cosmetic imperfections.'

It is estimated that in-store food losses in the United States totalled 43 billion pounds in 2010 which is equivalent to approximately 10 percent of the total food supply at the retail level.<sup>43</sup>

Consistent with Marley Spoon's core values and mission to reduce food waste, most packaging, including boxes, bags and containers, are made from sustainable or recyclable materials. Cardboard for packaging is sourced from sustainably managed forests.

### 3.9.2.2 Marketing strategy

Marley Spoon's marketing strategy to acquire new customers is based on a combination of online marketing, offline marketing and referrals:

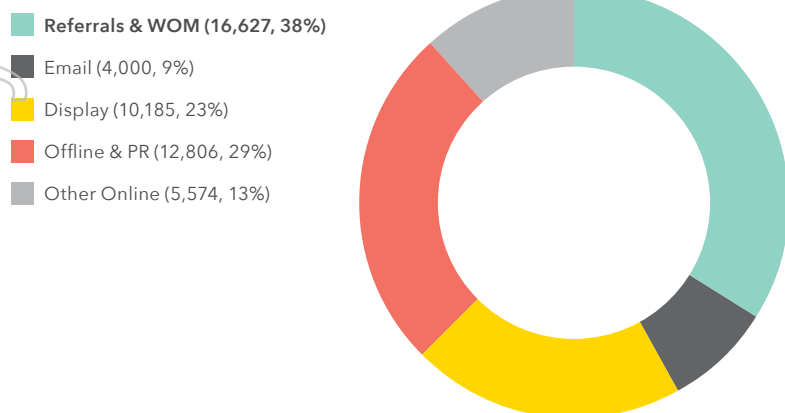
- Approximately one third of new customers come via referrals from existing customers as well as word of mouth (WoM). Customer satisfaction is tracked by Marley Spoon by measuring its Net Promoter Score, amongst other measures. Customers are asked to select on a scale from 1 - 10 how likely they are to recommend Marley Spoon to a friend. Customers selecting 1 - 6 are called detractors and give a score of -1. Customers selecting 7-8 are called neutral and given a score of 0. Customers selecting 9-10 are called promoters and given a score of +1. The resulting Net Promoter Score can range from -100 to + 100. Marley Spoon had an average Net Promoter Score of over 48 in CY 2017 from surveys of its customers globally, which exceeds the average score of many consumer facing businesses.
- The remaining customer base is acquired through a variety of paid channels selected by its dedicated marketing team including online search, online display, social media, traditional print media, TV advertising, outdoor advertising and other channels. Using a board range of market channels is designed to enhance customer reach and reduce reliance on any one particular marketing channel.
- Marley Spoon's marketing team closely monitors performance across each region. The team is able to take a responsive approach that adjusts marketing investment based on the data and statistics observed to seek to invest in marketing in the regions and channels that generate the highest returns.

42. Euromonitor International, Passport: Consumer Foodservice Global Industry Overview, October 2017.

43. Natural Resources Defence Council Issue Paper (Second edition of NRDC's original 2012 report): "Wasted: How America is Losing up to 40 Percent of its Food from Farm to Fork to Landfill, August 2017

### 3. COMPANY OVERVIEW Continued

#### GLOBAL CUSTOMER ACQUISITION CHANNELS, Q4, 2017



Note: Display includes website banner advertising. Offline and PR includes traditional print media, TV advertising, outdoor advertising and promotions. WoM refers to word of mouth. Other Online includes search and social media.

#### 3.9.2.3 Strong brand positioning

In the United States, the Marley Spoon brand and operations are strengthened through an agreement with Martha Stewart Living Omnimedia, Inc. (**MSLO**), a company associated with Martha Stewart, an Emmy Award-winning television show host, entrepreneur, bestselling author of 90 books, and a trusted lifestyle expert in America.

In April 2016, Marley Spoon entered into a licence and promotion agreement with MSLO which allows Marley Spoon to co-brand its meal kits in the United States with 'Martha Stewart', for example under the brand 'Martha & Marley Spoon'. Marley Spoon pays royalties (based on a percentage of Martha & Marley Spoon' sales in the United States) to MSLO in return for the licence and the parties have agreed to undertake various promotional and marketing activities. Subject to the following, the initial term of the agreement is 5 years until December 2020 (and may be extended for a period of 10 years or potentially longer by agreement of the parties) provided, amongst other things, MSLO remains satisfied with Marley Spoon's sales in the United States.

In this regard, Marley Spoon expects that it will not meet current contracted annual minimum meal kit sales volumes in the United States, which would entitle MSLO to end the agreement after December 2018. Marley Spoon is also required to pay a minimum annual royalty payment to MSLO (even if meal kits sold for a particular year are below the level implied by the minimum annual royalty payment). Refer also to Section 5.2.2 and 4.4.3. In discussions with MSLO, Marley Spoon is seeking to extend the initial term of this contract, restructure the timing of minimum annual royalty payments to occur over that longer period (for example halving those payments for the next 2 years) and reduce minimum meal kit sales volumes, in return for payment to MSLO of an upfront fee of potentially USD1 million. Whilst this would have an initial negative impact on cash flow and EBITDA in CY2018, the Company believes it will assist strengthen the relationship of the parties and reduce contracted minimum royal payments over the next 2 years, noting however that agreement as at the Prospectus Date is not certain.

Marley Spoon believes that the 'Martha & Marley Spoon' co-brand will continue to drive sales growth and differentiation among meal kit offerings in the United States as a result of its association with Martha Stewart's own strong brand and credibility in home cooking in that market.

Further, in November 2016, Marley Spoon and Amazon Fulfilment Services Inc. entered into an agreement under which Amazon Fulfilment Services Inc. may purchase 'Martha and Marley Spoon' branded meal kits for sale through its online platform, Amazon Fresh. Purchases for Amazon Fresh commenced in April 2017. Amazon Fulfilment Services Inc. has no minimum purchase requirements, and revenues from this agreement are not currently material, however Marley Spoon believes it is an arrangement that may help to improve its brand exposure in the United States and attract new customers. Marley Spoon and Amazon EU SARL, German branch have also entered a similar agreement under which Amazon may purchase 'Marley Spoon' branded meal kits for sale through its online platform, Amazon Fresh in Germany. Purchases for Amazon Fresh in Germany commenced in April 2018.



### 3.9.3 Customer data insights

Marley Spoon has a direct link to its customers through its website and mobile applications which customers use for weekly ordering.

Customers order meals from Marley Spoon, rather than purchase groceries from a supermarket or other retailer. This provides Marley Spoon with an insight into its customers' behaviours, tastes and preferences as they choose their weekly meals. Furthermore, what a consumer does not choose in any particular week is also a useful data point as it builds customer taste profiles.

Marley Spoon is also able to gather direct feedback on the recipes through a rating system which many customers use on a weekly basis. The degree of popularity of a recipe in a particular country gives Marley Spoon an understanding of the customer tastes and preferences in that area. This assists Marley Spoon with menu creation and ensuring their weekly menu is relevant to its customers.

### 3.9.4 Preference for direct sourcing from producers

Marley Spoon's business model includes a preference to source ingredients direct from producers. This assists Marley Spoon deliver quality, fresh ingredients to its customers quickly.

For example, Marley Spoon currently sources approximately 20% of its meal kit ingredients directly from producers. Marley Spoon intends to increase the amount of food it sources direct from producers over time.

Marley Spoon maintains relationships with multiple producers and wholesalers within each region to reduce the extent to which is reliant on any one supplier for common ingredients. Marley Spoon currently has approximately 250 suppliers. This broad network of producers reduces the risk of Marley Spoon not receiving the necessary ingredients to fulfil its current orders.

Even so, should one of Marley Spoon's producers be unable to deliver the required ingredients on time, sourcing produce from multiple producers enables Marley Spoon to adjust the menu and still deliver the meal on time.

This direct sourcing strategy combined with the Company's focus on seasonal produce assists Marley Spoon deliver a consistent priced product despite fluctuations in the supply market.

## 3. COMPANY OVERVIEW Continued

### 3.9.5 Efficient in-house source-to-order manufacturing

Marley Spoon's business model gives a high level of visibility into the level of demand from customers in any particular week. As orders from suppliers are based on visible customer demand, including the required level of demand in any particular week, Marley Spoon can manage its ingredient ordering to maintain below €10,000 inventory of perishable products per manufacturing centre per week. Marley Spoon's source-to-order model can therefore reduce the time between a fresh ingredient is dispatched by a producer and when it is received by the customer.

Marley Spoon has adopted "five pillars of manufacturing excellence" at its manufacturing centres: i) food safety; ii) employee engagement; iii) reduction of waste; iv) standardisation; and v) continuous improvement. Marley Spoon uses these five pillars to assess the performance and efficiency of its processes and continue to improve them.

Marley Spoon continues to expand its manufacturing capabilities through multiple initiatives. In 2018 Marley Spoon established new teams to enhance its manufacturing processes including a team focused on proprietary culinary software and data analytics. Marley Spoon currently has three manufacturing centres in Europe, three in the United States and two in Australia.

Marley Spoon's in-house manufacturing uses proprietary and non-proprietary, standardised, processes across its 8 manufacturing centres, which allows it to sort, pick and pack key ingredients into their made-to-measure meal kits. The majority of pick and pack processes are currently done manually with automation features being introduced over time to aid efficiency. For example, one area of automation that Marley Spoon implemented in 2017 was the automation of packing of liquids and dry goods into individual portions. Marley Spoon operates one repacking machine in each of Australia, Europe and the United States.

Generally, Marley Spoon has dry goods delivered to its manufacturing centres weekly, with perishable items delivered on a daily basis.

Each manufacturing centre has rooms at various temperatures for the storing and packaging of different ingredients. For example, each centre has a cool room to receive and assemble meat and fish into meal kits (these products are pre-packaged when delivered to the manufacturing centre thereby removing the need for Marley Spoon employees to handle the raw product) to promote food quality and safety. Marley Spoon's manufacturing centres, with their separated cool rooms, mean that it is not necessary for the entire manufacturing centre to be chilled since storing and packaging of dry goods does not require refrigeration.

As the business grows over time, Marley Spoon can decide to either move to larger centres or expand the current centres by implementing a multi-shift manufacturing program to increase capacity.

Marley Spoon is planning a manufacturing centre move in the United States in 2018 involving a relocation from the Bronx, NY to a new location on the East Coast due to cheaper rents and better workforce availability. In Germany, Marley Spoon plans to move to a custom-built green field site near Berlin in 2018 while retaining their current workforce and proximity to Marley Spoon headquarters.

In addition, Marley Spoon expects to employ further automation at its centres to improve the productivity of the workforce and existing facilities. All Marley Spoon's manufacturing centres and offices are leased.

### 3.9.6 Logistics

Marley Spoon currently outsources long haul and "last mile" delivery of meal kits to third party logistics providers who have experience and appropriate scale to provide reliable deliveries and support Marley Spoon's customer experience. Marley Spoon currently has more than 15 primary logistics partners across three regions who are subject to a qualification process (focused on reliability and capacity) by Marley Spoon before on-boarding. Some of these providers deliver meal kits in chilled vehicles. For example, deliveries from manufacturing centres to other cities (line haul) in the United States and Australia are refrigerated all year round, and the last stage of deliveries to customers (the 'last mile') are refrigerated in Australia and the Netherlands all year round. Where meal kits are not transported in refrigerated vehicles, Marley Spoon uses insulation and ice packs to ensure that its products remain fresh.

In many regions the customer does not need to be at home to accept delivery, with the meal kit box be left at the customer's door in accordance with their instructions.

In Australia, Marley Spoon has streamlined its outsourced logistics function to be with a single provider of chilled logistics services nationally (**Australian Logistics Provider**). One of the substantial owners of the Australian Logistics Provider is currently considering a change of ownership of the Australian Logistics Provider. Consequently, Marley Spoon is actively considering its strategic options including a potential acquisition of the provider and has entered into negotiations to explore a potential acquisition. Any acquisition would be subject to satisfactory due diligence, agreement on the terms and conditions, appropriate retention of key employees and remains subject to Marley Spoon Supervisory Board approval.



Should Marley Spoon acquire the Australian Logistics Provider, this may have the following implications:

- potentially enhanced choice and flexibility in delivery options for customers;
- increased complexity in the Australian business associated with managing a chilled logistics operation;
- payment of an upfront or deferred cash and/or scrip purchase price for the business;
- material revenue contribution, but potentially only modest (or negative) earnings contribution; and
- a risk that some existing customers, including competitors of Marley Spoon may choose to switch to alternate providers.

Should Marley Spoon not acquire the Australian Logistics Provider there is a risk that a Marley Spoon competitor or alternate provider of chilled logistic services may acquire the business. For example, Marley Spoon believes that a competitor, HelloFresh, is exploring the opportunity to acquire the Australian Logistics Provider. In this circumstance the price, service levels and other non-price terms of Marley Spoon's existing arrangement with the Australian Logistics Provider may change. In addition, it is possible that the acquirer, if it were a competitor, may be better placed to target Marley Spoon's customers. In this event, Marley Spoon may choose to switch some or all of its deliveries to an alternate outsourced logistics provider which may result in some business interruption, change in customer service levels and/or upfront or ongoing revenue or cost implications however:

- Marley Spoon regularly switches and adds new logistics providers across the group globally as part of the ordinary course of business in seeking better pricing and service levels from its providers and there are alternative providers of both chilled and ambient outsourced logistics services that may offer similar or even lower logistics costs to the current arrangements with the Australian Logistics Provider;
- the Company has experience in switching providers in Australia and other geographies with limited impact on delivery fulfilment rates or customer complaints;
- the Company has a 12 month contract with the Australian Logistics Provider with a six month termination notice period and contractual commitments relating to price, service levels and other key terms. The length of termination period on this contract is expected to provide for a sufficient time period to switch to an alternative provider if required and Marley Spoon does not have minimum volume commitments under this contract; and
- at present, fulfilment expenses as a percentage of revenue in Australia are approximately 14%, with the result that modest increases, if any, in outsourced logistics costs are not expected to have a material impact to the Australian Contribution Margin (refer below).

### 3.9.7 Attractive unit economics and customer lifetime value

An understanding of Marley Spoon's business model is assisted by consideration of its attractive unit economics and customer lifetime value expectations.

Marley Spoon seeks to apply a disciplined approach to customer acquisition costs (**CAC**) and generate positive Contribution Margins to help drive attractive unit economics. This is explained as follows:

- unit economics are the direct revenues and costs associated with a particular business model expressed on a per unit basis. In Marley Spoon's case the 'unit' is the customer;
- 'customer acquisition costs' are the 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.
- after assessing customer acquisition costs, the amount of value each customer may generate (i.e. their 'lifetime value') is assessed:
  - » a customer's lifetime value can be calculated based on a cohort of customers (i.e. all customers starting in a particular month) and calculating the 'Contribution Margin' generated from the cohort after churn (i.e. as some customers cease purchasing over time) over various time periods; and
  - » the Contribution Margin for a particular period is gross profit (ie revenue less Costs of Goods Sold, including food costs, packing expenses and picking costs), less Fulfilment Expenses of shipping expenses for customer orders and payment processing fees.
- a 'payback period' is the time it may take for the Contribution Margin of a cohort of customers to exceed their customer acquisition costs.

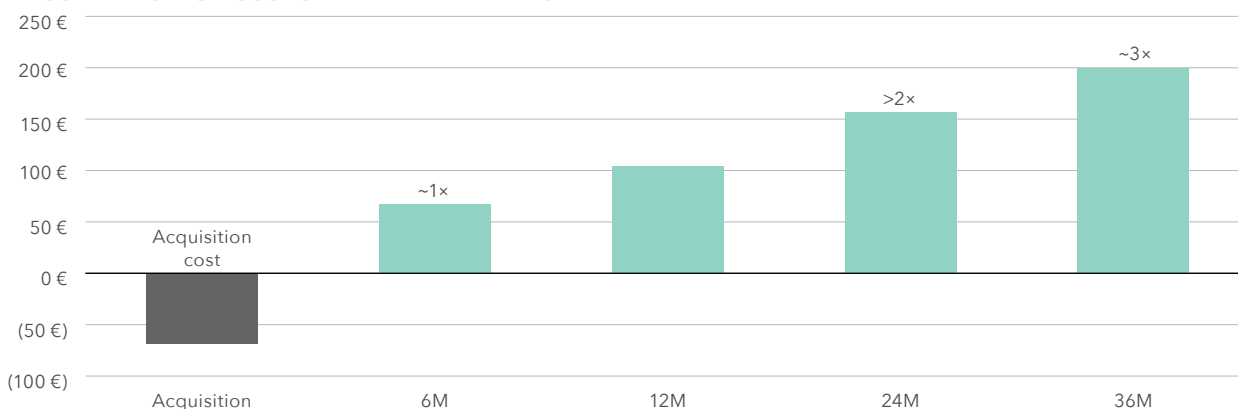
### 3. COMPANY OVERVIEW Continued

Marley Spoon targets:

- a payback period of within six months; and
- total customer life time value of ~3x or greater than the CAC.

For example, the charts below show Marley Spoon's average customer acquisition cost globally for 2017 (grey column), and the Contribution Margin after 6 months, and then cumulative in following periods to illustrate lifetime value for various time periods (green columns). The charts reflect 34 months of actual Marley Spoon data from April 2015 to February 2018 and 2 months of estimates based on 24 months of historical churn.

#### ILLUSTRATION OF CUSTOMER LIFETIME VALUE



This above chart demonstrates that globally, an average customer acquisition cost of €69 is recovered within six months and that over a 3 year period the ratio of customer lifetime value to customer acquisition cost was approximately 3 times.

Marley Spoon also assesses the extent to which a cohort of customers who receive a box, are likely to receive further boxes. For example, from Marley Spoon's analysis to date, customers who have used Marley Spoon for more than 6 months are 92% likely to order another box, with an average €169 spend per month.

Marley Spoon provides the analysis in this Section 3.9.7 as an illustration of how it considers its unit economics. It believes those economics are attractive and illustrate the success of its business model to date. However, these figures, being largely reflective of past performance, and compiled over a relatively short trading history, are not necessarily indicative of future performance and investors should not place undue reliance on them. Future performance may differ materially from the outcomes illustrated above. Refer also to Section 4 for further information on Marley Spoon's historical and forecast financial position and performance and Section 5 on risks.

#### 3.10 OTHER ASPECTS OF MARLEY SPOONS' BUSINESS

##### 3.10.1 Management & employees

The Marley Spoon team is led by co-founder and CEO Fabian Siegel. Before Marley Spoon, Fabian was a co-founder of Delivery Hero which is a global online restaurant food delivery service operating in Europe, Asia, Latin America and the Middle East.

Fabian is supported by Julian Lange (CFO) and his Marley Spoon co-founder Till Neatby and an experienced team of managers around the world as described in the table below, with additional detail in Section 6.

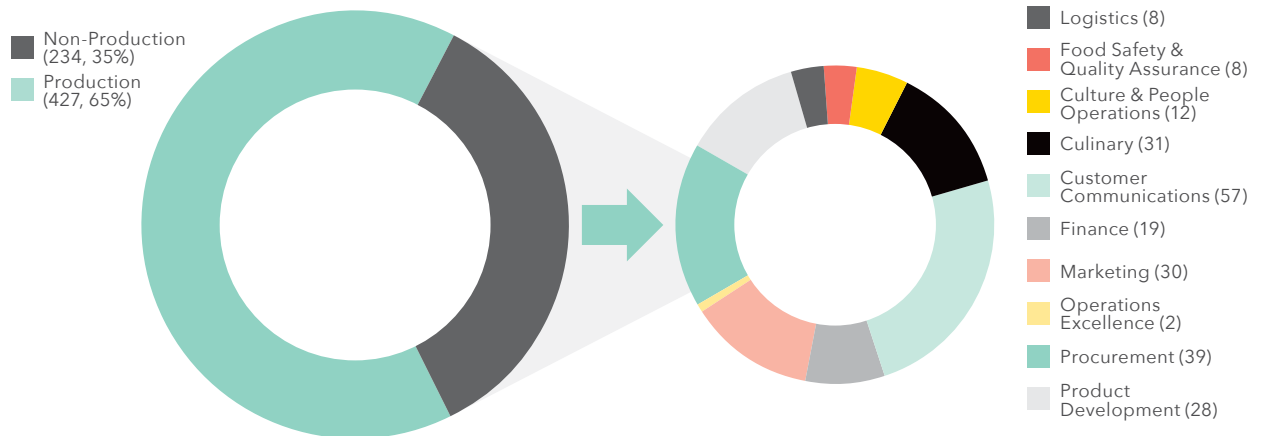
Marley Spoon's head office is located in Berlin. It includes global functions, for example, marketing operations communications and culture. Central finance operations are also located in Berlin.

Each of Marley Spoon's three regions (Australia, Europe and United States) are headed by local managing directors that are responsible for the revenue and expenses of their local businesses, with assistance from Marley Spoon's global functions to ensure global processes and initiatives (e.g. regarding systems improvements) are implemented.

Marley Spoon operates a flexible management model with experiences from the different jurisdictions shared across the network. The CEO is currently based in the New York office (but regularly works out of Marley Spoon's head office in Berlin), with the CFO based in the Berlin head office. Ideas and developments (e.g. a new manufacturing centre picking process) are often tested in one market, assessed, and then rolled out to other markets.

Marley Spoon's management team is further supported by a global workforce of approximately 661 employees as at 31 January 2018. Marley Spoon's largest department is production which makes up 65% of their workforce, including operations. Of the other 35%, the largest departments include customer communications, procurement and the Marley Spoon culinary team.

### MARLEY SPOON EMPLOYEES AS AT 31 JANUARY 2018



Note: includes full-time, part time and casual employees

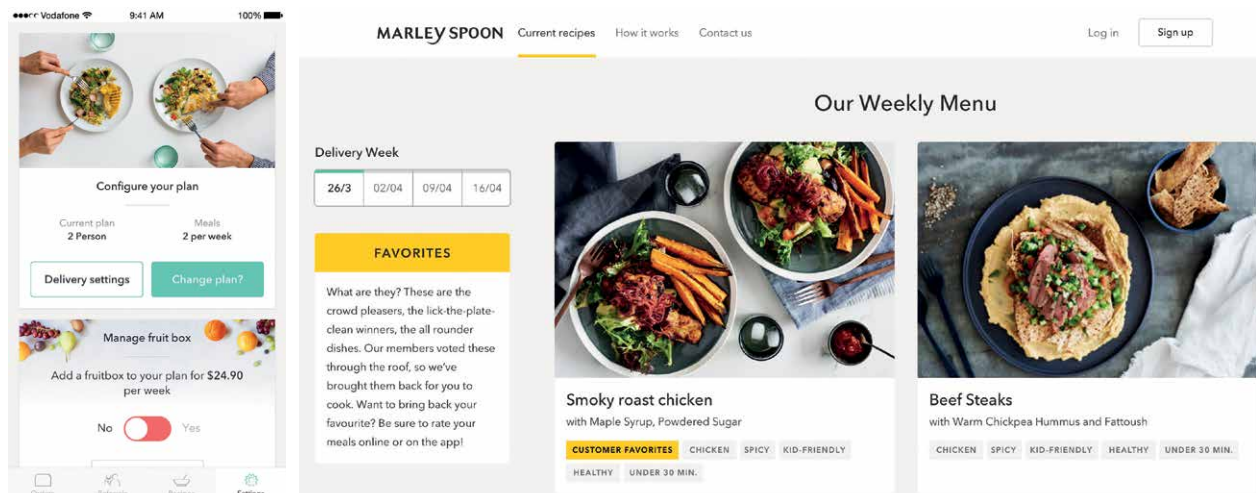
### 3.10.2 Technology platform

Marley Spoon operates a technology platform to assist with, and manage data generated from, four core business processes which reflect the e-commerce and manufacturing facets of its business:

- Recipe Development (Menu building, recipe pricing, customer selection and recipe ratings);
- Acquisition, orders and user management (handling new customers, customer orders, payments, websites and apps);
- Execution (including procurement, planning, purchasing, inventory control, production, logistics and food safety & quality assurance); and
- Customer support (including insights, feedback and ratings).

The platform comprises of established third party software-as-a-service providers (for example for marketing, accounting, customer support, billing and ERP) and cloud-based proprietary systems developed in house (including recipe and menu management, customer webshop, shipper integrations, data warehouse), backed up to a leading global back-up provider.

Marley Spoon regularly updates and improves its customer websites and mobile applications, to allow its customers to manage all aspects of their service online, any time of the day or night, including menu selection, portion selection, delivery times and days, and the ability to pause their subscription if desired.



### 3. COMPANY OVERVIEW Continued

Current development projects are focused on developing a highly distributed system with more independent applications to further increase the efficiency and innovate the IT support for the processes from procurement of food, recipe development and delivery to customers. This includes integrating a new off the shelf ERP (enterprise resource planning) software, a business intelligence system (partly proprietary, partly SaaS based), a new recipe and menu management application (proprietary), and a logistics management application (proprietary) and an asynchronous messaging system for inter-system communication.

Marley Spoon also continuously assesses the scalability of its technology platform and investments in scalability to accommodate additional growth. Marley Spoon expects that due to the scalability of its technology platform using efficient cloud-based services, apart from already outlined projects, no significant investments into IT infrastructure will be required to accommodate Marley Spoons growth throughout the forecast period.

#### 3.10.3 Premises

A table of current and proposed sites is set out below:

Location	Function	Space (Current manufacturing centres)
<b>Current Facilities</b>		
<b>Europe</b>		
Berlin, Germany	Head office	
Berlin, Germany <sup>44</sup>	Manufacturing centre	1,400 sqm
Amsterdam, Netherlands	Office	
Nieuwegein, Netherlands	Manufacturing centre	3,195 sqm
Böheimkirchen, Austria	Manufacturing centre	912 sqm
<b>Australia</b>		
Sydney, New South Wales	Office	
Enfield, New South Wales	Manufacturing centre	2,950 sqm
Altona North, Victoria	Manufacturing centre	6,000 sqm
<b>United States</b>		
W 26th St, New York City	Office	
Grand Prairie, Dallas, Texas	Manufacturing centre	22,406 sq ft
San Joaquin County, California	Manufacturing centre	51,789 sq ft
Bronx, New York <sup>45</sup>	Manufacturing centre	20,000 sq ft
<b>Proposed Facilities</b>		
<b>Europe</b>		
Berlin, Germany <sup>46</sup>	Manufacturing centre	~3,600 sqm
<b>United States</b>		
East Coast <sup>47</sup>	Manufacturing centre	~75,000 sq ft

44. Marley Spoon plans to relocate its German based manufacturing centre to a custom-built green field site near Berlin in 2018.

45. The Manufacturing Centre located in the Bronx, New York is being relocated to another facility on the United States East Coast during 2018.

46. See footnote 44 above.

47. See footnote 45 above.

#### 3.10.4 General contracts

Marley Spoon has standardised customer contracts, with variations as required by local laws. The ordering models reflected in these contracts are described in Sections 3.5.2.3 and 3.6. It does not use 'lock in contracts' with customers able to pause or cancel orders before each week's order cutoff. If customers do not change or cancel their subscription before an order cutoff, they will receive a meal kit order for that week in accordance with their selected meals or as suggested by Marley Spoon.

Marley Spoon also has standardised supplier contracts, with variations as required by local laws, or in other cases the Company uses the supplier's preferred terms. It places purchase orders as required and is not subject to long-term minimum purchase order requirements. Supplier arrangements can be terminated by either party on fairly short notice (e.g. 3 months), with alternative suppliers substituted as required.

Generally, Marley Spoon's logistics and packaging contracts are also short term in nature (e.g. can be terminated on notice of 1 month) and do not contain any fixed pricing. Where this is the case, Marley Spoon has the flexibility to change its providers if a different provider is offering more competitive terms, but also requires Marley Spoon to manage these relationships carefully to ensure it is able to fulfil customer orders.

Further information on Marley Spoon's contract to co-brand products with 'Martha Stewart' and with Amazon Fulfilment Services Inc. are described in Sections 3.9.2.3 and 9 and its arrangements with logistics providers are described in 3.9.6.

### 3.11 GROWTH STRATEGY

Marley Spoon's growth strategy is focused on three pillars:

1. growing the customer base;
2. driving growth within the existing customer base; and
3. improving efficiencies.

Central to this strategy is a drive to harness benefits of increasing scale and attractive unit economics (refer to Section 3.9.7) and seek continued improvement in its Contribution Margin (being its gross profit less Fulfilment Expenses) and Operating EBITDA margin (being a measure of operating earnings as a percentage of revenue), for example by working towards a positive Operating EBITDA margin over the medium term, e.g. up to 10% - 15% within 3 to 5 years. This is to be distinguished from, for example, a strategy of maintaining negative Operating EBITDA over that period and focusing primarily on maximising customer acquisition and revenue growth.

Components of Marley Spoon's strategy are described in further detail below. Marley Spoon will also consider potential opportunities which may arise in the future on their merits. However, its approach to investing in growth is that it should be profitable (in that the incremental revenue generated from the investment should exceed the incremental costs associated with investment) over a reasonable time period. While this information is provided to assist investors understanding the nature of Marley Spoon's proposed strategy and approach to growth, it is not without risks. In considering this strategy, investors should consider the Historical Financial Information, and Forecast Financial Information (and general and specific assumptions to that information) in Section 4, and the key risks described in Section 5.



### 3. COMPANY OVERVIEW Continued

Grow customer base	Growing consumer awareness and driving customer acquisition	Section 3.11.1
	New market opportunities	Section 3.11.2
Drive growth in existing customers	Upsell additional products to existing customers	Section 3.11.3
	Data driven personalisation to increase order frequency and reduce churn	Section 3.11.4
Improve efficiencies	Procurement and logistics optimisation	Section 3.11.5
	Enhance manufacturing & automation	Section 3.11.6

#### 3.11.1 Growing consumer awareness and driving customer acquisition

Marley Spoon currently services approximately 111,000 Active Customers as at 31 March 2018 across both the Marley Spoon and Dinnerly brands. The regions it currently services have approximately 177 million households<sup>48</sup>.

Marley Spoon intends to continue to invest in building brand recognition of its offerings through online and offline marketing channels as well as through agreements and associations with third parties and brands (as it has done for example with MSLO in relation to 'Martha Stewart' in the United States).

Marley Spoon will continue to invest in customer acquisition growth, where there is a return on the customer acquisition costs in line with its target unit economics (as outlined in Section 3.9.7).

#### 3.11.2 New market opportunities

Marley Spoon's strategy seeks to capture new market opportunities through

1. New meal kit segments & distribution opportunities, which the Company is currently either already developing or actively exploring, such as Dinnerly.
2. New geographic opportunities on a case by case basis where the Company considers it represents a significant growth opportunity, balanced against opportunities in existing markets and the expected impact of the expansion on the overall financial position of the Company.

<sup>48</sup>.Based on population data from the Australian Bureau of Statistics, United States Census Bureau and Eurostat as well as Marley Spoon penetration data

	OPPORTUNITY	DESCRIPTION
New meal kit segments & distribution opportunities	Dinnerly	<ul style="list-style-type: none"> <li>Continue expanding market opportunity in the United States and Australia to appeal to a more cost-conscious segment under the 'Dinnerly' brand name.</li> <li>Refer to Section 3.5.4 for more information.</li> </ul>
	Other Meal kit segment	<ul style="list-style-type: none"> <li>Developing meal kits to include additional cuisines, dietary requirements (e.g. vegetarian, gluten free); and</li> <li>Offering more add-on boxes or additional meals (i.e. Fiesta Box in the United States).</li> </ul>
	Leverage traditional retail	<ul style="list-style-type: none"> <li>Amazon currently sells Marley Spoon meal kits through Amazon Fresh in the United States and Germany.</li> <li>Investigate opportunities to resell meal kits through traditional supermarkets.</li> </ul>
	Bolt-on opportunities	<ul style="list-style-type: none"> <li>The Company is actively considering opportunities to make strategic acquisitions which may include smaller competitors, certain suppliers of key capabilities and/or logistics providers.</li> </ul>
New geographic market opportunities	Global expansion	<ul style="list-style-type: none"> <li>Potential countries include countries in Europe where it is not currently present, Canada and New Zealand.</li> <li>Expansion into new markets represents a real and significant opportunity for Marley Spoon. It is unlikely to enter into any markets during CY2018 due to the growth opportunities available in existing markets, however will regularly assess this, particularly from CY2019 onwards.</li> </ul>
	Intra-country geographic expansion	<ul style="list-style-type: none"> <li>Expand Marley Spoon's customer base in the countries in which it operates. Marley Spoon is currently able to service. <ul style="list-style-type: none"> <li>» nearly 100% of Germany and Austria, 90% of Netherlands and 46% of Belgium (all except Wallonie).</li> <li>» approximately 92% of the population in the United States.</li> <li>» approximately 70% of the population of Australia (i.e. Sydney, Canberra, Melbourne, Brisbane, Adelaide, the Gold Coast, Wollongong, Newcastle and NSW's Central Coast).</li> </ul> </li> <li>Marley Spoon is assessing expansion to larger population centres in Western and Northern Australia.</li> </ul>

### 3.11.3 Upsell additional products to existing customers

Marley Spoon has identified an opportunity to upsell additional products through add-on boxes.

- Marley Spoon has trialed or is currently offering add-on products including fruit boxes (Netherlands and Australia), Martha's Thanksgiving Box (United States), Christmas meal options (all regions) and dinner party boxes (all regions).
- Marley Spoon will continue to trial new add-on products for events such as summer BBQ box.

## 3. COMPANY OVERVIEW Continued

### 3.11.4 Data driven personalisation to increase order frequency and reduce churn

As outlined in Section 3.9.1, Marley Spoon has and continues to develop a database based on customer ordering patterns, tastes and preferences. This data provides insight into the likely popularity of a meal and expected demand. Marley Spoon is assessing the value of harnessing this data to personalise recipe recommendations for customers to improve order frequency and customer retention.

Marley Spoon is also developing its technology platform as described in Section 3.10.2, including new software applications to gain further and enhanced insights into its processes from recipe development, customer ordering, procurement of food, production and delivery to customers.

### 3.11.5 Procurement and logistics optimisation

As Marley Spoon continues to grow, Marley Spoon will seek further benefits of scale in procurement and logistics.

Marley Spoon operates a simple and condensed supply chain. In comparison to the traditional supermarket, Marley Spoon is able to significantly lower the number of ingredients that are required to be kept on hand. This potentially allows Marley Spoon to realise pricing benefits from suppliers as order volumes increase as well as access to more premium food suppliers. As Marley Spoon expands and ordering volume and frequency increase, Marley Spoon will seek discounts from its logistics providers and/or increase frequencies of deliveries.

### 3.11.6 Enhance manufacturing & automation

Marley Spoon is a manufacturing-enabled consumer products provider, and is focused on continuously innovating and improving efficiencies in its manufacturing process. Marley Spoon's manufacturing and automation abilities provide two key benefits: 1) innovation enabling greater variety for customers and 2) improved efficiency & automation reducing production costs.

#### 1) Innovation enabling greater variety

Marley Spoon plans to increase the range of recipes it offers each week (e.g. kids meals, express meals, different cuisines, low carb options) without significantly increasing the number of ingredients required in any given week by implementing a more efficient pick-to-instruction manufacturing process. A broader recipe collection gives a customer more choice and variety to encourage them to purchase Marley Spoon meal kits more frequently, increase customer satisfaction, and to retain more customers for longer.

#### 2) Improved efficiency & automation reducing costs to produce

Currently, many parts of Marley Spoon's manufacturing process are undertaken by manual labour. Since Q4 2016 Marley Spoon has increased the productivity of its production staff by greater than 50% in the United States, Europe and Australia, with the result that the number of boxes produced per hour per production staff member have increased by 1.5 times or greater. Management believes that with greater scale, it can implement further automation to increase the efficiency of its processes.



# 4.

## FINANCIAL OVERVIEW



# 4. FINANCIAL OVERVIEW

## 4.1 INTRODUCTION

### 4.1.1 Financial Information

The financial information for Marley Spoon contained in this Section 4 includes:

- **Reported Historical Financial Information**<sup>49</sup>, being the:
  - » Reported consolidated historical income statements for CY2015, CY2016 and CY2017 (**Reported Historical Income Statements**)
  - » Reported consolidated historical cash flow statements for CY2015, CY2016 and CY2017 (**Reported Historical Cash Flow Statements**)
  - » Reported consolidated historical balance sheet as at 31 December 2017 (**Reported Historical Balance Sheet**)
- **Pro Forma Historical Financial Information**, being the:
  - » Pro Forma consolidated historical income statements for CY2015, CY2016 and CY2017 (**Pro Forma Historical Income Statements**)
  - » Pro Forma consolidated historical cash flow statements for CY2015, CY2016 and CY2017 (**Pro Forma Historical Cash Flow Statements**)
  - » Pro Forma consolidated historical balance sheet as at 31 December 2017 (**Pro Forma Historical Balance Sheet**)

The Reported Historical Financial Information and the Pro Forma Historical Financial Information are collectively the **Historical Financial Information**.

- **Statutory Forecast Financial Information**, being the:
  - » Statutory consolidated forecast income statement for CY2018 (**Statutory Forecast Income Statement**)
  - » Statutory consolidated forecast cash flow statement for CY2018 (**Statutory Forecast Cash Flow Statement**)
- **Pro Forma Forecast Financial Information**, being the:
  - » Pro Forma consolidated forecast income statement for CY2018 (**Pro Forma Forecast Income Statement**)
  - » Pro Forma consolidated forecast cash flow statement for CY2018 (**Pro Forma Forecast Cash Flow Statement**)

The Statutory Forecast Financial Information and the Pro Forma Forecast Financial Information are collectively the **Forecast Financial Information**.

The Historical Financial Information and the Forecast Financial Information are collectively the **Financial Information**.

Marley Spoon has a 31 December financial year end. As such, any references in this Section to **CY** refer to a 31 December financial year end.

Also summarized in this Section 4 are:

- The basis of preparation and presentation of the Financial Information (refer to Section 4.2);
- Explanation of certain non-IFRS financial measures (refer to Section 4.2.4);
- Pro forma adjustments and reconciliations of the Reported Historical Financial Information to the Pro Forma Historical Financial Information and the Statutory Forecast Financial Information to the Pro Forma Forecast Financial Information (refer to Section 4.6);
- Segment information (refer to Section 4.3.2);
- Details of Marley Spoon's indebtedness (refer to Section 4.4.2);
- Information regarding Marley Spoon's capital and contractual commitments (refer to Section 4.4.3);
- Management's discussion and analysis of the Historical Financial Information (see Section 4.7) and Forecast Financial Information (refer to Section 4.8);
- The general assumptions and specific assumptions underlying the Forecast Financial Information and key sensitivities in respect of the Forecast Financial Information (refer to Sections 4.8 and 4.9); and
- Marley Spoon's proposed dividend policy (refer to Section 4.10).

49. Marley Spoon's Reported Historical Financial information has been prepared and presented in accordance with the recognition and measurement principles of the International Financial Reporting Standards (IFRS) as adopted by the European Union. It is referred to as "reported" rather than "statutory" as Marley Spoon's consolidated historical group financial statements have not been lodged and were not required to be lodged with a government authority in Germany (the Company's place of incorporation). Refer to Section 4.2.1 for further information on the preparation of the Historical Financial Information.



The Financial Information presented in this Prospectus has been reviewed and reported on by PricewaterhouseCoopers Securities Ltd (**PwCS**), in accordance with the Australian Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information, as stated in its Independent Limited Assurance Report on the Financial Information. Investors should note the scope and limitations of the Independent Limited Assurance Report on the Financial Information (refer to Section 8).

The information in this Section 4 should also be read in conjunction with the risk factors set out in Section 5, the significant accounting policies summarised in Appendix A and other information contained in this Prospectus.

Any discrepancies between totals and sums and components in tables, figures and diagrams contained in this Prospectus are due to rounding.

#### **4.1.2 Currencies**

All amounts disclosed in the tables are presented in Euros and, unless otherwise noted, are rounded to the nearest hundred thousand.

The Company reports in Euros, however operating activities in the United States are denominated in U.S. dollars and in Australia are denominated in Australian dollars. As a result of the use of these different currencies, the Company is subject to foreign currency fluctuations which may materially affect its financial position and operating results (refer for example to Table 5 for the Company's revenue and revenue growth rates in local currencies). In each region the Company operates, it mostly earns revenue and incurs expenses in the local currency, which reduces this exposure to some extent, as can be seen in Section 4.9 which outlines the sensitivity to United States and Australian dollar movements.

The CDIs will be listed on the ASX and priced in Australian Dollars. However, the Company's reporting currency is Euros. As a result, movements in foreign exchange rates may cause the price of the Company's securities to fluctuate for reasons unrelated to the Company's financial condition or performance and may result in a discrepancy between the Company's actual results of operations and investors' expectations of returns on securities expressed in Australian Dollars.

In addition, if a dividend is paid by the Company in the future, this dividend will be denominated in Euros. As such, an investor whose principal currency is not Euros will be exposed to foreign currency exchange rate risk. Any depreciation in the value of the Euro relative to such foreign currency will reduce the value of any such dividends in relation to such foreign currency.

### **4.2 BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL INFORMATION**

#### **4.2.1 Overview**

The Financial Information has been prepared and presented in accordance with the recognition and measurement principles of the International Financial Reporting Standards (IFRS) as adopted by the European Union, endorsed by the European Financial Reporting Advisory Group (EFRAG), which are, with some limited modifications, consistent with IFRS and interpretations issued by the International Accounting Standards Board (IASB). The Company has assessed and concluded that the relevant recognition and measurement principles of IFRS as adopted by the European Union are consistent with IFRS and Australian equivalents to IFRS.

The Financial Information is presented in an abbreviated form insofar as it does not include all the presentation and disclosures, statements or comparative information required by IFRS as adopted by the European Union that are applicable to general purpose financial reports prepared in accordance with IFRS as adopted by the European Union.

The Prospectus includes Forecast Financial Information based on the general assumptions and specific assumptions set out in Sections 4.8.1 and 4.8.2. The basis of preparation and presentation of the Forecast Financial Information, to the extent applicable, are consistent with the basis of preparation and presentation for the Historical Financial Information.

Marley Spoon's significant accounting policies have been consistently applied in the Historical and Forecast Financial Information and are set out in Appendix A.

In addition, the Financial Information in this Section includes non-IFRS measures that Marley Spoon uses to manage and report on its business that are not recognised under IFRS as adopted by the European Union or IFRS, as described in Section 4.2.4.

## 4. FINANCIAL OVERVIEW Continued

Marley Spoon's activities currently span six countries, which comprise the three operating segments (Australia, Europe and the United States). Consistent with the requirements of IFRS 8 *Operating Segments*, the segments are reported in a manner consistent with the internal reporting provided to key decision makers (CEO and 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 Company accounts for inter-segment sales and transfers as if the sales or transfers were to third parties where the arm's length principle applies. The group does not separate operating segments based on the type of products, since the nature of the product, production processes and the method used for distribution are similar across all regions

The Company has assessed the impact of three new accounting standards: IFRS 15 *Revenue from Contracts with Customers*; IFRS 16 *Leases* and IFRS 9 *Financial Instruments* coming into effect in 2018 and 2019 and expects no material impact on net profits/(losses) for the period and net assets from their introduction. Refer to Appendix A for further detail.

### 4.2.2 Preparation of Historical Financial Information

The Pro Forma Historical Financial Information has been prepared for the purposes of inclusion in this Prospectus. The Pro Forma Historical Financial Information has been derived from the unaudited consolidated financial statements of Marley Spoon for CY2015 and the audited consolidated financial statements of Marley Spoon for CY2016 and CY2017.

The Company was a small private company in its early stages in FY2015 and was not required to produce audited financial statements under German law. Due to the passage of time, it is not possible for the Company to obtain an unmodified audit opinion for the retrospective audit of the financial statements of FY2015, largely because the audit would require substantive testing to a comparatively low materiality threshold (given the significant growth of the business over the last 3 years), required counter-party confirmations from discontinued and existing suppliers would be challenging to obtain and because it is not possible for the auditor to retrospectively inspect inventory. As noted below the Financial Information as it relates to CY2015 has been reviewed by the Investigating Accountant and should be considered together with the Financial Information in the Prospectus.

The consolidated financial statements for CY2016 and CY2017 were audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (**PwC Germany**) in accordance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (**IDW**). PwC Germany performed the audit in supplementary compliance with the International Standards of Auditing. These consolidated financial statements comply, in all material respects, with the IFRS as adopted by the European Union. PwC Germany issued an unqualified opinion in respect of those periods. The audit report draws attention to the "going concern" notes to the consolidated financial statements, which indicates that Marley Spoon's ability to continue as a going concern depends on further external equity or loan funding from existing or new providers of funding. The proceeds of the Offer provide funding to assist the Company continue its operations and execute its growth strategy.

The Pro Forma Historical Financial Information has been derived from the Reported Historical Financial Information, with pro forma adjustments being made to reflect the Company's operating structure following Completion as if the Offer occurred on 31 December 2017, to eliminate certain one-off and non-recurring items and to reflect to remuneration arrangements and estimated standalone public company costs. The Pro Forma Historical Balance Sheet is based on the audited consolidated financial statements of the Company as at 31 December 2017 and is adjusted to reflect pre-IPO financing, repayment of three debt facilities and the impact of the Offer. A balance sheet which is illustrative of the potential financial position of the Company on Completion is also presented to provide investors with further details of the post-Offer cash position of the Company as described in Section 4.4.

Refer to Section 4.6 for a reconciliation between the Reported Historical Income Statements and the Pro Forma Historical Income Statements for a reconciliation between the Reported Historical Cash Flow Statements and the Pro Forma Historical Cash Flow Statements.

The Historical Financial Information included in this Prospectus has been reviewed, but not audited, by PwCS. Investors should note the scope and limitations of the Independent Limited Assurance report on Financial Information (refer to Section 8).

Investors should note that past results are not a guarantee of future performance.

#### 4.2.3 Preparation of Forecast Financial Information

The Forecast Financial Information is presented on both a statutory and pro forma basis and has been prepared solely for inclusion in this Prospectus.

The forecast income statements and cash flows for CY2018 have been presented on both a statutory and pro forma basis, as follows:

- The Statutory Forecast Financial Information for CY2018 reflects the Company's best estimates of the financial performance and cash flows that it expects to report in its statutory financial statements for CY2018, having regard to the trading performance of Marley Spoon for the first two months of CY2018;
- The Pro Forma Forecast Financial Information for CY2018 is derived from the Statutory Forecast Financial Information, adjusted to reflect:
  - » The exclusion of certain material non-operating or non-recurring expenses and income related to the Offer and Completion;
  - » The exclusion of the financial impact of certain debt facilities Marley Spoon intends to repay with proceeds from the Offer as if repayment had occurred on 1 January 2018;
  - » Estimated additional incremental costs associated with Marley Spoon being a listed company, including estimated Board and governance costs, and incremental audit, tax and compliance costs assuming Completion had occurred on 1 January 2018; and
  - » Income tax effect of above pro forma adjustments is determined using the relevant applicable effective corporate tax rate.

Table 12 in Section 4.6 provides a reconciliation from the Statutory Forecast Income Statement to the Pro Forma Forecast Income Statement. Similarly, Table 13 in Section 4.6 provides a reconciliation from the Statutory Forecast Cash Flow Statement to the Pro Forma Forecast Cash Flow Statement.

The Forecast Financial Information has been based on an assessment of present economic and operating conditions and on a number of assumptions, including the general and specific assumptions set out in Sections 4.8.1 and 4.8.2. This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, however, this information is not fact and is not intended to be a representation that the assumptions will occur. Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information, and that this may have a material positive or negative effect on Marley Spoon's actual financial performance or financial position. Investors are cautioned not to place undue reliance on the Forecast Financial Information. Investors are advised to review the general assumptions and specific assumptions set out in Sections 4.8.1 and 4.8.2 in conjunction with the notes to the Financial Information, the sensitivity analysis set out in Section 4.9, the risk factors set out in Section 5 and other information set out in this Prospectus. Marley Spoon considers that the general and specific assumptions, when taken as a whole, to be reasonable at the time of preparing this Prospectus.

Marley Spoon has no intention to update or revise the Forecast Financial Information or other forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

## 4. FINANCIAL OVERVIEW Continued

### 4.2.4 Explanation of certain non-IFRS measures

Marley Spoon uses certain measures to manage and report on business performance that are not recognised under IFRS as adopted by the European Union (or Australian Accounting Standards). These measures are collectively referred to in this Section 4 and under Regulatory Guide 230 *Disclosing Non-IFRS Financial Information* published by ASIC as **non-IFRS financial measures**.

These non-IFRS financial measures that are referred to in this Prospectus include the following:

- **Operating EBITDA** means earnings before interest, tax, depreciation and amortisation, excluding non-cash share option expenses and the potential impact of capitalised product development costs;
- **EBIT** means earnings before interest and tax; and
- **Contribution Margin** means gross profit less Fulfilment Expenses, where:
  - » *gross profit* means revenue less Cost of Goods Sold (including food costs, packing expenses and picking costs);
  - » *Fulfilment Expenses* means shipping expenses for customer orders and payment processing fees
- **Net free cash flow** means EBIT plus depreciation and amortisation, less changes in working capital and capital expenditure but before net cash impacts of financing, tax and dividends; and
- **Working capital** means 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.

Although the Company believes that these measures provide useful information about the financial performance of Marley Spoon, they should be considered as supplements to the income statement and cash flow measures that have been presented in accordance with IFRS as adopted by the European Union and not as a replacement for them. Because these non-IFRS financial measures are not based on IFRS as adopted by the European Union (or Australian Accounting Standards), they do not have standard definitions, and the way Marley Spoon has calculated these measures may differ from similarly titled measures used by other companies. Readers should therefore not place undue reliance on these non-IFRS financial measures.

## 4.3 CONSOLIDATED HISTORICAL AND FORECAST INCOME STATEMENTS

### 4.3.1 Pro forma income statements

The table below sets out the Pro Forma Historical Income Statements for CY2015, CY2016 and CY2017, and the Pro Forma Forecast Income Statement and Statutory Forecast Income Statement for CY2018.

The Pro Forma Historical Income Statements and the Pro Forma Forecast Income Statement are reconciled to the Reported Historical Income Statements and the Statutory Forecast Income Statement in Section 4.6, which also includes an explanation of the pro forma adjustments. For an explanation of the key income statement line items refer to Section 4.7.

**TABLE 1: SUMMARY OF PRO FORMA HISTORICAL AND PRO FORMA FORECAST INCOME STATEMENTS**

€ millions	Note	Pro forma historical			Pro Forma Forecast
		CY2015	CY2016	CY2017	CY2018
<b>Revenues</b>		3.9	20.2	53.2	93.0
Cost of Goods Sold		(3.5)	(16.7)	(34.5)	(54.7)
<b>Gross Profit</b>		<b>0.3</b>	<b>3.5</b>	<b>18.7</b>	<b>38.4</b>
Fulfilment expenses		(1.0)	(5.3)	(9.9)	(17.4)
Marketing expenses		(2.5)	(7.2)	(15.4)	(21.9)
General & administrative expenses		(8.4)	(15.2)	(21.4)	(23.9)
<b>Operating expenses</b>		<b>(11.9)</b>	<b>(27.7)</b>	<b>(46.8)</b>	<b>(63.2)</b>
<b>EBIT</b>		<b>(11.5)</b>	<b>(24.2)</b>	<b>(28.0)</b>	<b>(24.9)</b>
Financing income		0.1	0.0	0.0	-
Financing expense		(0.0)	(0.4)	(1.3)	(1.0)
<b>Earnings before taxes (EBT)</b>		<b>(11.5)</b>	<b>(24.6)</b>	<b>(29.3)</b>	<b>(25.8)</b>
Tax (expense)/benefit		-	-	(0.0)	-
<b>Net loss for the period</b>		<b>(11.5)</b>	<b>(24.6)</b>	<b>(29.3)</b>	<b>(25.8)</b>
<b>Net loss attributed to</b>					
Owners of the company		(11.5)	(24.3)	(28.8)	(25.7)
Non-controlling interest	1	-	(0.3)	(0.5)	(0.1)

Notes:

1. Includes a 7.8% non-controlling interest in Marley Spoon Pty Limited (the operating company of the Australia business) until it became wholly owned by the Company in April 2018, and a 1.39% non-controlling interest for the United States business (which continues to be 98.61% owned by the Company).



## 4. FINANCIAL OVERVIEW Continued

**TABLE 2: SUMMARY OF REPORTED HISTORICAL AND STATUTORY FORECAST INCOME STATEMENTS**

€ millions	Note	Reported Historical			Statutory Forecast
		CY2015	CY2016	CY2017	CY2018
<b>Revenues</b>		3.9	20.2	53.2	93.0
Cost of Goods Sold		(3.5)	(16.7)	(34.5)	(54.7)
<b>Gross Profit</b>		<b>0.3</b>	<b>3.5</b>	<b>18.7</b>	<b>38.4</b>
Fulfilment expenses		(1.0)	(5.3)	(9.9)	(17.4)
Marketing expenses		(2.5)	(8.1)	(15.7)	(22.0)
General & administrative expenses		(7.3)	(14.0)	(20.3)	(23.9)
<b>Operating expenses</b>		<b>(10.8)</b>	<b>(27.5)</b>	<b>(46.0)</b>	<b>(63.4)</b>
<b>EBIT</b>		<b>(10.4)</b>	<b>(24.0)</b>	<b>(27.2)</b>	<b>(25.0)</b>
Financing income		0.1	0.0	0.0	-
Financing expense	1	(0.0)	(0.4)	(1.3)	(7.3)
<b>Earnings before taxes (EBT)</b>		<b>(10.4)</b>	<b>(24.4)</b>	<b>(28.5)</b>	<b>(32.3)</b>
Tax (expense)/benefit		-	-	(0.0)	-
<b>Net Loss for the period</b>		<b>(10.4)</b>	<b>(24.4)</b>	<b>(28.5)</b>	<b>(32.3)</b>
<b>Net Loss attributed to</b>					
Owners of the company		(10.4)	(24.1)	(28.0)	(32.2)
Non-controlling interest		-	(0.3)	(0.5)	(0.1)

Notes:

1. CY2018F financing expense includes one-off costs in respect of the grant of the Moneda Warrants and January 2018 Warrants (€5.1m) recorded in Q1 CY2018, with the remainder comprising interest and fees in respect of the debt facilities referred to in Section 4.4.2.

**TABLE 3: RECONCILIATION OF PRO FORMA HISTORICAL, PRO FORMA FORECAST AND STATUTORY EBIT TO OPERATING EBITDA**

€ millions	Note	Pro forma historical			Pro Forma forecast	Statutory forecast
		CY2015	CY2016	CY2017	CY2018	CY2018
<b>EBIT</b>		<b>(11.5)</b>	<b>(24.2)</b>	<b>(28.0)</b>	<b>(24.9)</b>	<b>(25.0)</b>
Share based payments	1	1.3	2.0	2.2	2.1	2.2
Depreciation and amortization		0.1	0.2	0.4	0.6	0.6
Product development capitalization	2	-	-	-	1.1	1.1
<b>Operating EBITDA</b>		<b>(10.1)</b>	<b>(22.0)</b>	<b>(25.4)</b>	<b>(21.1)</b>	<b>(21.1)</b>
<b>Operating EBITDA attributed to</b>						
Owners of the company		(10.1)	(21.7)	(24.9)	(21.0)	(20.9)
Non-controlling interest	3	-	(0.3)	(0.5)	(0.1)	(0.1)

## Notes:

1. Share based payments reflect the Company's obligations under its Existing Option Rights Plan and the precursor to that plan, and in respect of the MSLO Warrants and rights under the Media Services Agreement.
2. The Company plans to capitalise approximately €1.1 million of intangible assets related to software development projects in CY2018, assuming that it fulfils, for the first time in CY2018, the recognition and measurement criteria of IAS38 (*Intangible Assets*).
3. See note 1 to Table 1.

## 4. FINANCIAL OVERVIEW Continued

### 4.3.2 Segment Financials

**TABLE 4: KEY PRO FORMA SEGMENT HISTORICAL AND PRO FORMA SEGMENT FORECAST FINANCIAL METRICS**

	Note	Pro forma historical			Pro Forma Forecast
€ millions		CY2015	CY2016	CY2017	CY2018
Australia		0.2	3.3	19.9	35.7
United States		0.3	7.2	18.8	29.5
Europe		3.4	9.7	14.5	27.8
<b>Revenue</b>		<b>3.9</b>	<b>20.2</b>	<b>53.2</b>	<b>93.0</b>
Australia		(0.2)	(2.6)	(12.5)	(20.4)
United States		(0.4)	(6.5)	(12.8)	(17.7)
Europe		(3.0)	(7.6)	(9.2)	(16.6)
<b>Cost of Goods Sold</b>		<b>(3.5)</b>	<b>(16.7)</b>	<b>(34.5)</b>	<b>(54.7)</b>
Australia		(0.0)	(0.8)	(2.9)	(5.0)
United States		(0.1)	(2.0)	(3.8)	(6.2)
Europe		(0.8)	(2.5)	(3.2)	(6.3)
<b>Fulfilment Expenses</b>		<b>(1.0)</b>	<b>(5.3)</b>	<b>(9.9)</b>	<b>(17.4)</b>
Australia		(0.0)	(0.1)	4.6	10.3
United States		(0.2)	(1.3)	2.2	5.6
Europe		(0.4)	(0.4)	2.1	5.0
<b>Contribution Margin</b>		<b>(0.6)</b>	<b>(1.8)</b>	<b>8.8</b>	<b>20.9</b>
Australia		(0.8)	(2.2)	(4.3)	(1.1)
United States		(1.5)	(7.7)	(9.4)	(8.2)
Europe (ex global head office costs)	1	(5.0)	(7.6)	(5.9)	(6.4)
Global head office costs	1	(2.9)	(4.5)	(5.8)	(5.3)
<b>Operating EBITDA</b>		<b>(10.1)</b>	<b>(22.0)</b>	<b>(25.4)</b>	<b>(21.1)</b>
Australia		(0.8)	(2.2)	(4.4)	(1.3)
United States		(1.5)	(7.7)	(9.6)	(8.3)
Europe (ex global head office costs)	1	(6.4)	(9.7)	(8.2)	(10.0)
Global head office costs	1	(2.9)	(4.5)	(5.8)	(5.3)
<b>EBIT</b>		<b>(11.5)</b>	<b>(24.2)</b>	<b>(28.0)</b>	<b>(24.9)</b>

Notes:

1. Global head office costs comprise labour and overhead costs incurred to support segment operations which mostly relate to finance, product development, marketing and operations support (with the allocation of such costs reflecting the results of a labour study conducted by the Company in mid-2017).

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**TABLE 5: PRO FORMA SEGMENT HISTORICAL AND PRO FORMA SEGMENT FORECAST REVENUE IN LOCAL CURRENCY**

		Pro forma historical			Pro Forma Forecast
Local currency millions	Local currency	CY2015	CY2016	CY2017	CY2018
Australia	Australian dollar	0.3	4.8	29.7	56.8
United States	US dollar	0.3	7.9	21.6	36.2
Europe	Euros	3.4	9.7	14.5	27.8

## 4. FINANCIAL OVERVIEW Continued

### 4.3.3 Key metrics

The table below sets out a summary of certain key operating and financial metrics for the financial periods reflected in the Financial Information.

**TABLE 6: KEY PRO FORMA HISTORICAL AND PRO FORMA FORECAST OPERATING AND FINANCIAL METRICS**

	Note	Pro forma historical			Pro Forma Forecast
		CY2015	CY2016	CY2017	CY2018
<b>Revenue growth rates (reported currency)</b>	1				
Company Total		nm	424%	164%	75%
Australia		nm	1840%	507%	79%
United States		nm	2381%	161%	57%
Europe		nm	186%	50%	91%
<b>Revenue growth rates (local currency)</b>	2				
Company Total		nm	404%	166%	83%
Australia		nm	1768%	518%	91%
United States		nm	2383%	173%	68%
Europe		nm	186%	50%	91%
<b>Contribution Margin as % of revenue</b>					
Company Total		(17%)	(9%)	17%	22%
Australia		(26%)	(2%)	23%	29%
United States		(65%)	(19%)	12%	19%
Europe		(12%)	(4%)	14%	18%
<b>Operating EBITDA as % of revenue</b>					
Company Total		(263%)	(109%)	(48%)	(23%)
Australia		(457%)	(68%)	(22%)	(3%)
United States		(508%)	(107%)	(50%)	(28%)
Europe		(233%)	(125%)	(80%)	(42%)
Europe (excluding global head office costs)		(167%)	(85%)	(45%)	(25%)
<b>Key Expenses Items (Percentage of revenue)</b>					
Cost of Goods Sold		(91%)	(83%)	(65%)	(59%)
Fulfilment Expenses		(25%)	(26%)	(19%)	(19%)
Marketing expenses		(64%)	(36%)	(29%)	(24%)
General & Administrative expenses		(219%)	(75%)	(40%)	(26%)

Notes:

1. Reflects year on year revenue growth rates in the Company's reporting currency (Euro).
2. Reflects year on year revenue growth in each of the Company's segments (Australia, United States and Europe) based on the operating currency for each of these segments. Revenue growth rates for the "Company Total" were calculated for illustrative purposes by applying the foreign exchange rates used to prepare the Forecast Financial Information (being 0.814 for US dollar/Euro and 0.625 for Australian dollar/Euro) across the historical periods. Refer to Section 5, in particular 5.3.4 relation to foreign exchange risks.



## 4.4 CONSOLIDATED HISTORICAL BALANCE SHEET

### 4.4.1 Overview

Table 7 sets out the adjustments that have been made to the Reported Historical Balance Sheet of Marley Spoon as at 31 December 2017 to present a Pro Forma Historical Balance Sheet for Marley Spoon as though the Offer had been completed on 31 December 2017. These adjustments reflect the events and assumptions discussed in the notes to Table 7, including the proceeds of the Offer and the impact of the operating and capital structure that will be in place following Completion as if they had occurred or were in place as at 31 December 2017.

The adjustments also include assumptions relating to the Offer which include matters not known at the Prospectus Date, including for example whether certain warrants are exercised and convert into Shares before Completion (refer to Note 2 in Table 6). The Pro Forma Historical Balance Sheet is therefore provided for illustrative purposes only and is not necessarily indicative of Marley Spoon's future financial position.

## 4. FINANCIAL OVERVIEW Continued

TABLE 7: REPORTED AND PRO FORMA HISTORICAL BALANCE SHEET AS AT 31 DECEMBER 2017

€ millions	Report 31 December 2017	Pre-IPO financing	Impact of the Offer	Debt facility payment	Pro forma 31 December 2017	Net free cashflow impact (illustrative)	Illustrative IPO balance sheet at Completion
Notes		1	2	3		4	
<b>Assets</b>							
<b>Current assets</b>							
Inventories	3.6			-	3.6	-	3.6
Trade and other receivables	0.4			-	0.4	-	0.4
Other non-financial assets	0.7			-	0.7	-	0.7
Cash and cash equivalents	2.3	8.8	39.5	(11.5)	39.2	(11.1)	28.1 <sup>(1)</sup>
<b>Total current assets</b>	<b>7.0</b>	<b>8.8</b>	<b>39.5</b>	<b>(11.5)</b>	<b>43.9</b>	<b>(11.1)</b>	<b>32.8</b>
<b>Non-current assets</b>							
Property, plant and equipment	1.7				1.7		1.7
Intangible assets	0.6				0.6		0.6
Financial assets available for sale	0.0				0.0		0.0
Other non-current financial assets	0.9				0.9		0.9
<b>Total non-current assets</b>	<b>3.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3.2</b>	<b>-</b>	<b>3.2</b>
<b>Total assets</b>	<b>10.2</b>	<b>8.8</b>	<b>39.5</b>	<b>(11.5)</b>	<b>47.1</b>	<b>(11.1)</b>	<b>36.0</b>
<b>Equity and liabilities</b>							
<b>Current liabilities</b>							
Trade and other payables	8.1	-		-	8.1	1.4	9.5
Derivative financial instruments	0.7	0.2	(0.6)	-	0.3	-	0.3
Deferred income	0.4	-		-	0.4	-	0.4
Long term debt - current	4.0	8.9	(3.4)	(9.4)	0.1	-	0.1
Other financial liabilities	1.1	-		-	1.1	-	1.1
Other non-financial liabilities	0.5	-		-	0.5	-	0.5
<b>Total current liabilities</b>	<b>14.9</b>	<b>9.1</b>	<b>(4.0)</b>	<b>(9.4)</b>	<b>10.5</b>	<b>1.4</b>	<b>11.9</b>
<b>Non-current liabilities</b>							
Long term debt	7.0			(1.0)	6.0		6.0
<b>Total non-current liabilities</b>	<b>7.0</b>	<b>-</b>	<b>-</b>	<b>(1.0)</b>	<b>6.0</b>	<b>-</b>	<b>6.0</b>
<b>Equity</b>							
Share capital	0.1		0.1	-	0.1	-	0.1
Capital reserve	47.7		48.8	-	96.4	-	96.4
Other reserves	5.6	5.1	(5.9)	-	4.8	-	4.8
Currency translation reserve	(0.1)			-	(0.1)	-	(0.1)
Accumulated net earnings (losses)	(64.2)	(5.3)	0.1	(1.1)	(70.5)	(12.5)	(83.0)
<b>Equity attributable to equity holders</b>	<b>(10.9)</b>	<b>(0.2)</b>	<b>43.0</b>	<b>(1.1)</b>	<b>30.8</b>	<b>(12.5)</b>	<b>18.3</b>
Non-controlling interests	(0.8)	-	0.5	-	(0.2)	-	(0.2)
<b>Total equity</b>	<b>(11.7)</b>	<b>(0.2)</b>	<b>43.6</b>	<b>(1.1)</b>	<b>30.6</b>	<b>(12.5)</b>	<b>18.1</b>
<b>Total equity and liabilities</b>	<b>10.2</b>	<b>8.8</b>	<b>39.5</b>	<b>(11.5)</b>	<b>47.1</b>	<b>(11.1)</b>	<b>36.0</b>

See notes on following page.

Notes:

The table on the preceding page presents the Pro Forma Historical Balance Sheet as at 31 December 2017. An illustrative balance sheet at Completion is presented, which includes an additional adjustment to assist investors to understand the impact of expected net cash outflows between 1 January 2018 and the expected date of Completion. Forward looking statements should be read in conjunction with the assumptions as set out in Sections 4.8.1 and 4.8.2, the sensitivity analysis set out in Section 4.9, the risk factors set out in Section 5 and other information in the Prospectus.

### 1. Pre-IPO financing

Since CY2017 year end, the Company has borrowed €5.5 million under the January 2018 Loans and €3.3 million under the 2018 Convertible Bonds.

The change in other reserves relates to €5.1 million in respect of the Moneda Warrants and January 2018 Warrants. The change in derivative financial instruments relates to new warrants granted to Kreos.

### 2. Impact of the Offer

Impact of the Offer of €39.5 million reflects net proceeds expected under the Offer of A\$70 million (€43.7 million), less the expected Offer costs of A\$6.9 million (€4.3 million). A further €0.2 million of Offer costs will be expensed in CY2018F.

The capital reserve increases by €48.8 million, primarily driven by the proceeds of the Offer (€39.5 million), and the expected conversion of the Moneda Warrants and January 2018 Warrants of €5.1 million (each exercisable for nominal consideration until, but not following, Completion), the 2018 Convertible Bonds of €3.4 million (which convert automatically on Completion) and the MSLO Warrants and rights under the Media Services Agreement (€0.7 million). There are offsetting changes in other reserves (related to these securities) and current long term debt (related to the 2018 Convertible Bonds).

The Kreos Warrants will not be exercised before Completion and do not automatically convert on Completion and may be exercisable up to the fifth anniversary of Completion. The Pro Forma Historical Balance Sheet has therefore been prepared on the basis that the Kreos Warrants have not converted.

Further information on the convertible securities, warrants and rights is contained in Section 9.8.

A non-controlling interest balance of €0.5 million has been transferred to accumulated net earnings (losses) as a result of the Company's acquisition, in April 2018, of the 7.8% non-controlling interest in Marley Spoon Pty Limited (which operates the Australian business).

### 3. Debt facility payments

Following Completion, the Company will repay three debt facilities with carrying amounts of €10.4 million plus €1.3 million in interest and early repayment fees as referred to in Section 4.4.2.

### 4. Net free cashflow impact

From 1 January 2018 to the expected date of Completion, the Company expects that cash and cash equivalents will reduce by €11.1 million predominantly as a result of an operating EBIT loss of €12.5 million offset by non-cash expenses and a positive impact on working capital of €1.4 million reflecting growth in the business and customary intra-month cash flows.

## 4. FINANCIAL OVERVIEW Continued

### 4.4.2 Indebtedness

The below table sets out the indebtedness of the Company as at 31 December 2017 as well as the pro forma indebtedness at Completion.

**TABLE 8: INDEBTEDNESS**

Facility	Maturity	Note	Reported				Pro forma			
			31 Dec 2017	Current	Non-current	Derivatives (1)	31 Dec 2017	Current	Non-current	Derivatives (1)
Kreos	2019	2	3.1	1.7	0.7	0.7	0.3	-	-	0.3
Moneda	2019		6.2	-	6.2	-	6.2	-	6.2	-
Berliner Volksbank	2018	2	2.2	2.2	-	-	-	-	-	-
BNP Paribas	2020		0.1	0.1	0.1	-	0.1	0.1	0.1	-
<b>Total</b>			<b>11.6</b>	<b>4.0</b>	<b>7.0</b>	<b>0.7</b>	<b>6.6</b>	<b>0.1</b>	<b>6.3</b>	<b>0.3</b>

Notes:

- Derivatives refer to the Kreos Warrants which are expected to remain on issue on Completion. Refer to note 2 in Table 7.
- The Company will repay the Kreos and Berliner Volksbank facilities with proceeds of the Offer following Completion. The Company will also repay a third debt facility (the €5.5 million January 2018 Loans) plus interest and fees from the proceeds of the Offer following Completion. (The January 2018 Loans were entered into after 31 December 2017 and are therefore not included in the table above.)

Refer to Section 9.6 for a description of the above facilities which will remain outstanding on Completion.

### 4.4.3 Commitments

The Company has outstanding operating lease commitments associated with leases for office space and manufacturing centres (refer to Section 3.10.3) as well as commitments for minimum payments under a licence and promotion agreement with MSLO which allows Marley Spoon to co-brand its meal kits in the United States with 'Martha Stewart' (refer to Section 3.9.2.3):

**TABLE 9: SUMMARY OF COMMITMENTS AS AT 31 DECEMBER 2017**

	Payments due by period			
	Total	< 1 year	1-5 years	> 5 years
Operating lease commitments	4.9	2.4	2.4	-
MSLO agreement minimum commitments	11.8	1.5	10.4	-
<b>Total</b>	<b>16.7</b>	<b>3.9</b>	<b>12.8</b>	<b>-</b>

Note: No operating lease or MSLO agreement commitments currently extend beyond five years. Refer however to the discussion regarding the MSLO agreement in Section 3.9.2.3.

The Company and its subsidiaries have accumulated tax losses in excess of €50 million as at the end of CY2016. The company may be able to utilise some/all of these tax losses to offset taxable income in future periods subject to satisfaction of the relevant loss recoupment tests applicable in the respective jurisdictions when such losses are to be utilised.

### 4.4.4 Sources of liquidity

Following the Completion, the Company's principal source of liquidity will consist of cash & cash equivalents on the balance sheet. On Completion, the Company considers it will have sufficient capital to carry out its stated objectives. Marley Spoon's historical and forecast cash flows are set out in Section 4.5.

## 4.5 CONSOLIDATED HISTORICAL AND FORECAST CASH FLOW STATEMENTS

The table below sets out the Pro Forma Historical Cash Flow Statements for CY2015, CY2016 and CY2017 and the Pro Forma Forecast Cash Flow Statement and Statutory Cash Flow Statement for CY2018F. The Pro Forma Forecast Cash Flow Statement and the Statutory Forecast Cash Flow Statement are subject to the general assumptions and the specific assumptions underlying the Forecast Financial Information (refer to Section 4.8.2).

### 4.5.1 Cash flow Statements

**TABLE 10: PRO FORMA HISTORICAL CASH FLOW STATEMENTS, PRO FORMA FORECAST CASH FLOW STATEMENTS**

€ millions	Note	Pro forma Historical			Pro Forma Forecast
		CY2015	CY2016	CY2017	CY2018
<b>EBIT</b>	<b>1</b>	<b>(11.5)</b>	<b>(24.2)</b>	<b>(28.0)</b>	<b>(24.9)</b>
Depreciation & amortisation		0.1	0.2	0.4	0.6
Change in working capital	2	0.5	0.3	3.7	2.8
Net interest & tax payments		0.0	(0.3)	(0.5)	(0.0)
Non-cash items in EBIT	3	1.3	1.9	2.4	2.1
<b>Cash flow from operating activities</b>		<b>(9.6)</b>	<b>(22.0)</b>	<b>(22.0)</b>	<b>(19.4)</b>
Capital expenditure	4	(1.2)	(1.1)	(1.6)	(2.5)
<b>Net free cash flow before financing</b>		<b>(10.7)</b>	<b>(23.1)</b>	<b>(23.5)</b>	<b>(21.9)</b>
<i>Cash Conversion Ratio</i>	5	93%	96%	84%	88%

Notes:

1. Excludes the planned capitalisation of approximately €1.1 million of intangible assets related to software development projects in CY2018, assuming that the Company fulfils, for the first time in CY2018, the recognition and measurement criteria of IAS38 (*Intangible Assets*). If this occurs, EBIT and capital expenditure would each increase and net free cash flow would be unaffected.
2. Key drivers of changes in working capital are the continued sales growth, as customers prepay for their orders and suppliers are paid in arrears, improvements in supplier payment terms and greater inventory turnover is achieved.
3. Non-cash items in EBIT are primarily comprised of share based payment obligations under the Company's Existing Option Rights Plan and the precursor to that plan, recognised at cost.
4. Capital expenditures predominantly relate to equipment used or installed in the Company's manufacturing centres as well as its enterprise resource planning system, and to a smaller extent to office equipment such as computers. For CY2018F, the main spend items relate to the move to a larger manufacturing centre outside Berlin, Germany and the expansion and move of its current United States east coast manufacturing centre in New York City to a nearby location as well as investments into centre automation.
5. Cash Conversion Ratio means net free cash flow before financing as a percentage of EBIT.



## 4. FINANCIAL OVERVIEW Continued

**TABLE 11: REPORTED AND STATUTORY FORECAST CASH FLOW STATEMENT**

€ millions	Note	Reported Historical			Statutory Forecast
		CY2015	CY2016	CY2017	CY2018
<b>EBIT</b>		<b>(10.4)</b>	<b>(24.0)</b>	<b>(27.2)</b>	<b>(25.0)</b>
Depreciation & amortisation		0.1	0.2	0.4	0.6
Change in working capital		0.5	0.3	3.7	2.8
Net interest & tax payments		0.0	(0.3)	(0.5)	(1.3)
Non-cash items in EBIT	1	1.3	2.8	2.7	2.2
<b>Cash flow from operating activities</b>		<b>(8.5)</b>	<b>(20.9)</b>	<b>(20.9)</b>	<b>(20.6)</b>
Capital expenditure		(1.2)	(1.1)	(1.6)	(2.5)
<b>Net free cash flow before financing</b>		<b>(9.6)</b>	<b>(22.0)</b>	<b>(22.4)</b>	<b>(23.1)</b>
Proceeds from issue of securities	2	14.9	10.5	16.5	47.1
Offer costs (booked to equity)	2	-	-	-	(4.1)
Net proceeds from/ (repayment of) borrowings	3	-	4.1	6.6	(4.8)
<b>Net cash flow before dividends</b>		<b>5.3</b>	<b>(7.4)</b>	<b>0.7</b>	<b>15.1</b>

Notes:

1. Non-cash items in EBIT are primarily comprised of share based payment obligations under the Company's Existing Option Rights Plan and the precursor to that plan, recognised at cost, and other non-cash expenses, primarily including the Kochabo brand impairment, the MSLO Warrants and rights under the Media Services Agreement.
2. Proceeds from issue of securities comprises €3.4 million from the 2018 Convertible Bonds and net proceeds from the Offer. The Company is planning to raise €43.8 million and will incur Offer costs of €4.3 million. Offer costs largely comprise underwriter fees, legal cost and notary fees, tax advice cost as well as fees for the investigating accountant.
3. The Company is using proceeds from the Offer to repay three debt facilities as described in note 3 of Table 7.

### 4.6 PRO FORMA ADJUSTMENTS TO FINANCIAL INFORMATION

#### 4.6.1 Overview

The tables below set out the reconciliation between:

- Reported consolidated historical and forecast net loss to pro forma consolidated historical and forecast net loss; and
- Reported consolidated historical and forecast cash flows to pro forma consolidated historical and forecast cash flows

No adjustments have been made between reported/statutory revenue and pro forma revenue, gross profit or Contribution Margin.

**TABLE 12: RECONCILIATION OF REPORTED HISTORICAL AND STATUTORY FORECAST NET LOSS TO PRO FORMA HISTORICAL AND FORECAST NET LOSS**

€ millions	Note	Historical Results			Forecast Result
		CY2015	CY2016	CY2017	CY2018
<b>Reported/Pro Forma revenue</b>		3.9	20.2	53.2	93.0
<b>Reported/Statutory net loss</b>		(10.4)	(24.4)	(28.5)	(32.3)
Public company costs	1	(1.1)	(1.1)	(1.1)	(0.0)
Kochabo brand impairment	2	-	0.9	-	-
MSLO agreement warrants	3	-	-	0.3	0.2
Financing expense on repaid loans	4	-	-	-	6.3
<b>Pro forma net loss</b>	<b>5</b>	<b>(11.5)</b>	<b>(24.6)</b>	<b>(29.3)</b>	<b>(25.8)</b>

Notes:

1. The Company estimates incremental recurring public company costs of €1.1 million per annum in CY2015 to CY2018F, comprised primarily of remuneration of members of the Supervisory Board, additional management incentives, listing fees, additional audit and legal costs, Registry costs, directors' and officers' insurance premiums as well as investor relations, annual general meeting and annual reporting costs. The statutory forecast of CY2018F includes recurring and non-recurring public company costs of €1.1 million. An adjustment has been made to replace these public company costs with 12 months of recurring public company costs of €1.1 million.
2. Pro forma adjustment to remove the impact of the non-recurring impairment Kochabo brand due to the re-branding to Marley Spoon in 2016.
3. The Company granted warrants under the licence and promotion agreement with MSLO which will be converted into Shares on Completion. No further warrants will be granted to MSLO after Completion under this agreement.
4. The Company intends to repay three currently outstanding debt facilities with proceeds from the Offer - refer to Section 4.4.2. This also includes the forecasted financing expense, including the effects of fair value adjustments of the associated January 2018 Warrants and Kreos Warrants.
5. Pro forma adjustments have not been tax effected as the Company is in a significant growth phase and has not yet realised taxable profits.

**TABLE 13: RECONCILIATION OF REPORTED CONSOLIDATED HISTORICAL AND FORECAST CASH FLOWS TO PRO FORMA CONSOLIDATED HISTORICAL AND FORECAST CASH FLOWS**

€ millions	Note	Historical Results			Forecast Result
		CY2015	CY2016	CY2017	CY2018
<b>Reported/Statutory Net free cash flow before financing, tax and dividends</b>		(9.6)	(22.0)	(22.4)	(23.1)
Public company costs	1	(1.1)	(1.1)	(1.1)	(0.0)
Net Interest & tax	2	-	-	-	1.3
<b>Pro forma net free cash flow before financing, tax and dividends</b>		<b>(10.7)</b>	<b>(23.1)</b>	<b>(23.5)</b>	<b>(21.9)</b>

1. Refer to note 1 of Table 12.
2. Represents interest in respect the period of 1 January 2018 until Completion on the three debt facilities to be repaid with proceeds of the Offer as described in note 3 of Table 7. Refer also to Section 4.4.2.

## 4. FINANCIAL OVERVIEW Continued

### 4.7 MANAGEMENT DISCUSSION AND ANALYSIS OF THE PRO FORMA HISTORICAL FINANCIAL INFORMATION

#### 4.7.1 Overview

This Section 4.7 discusses details of key metrics relating to Marley Spoons' historical and forecast financial performance between CY2015 - CY2018F and the main factors which affected Marley Spoon's operating and relative financial performance in CY2015 - CY2017.

The discussion is intended to provide a brief summary only and does not detail all the factors that affected historical operating and financial performance, nor everything which may affect Marley Spoon's operating and financial performance in the future. Unless otherwise stated, all metrics and financial information presented in this Section and the related commentary is on a pro forma basis only. The information in this Section 4 should also be read in conjunction with the general and specific assumptions in Section 4.8.2, the sensitivities in Section 4.9, key risk factors set out in Section 5 and the other information contained in this Prospectus.

#### 4.7.2 Discussion of key metrics

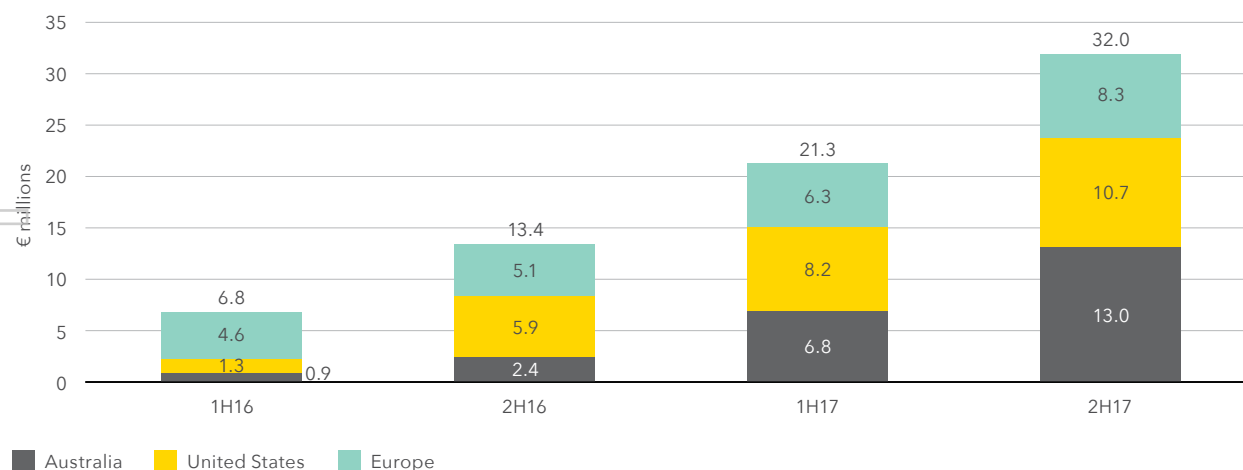
Information in Section 4.7.2 has been prepared using Marley Spoons' Pro Forma Historical Financial Information for CY2015, CY2016 and CY2017 and Pro Forma Forecast Financial Information for CY2018F, and the Company's unaudited management accounts for the commentary on 1Q 2018 trading discussed in Section 4.7.2.4. Some information in this Section is presented on a half yearly or quarterly basis. This information is intended to provide investors with additional detail regarding Marley Spoon's historical growth and its expectations and target objectives in order to assist in assessing its future prospects. While this information reconciles in aggregate to the annual Pro Forma Historical Financial Information, Pro Forma Forecast Financial Information, quarterly and half yearly information is unaudited and has not been reviewed and consequently investors are cautioned not to place undue emphasis on it.

##### 4.7.2.1 Revenue

Marley Spoon's historical growth in revenue across its three segments is illustrated in Figure 1. Revenue in 2H17 (€32.0 million) was more than 4.7 times revenue in 1H16.

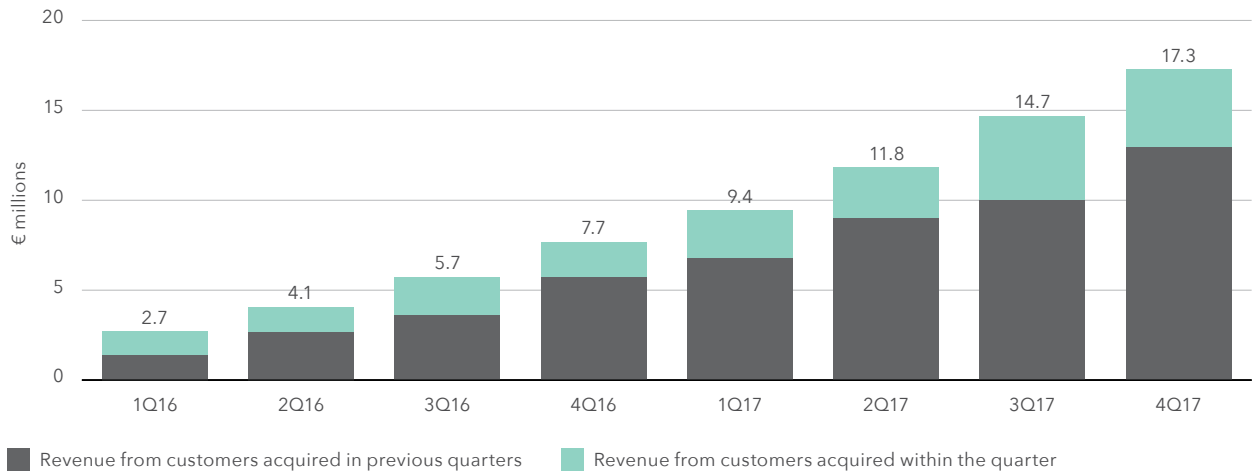
Revenue is forecast to grow 75% from €53.2 million in CY2017 to €93.0 million CY2018F and management is expecting 2H 2018F revenue in excess of €50.0 million. Revenue for Q1 CY2018 was €18.8 million, which is approximately double the prior corresponding period Q1 CY2017 (discussed further in Section 4.7.2.4).

**FIGURE 1: HISTORICAL REVENUE BY HALF YEAR AND SEGMENT (€ MILLIONS)**



A key aspect of Marley Spoon's business model is the subscription nature of the products it offers its customers. A significant proportion of revenue in any particular period is derived from customers that it acquired in previous quarters (i.e. existing customers). For example, as illustrated in Figure 2, of the €17.3 million of revenue generated in Q4 CY2017, €13.0 million was generated from existing customers and €4.3 million from new customers acquired within that period.

**FIGURE 2: HISTORICAL REVENUE BY QUARTER FROM NEW AND EXISTING CUSTOMERS (1Q16 - 4Q17) (€ MILLIONS)**

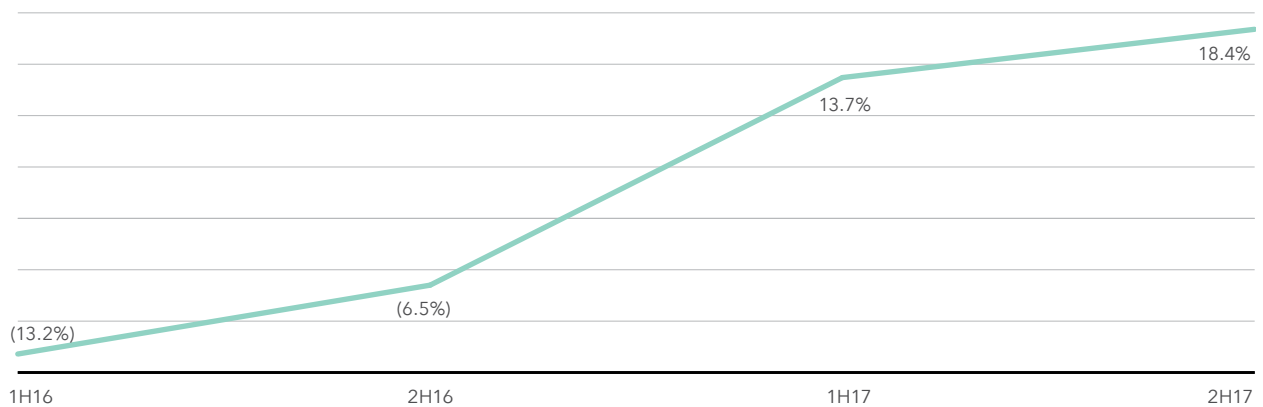


**4.7.2.2 Contribution Margin**

As Marley Spoon has made operational improvements as well as gained scale and operating leverage (meaning that revenue growth rates have been higher than growth rates in Costs of Goods Sold and Fulfilment Expenses, driving an increase in Contribution Margin). This is illustrated in Figure 3 which shows a negative contribution in 1H16 and 2H16, rising to 18.4% in 2H17.

Further improvements in its Contribution Margin are expected with Marley Spoon forecasting a CY2018F Contribution Margin of 22%, targeting a Q4 2018F Contribution Margin percentage in the 'mid-20s'.

**FIGURE 3: CONTRIBUTION MARGIN AS A PERCENTAGE OF REVENUE (1H16 - 2H17)**



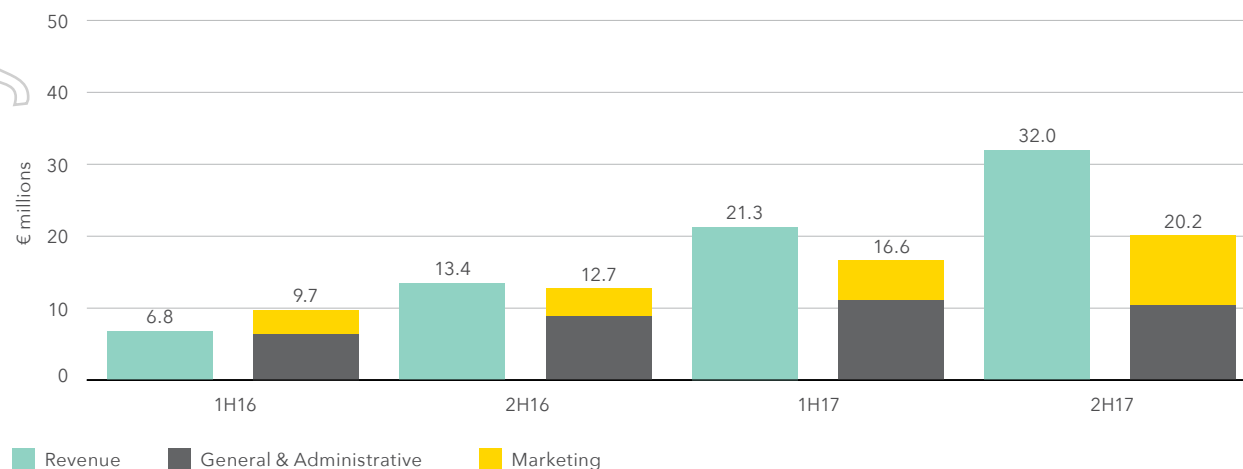
Note: Contribution Margin represents gross profit (revenue less Costs of Good Sold) less Fulfilment Expenses.

**4.7.2.3 Operating expenses**

Marley Spoon's operating leverage is also illustrated in Figure 4 below, with operating expenses (excluding Fulfilment Expenses) increasing from €9.7 million in 1H16 to €20.2 million in 2H17, or approximately 2.1 times, compared with an increase in revenue over these periods of 4.7 times. Furthermore, general & administrative expenses increased at a slower pace of 1.6 times over this same period. Over that period Marley Spoon's Operating EBITDA margin (Operating EBITDA as a percentage of revenue) has improved from (144%) in 1H16 to (40%) in 2H17.

## 4. FINANCIAL OVERVIEW Continued

**FIGURE 4 REVENUE COMPARED TO OTHER OPERATING EXPENSES (1H16 - 2H17) (€ MILLIONS)**



As discussed in Section 3.11, a key part of Marley Spoon's strategy is to seek continued improvement in its Contribution Margin and Operating EBITDA margin. In CY 2018F revenue is forecast to grow 75%, whilst operating expenses (other than Fulfilment Expenses) are forecast to increase by 24%, resulting in an expected Operating EBITDA margin loss for the 2018F year of (23%), with Marley Spoon targeting an Operating EBITDA margin loss percentage for Q4 2018F in the negative 'mid-teens'. Notably, Australia's Operating EBITDA is approaching breakeven in the current 1H 2018F and is forecast to be Operating EBITDA positive in 2H 2018F.

### 4.7.2.4 Trading - first quarter CY2018

Marley Spoon's Q1 CY2018 revenue was €18.8 million, which is approximately double the prior corresponding Q1 CY2017 period of €9.4 million. The Company's Contribution Margin per unaudited management accounts for Q1 CY2018 was approximately 21.9%.

### 4.7.3 CY2016 compared to CY2015: Pro forma historical income statements

The table below sets out the summary Pro Forma Historical Income Statement for CY2016 compared to the Pro Forma Historical Income Statement for CY2015.

**TABLE 14: PRO FORMA HISTORICAL INCOME STATEMENTS: CY2016 COMPARED TO CY2015**

€ millions	Pro forma Historical		
	CY2015	CY2016	% change
Australia	0.2	3.3	1840%
United States	0.3	7.2	2381%
Europe	3.4	9.7	186%
<b>Revenues</b>	<b>3.9</b>	<b>20.2</b>	<b>424%</b>
Cost of Goods Sold	(3.5)	(16.7)	375%
<b>Gross profit</b>	<b>0.3</b>	<b>3.5</b>	<b>943%</b>
Fulfilment Expenses	(1.0)	(5.3)	446%
Marketing expenses	(2.5)	(7.2)	193%
General & administrative expenses	(8.4)	(15.2)	80%
<b>Operating expenses</b>	<b>(11.9)</b>	<b>(27.7)</b>	<b>133%</b>
<b>EBIT</b>	<b>(11.5)</b>	<b>(24.2)</b>	<b>110%</b>



**TABLE 15: PRO FORMA CONTRIBUTION MARGIN AND OPERATING EBITDA: CY2016 COMPARED TO CY2015**

€ millions	Note	Pro forma Historical		
		CY2015	CY2016	% change
Australia		(0.0)	(0.1)	69%
United States		(0.2)	(1.3)	606%
Europe		(0.4)	(0.4)	4%
<b>Contribution Margin</b>		<b>(0.6)</b>	<b>(1.8)</b>	<b>187%</b>
Australia		(0.8)	(2.2)	189%
United States		(1.5)	(7.7)	420%
Europe (ex global head office costs)	1	(5.0)	(7.6)	51%
Global head office costs	1	(2.9)	(4.5)	58%
<b>Operating EBITDA</b>		<b>(10.1)</b>	<b>(22.0)</b>	<b>117%</b>

1. Global head office costs comprise labour and overhead costs incurred to support segment operations, which mostly relate to finance, product development, marketing and operations support (with the allocation of such costs reflecting results of a labour study conducted by the Company in mid-2017).

#### 4.7.3.1 Revenue

Revenue increased from €3.9 million in CY2015 to €20.2 million in CY2016 representing a 424% year on year increase. This growth was driven by:

- An increase in Active Customers, from 10.2K as of 31 December 2015 to 41.9K as of 31 December 2016.
- The main driver for this increase in Active Customers was:
  - » the impact from the commencement of meal kits deliveries part way through CY2015 in the United States (April 2015) and Australia (June 2015), and then continuing through CY2016; and
  - » benefits from the co-branding Marley Spoon meal kits in the United States with 'Martha Stewart' which commenced in June 2016.

#### 4.7.3.2 Gross profit & Contribution Margin

The Company's gross profit increased from €0.3 million in CY2015 to €3.5 million in CY2016 due to an increase in revenues and an improvement in Cost of Goods Sold as a percentage of revenue (from 91% to 83%) as Marley Spoon's enhanced understanding of customer preferences enabled more efficient food procurement.

The Company's Contribution Margin decreased from (€0.6) million in CY2015 to (€1.8) million in CY2016, driven by the increase in gross profit, offset by an increase in Fulfilment Expenses of €4.3 million which, as a percentage of revenue, remained about flat year on year (25% in CY2015 and 26% in CY2016).

#### 4.7.3.3 Other operating expenses

The Company's total operating expenses excluding Fulfilment Expenses increased from €10.9 million in CY2015 to €22.4 million in CY2016. This was due to:

- An increase in marketing expenses from €2.5 million to €7.2 million as the Company increased marketing across a variety of marketing channels. Despite the increase, total marketing expenses decreased as a percentage of revenue from 64% to 36% from CY2015 to CY2016.
- An increase in general & administrative expenses from €8.4 million to €15.2 million, reflecting the impact of the commencement of meal kit deliveries in the United States and Australia in mid-2015, as well as the overall significant investment made in growing its global team as the number of FTEs (excluding production associates in the Company's manufacturing centres) increased from 102 at 31 December 2015 to 225 at 31 December 2016.

## 4. FINANCIAL OVERVIEW Continued

### 4.7.3.4 Operating EBITDA and EBIT

Operating EBITDA loss increased from (€10.1) million in CY2015 to (€22.0) million in CY2016, which was predominately the result of the increase in operating expenses (excluding Fulfilment Expenses) of €11.5 million and a decrease in Contribution Margin by €1.2 million.

EBIT loss similarly increased from (€11.5) million in CY2015 to (€24.2) million in CY2016 as a result of the movement in Operating EBITDA, as well as the impact of an impairment loss related to the 2015 acquired "Kochabo" brand, which was re-branded to Marley Spoon in 2016 (€0.9 million) and an increase in share-based payments under the precursor to the Company's Existing Option Rights Plan from €1.3 million in CY2015 to €2.0 million in CY2016.

### 4.7.4 CY2016 compared to CY2015: Pro forma cash flow statements

The table below sets out the summary Pro Forma Historical Cash Flow Statement for CY2016 compared to the Pro Forma Historical Cash Flow Statement for CY2015.

**TABLE 16: PRO FORMA HISTORICAL CASH FLOWS: CY2016 COMPARED TO CY2015**

€ millions	Pro forma Historical	
	CY2015	CY2016
<b>EBIT</b>	<b>(11.5)</b>	<b>(24.2)</b>
Depreciation & amortisation	0.1	0.2
Change in working capital	0.5	0.3
Net interest & tax payments	0.0	(0.3)
Non-cash items in EBIT	1.3	1.9
<b>Cash flow from operating activities</b>	<b>(9.6)</b>	<b>(22.0)</b>
Capital expenditure	(1.2)	(1.1)
<b>Net free cash flow before financing</b>	<b>(10.7)</b>	<b>(23.1)</b>
<i>Cash Conversion Ratio</i>	93%	96%

Refer to notes under Table 10.

Net free cash flow before financing declined between CY2015 and CY2016 from (€10.7) million to (€23.1) million primarily as a result of increased EBIT loss.

Capital expenditure remained stable from CY2015 (€1.2 million) to CY2016 (€1.1 million) driven by ongoing investments in the basic fit-outs of the global offices and manufacturing centres.

#### 4.7.5 CY2017 compared to CY2016: pro forma historical income statements

The table below sets out the summary Pro Forma Historical Income Statement for CY2017 compared to the Pro Forma Historical Income Statement for CY2016.

**TABLE 17: PRO FORMA HISTORICAL INCOME STATEMENTS: CY2017 COMPARED TO CY2016**

€ millions	Pro forma Historical		
	CY2016	CY2017	% change
Australia	3.3	19.9	507%
United States	7.2	18.8	161%
Europe	9.7	14.5	50%
<b>Revenues</b>	<b>20.2</b>	<b>53.2</b>	<b>164%</b>
Cost of Goods Sold	(16.7)	(34.5)	106%
<b>Gross profit</b>	<b>3.5</b>	<b>18.7</b>	<b>440%</b>
Fulfilment Expenses	(5.3)	(9.9)	87%
Marketing expenses	(7.2)	(15.4)	114%
General & administrative expenses	(15.2)	(21.4)	41%
<b>Operating expenses</b>	<b>(27.7)</b>	<b>(46.8)</b>	<b>69%</b>
<b>EBIT</b>	<b>(24.2)</b>	<b>(28.0)</b>	<b>16%</b>

**TABLE 18: PRO FORMA CONTRIBUTION MARGIN AND OPERATING EBITDA: CY2017 COMPARED TO CY2016**

€ millions	Note	Pro forma Historical		
		CY2016	CY2017	% change
Australia		(0.1)	4.6	nm
United States		(1.3)	2.2	nm
Europe		(0.4)	2.1	nm
<b>Contribution Margin</b>		<b>(1.8)</b>	<b>8.8</b>	<b>nm</b>
Australia		(2.2)	(4.3)	94%
United States		(7.7)	(9.4)	23%
Europe (ex global head office costs)	1	(7.6)	(5.9)	(22%)
Global head office costs	1	(4.5)	(5.8)	28%
<b>Operating EBITDA</b>		<b>(22.0)</b>	<b>(25.4)</b>	<b>15%</b>

1. Global head office costs comprise labour and overhead costs incurred to support segment operations, which mostly relate to finance, product development, marketing and operations support (with the allocation of such costs reflecting results of a labour study conducted by the Company in mid-2017).

## 4. FINANCIAL OVERVIEW Continued

### 4.7.5.1 Revenue

Revenue increased from €20.2 million in CY2016 to €53.2 million in CY2017 representing a 164% year on year increase. This growth was driven by:

- Australia: revenue increased from €3.3 million in CY2016 to €19.9 million in CY2017, due to an increase in Active Customers from 6.4K to 30.6K. The strong growth rate of 507% achieved during the year was the result of an increased allocation of the Company's global marketing budget to the region.
- United States: revenue increased from €7.2 million in CY2016 to €18.8 million in CY2017 due to an increase in Active Customers from 18.5K to 35.7K, the full year effect of co-branding Marley Spoon meal kits with 'Martha Stewart' which commenced in June 2016, and the launch of Marley Spoon's second product line, Dinnerly, in July 2017.
- Europe: Increase in revenue from €9.7 million in CY2016 to €14.5 million in CY2017 reflecting an increase in Active Customers from 17.0K to 27.0K. Revenue growth of 50% was achieved during the year, lower than other regions, as the marketing budget was focused on Australia and the United States.

### 4.7.5.2 Gross profit & Contribution Margin

The Company's gross profit increased from €3.5 million in CY2016 to €18.7 million in CY2017 due to an increase in revenues and an improvement in Cost of Goods Sold as a percentage of revenue (from 83% to 65%) through benefits associated with the Company's increasing scale, continued advancement of understanding customer preferences when planning its menus, and higher productivity in its manufacturing centres as a result of greater standardisation of global processes.

The Company's Contribution Margin increased from (€1.8) million in CY2016 to €8.8 million in CY2017, driven by the increase in gross profit, offset by an increase in Fulfilment Expenses of €4.6 million which, as a percentage of revenue, decreased year on year (26% in CY2016 and 19% in CY2017) due to benefits of the Company's increasing scale.

### 4.7.5.3 Other operating expenses

The Company's total operating expenses excluding Fulfilment Expenses increased from €22.3 million in CY2016 to €36.8 million in CY2017. This was due to:

- An increase in marketing expenses from €7.2 million to €15.4 million as the Company continued to increase marketing across all regions. Despite the increase, total marketing expenses continued to decrease as percentage of revenue from 36% to 29% from CY2016 to CY2017.
- An increase in general & administrative costs from €15.2 million to €21.4 million reflected the continued investment made in growing the Company's global team, as the number of FTEs (excluding production associates in the Company's manufacturing centres) increased from 225 in December 2016 to 268 in December 2017.

### 4.7.5.4 Operating EBITDA and EBIT

Operating EBITDA loss increased slightly from (€21.1) million in CY2016 to (€25.4) million in CY2017 as a result of the increase in marketing expenses of €8.2 million and in general & administrative expenses of €6.3 million, but was partially offset by Contribution Margin, which increased by €10.6 million. The increase in Operating EBITDA reflected the upfront costs associated with acquiring customers and the high growth rate of the Company.

EBIT loss similarly increased from (€24.2) million in CY2016 to (€28.0) million in CY2017 as a result of the movement in Operating EBITDA.

#### 4.7.6 CY2017 compared to CY2016: Pro Forma Historical Cash Flow Statements

The table below sets out the summary Pro Forma Historical Cash Flow Statement for CY2017 compared to the Pro Forma Historical Cash Flow Statement for CY2016.

**TABLE 19: PRO FORMA HISTORICAL CASH FLOWS: CY2017 COMPARED TO CY2016**

€ millions	Pro forma Historical	
	CY2016	CY2017
<b>EBIT</b>	<b>(24.2)</b>	<b>(28.0)</b>
Depreciation & amortisation	0.2	0.4
Change in working capital	0.3	3.7
Net interest & tax payments	(0.3)	(0.5)
Non-cash items in EBIT	1.9	2.4
<b>Cash flow from operating activities</b>	<b>(22.0)</b>	<b>(22.0)</b>
Capital expenditure	(1.1)	(1.6)
<b>Net free cash flow before financing</b>	<b>(23.1)</b>	<b>(23.5)</b>
<i>Cash Conversion Ratio</i>	96%	84%

Refer to notes under Table 10.

Net free cash flow before financing increased slightly from (€23.1) million in CY2016 to (€23.5) million in CY2017 as a higher EBIT loss (by €3.8 million) was almost entirely offset by a €3.7 million improvement in working capital.

Capital expenditure increased from €1.1 million in CY2016 to €1.6 million in CY2017 as the Company opened up a second manufacturing centre in Australia and started to invest in automation equipment in all regions.

#### 4.8 FORECAST FINANCIAL INFORMATION

The Forecast Financial Information has been prepared based on the significant accounting policies adopted by Marley Spoon, which are in accordance with the Accounting Standards and are disclosed in Appendix A. The Forecast Financial Information is based on various general and specific assumptions concerning future events, including those set out below. The assumptions below are set out in summary only and do not represent all factors that may affect Marley Spoon's forecast financial performance. This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, but is not intended to be a representation that the assumptions will occur. In preparing the Forecast Financial Information, Marley Spoon has undertaken an analysis of historical performance and applied assumptions in order to forecast future performance for CY2018. In preparing CY2018 forecasts, the Company has had regard to the trading performance of Marley Spoon for the first two months of CY2018. Marley Spoon believes that the assumptions, when taken as a whole, to be reasonable at the time of preparing this Prospectus, including each of the general and specific assumptions set out in Sections 4.8.1 and 4.8.2 respectively.

However, the actual results are likely to vary from the forecast and any variation may be materially positive or negative. The assumptions upon which the Forecast Financial Information is based are by their nature subject to significant uncertainties and contingencies, many of which are outside the control of Marley Spoon and the members of its Supervisory Board and Management Board, and are not reliably predictable.

Accordingly, no assurance is given that the Forecast Financial Information or any prospective statement contained in this Prospectus will be achieved. Events and outcomes might differ in amount and timing from the assumptions, with a material positive or negative impact on the Forecast Financial Information.

The assumptions set out below should be read in conjunction with the sensitivity analysis set out in Section 4.9, the risk factors set out in Section 5 and the Investigating Accountant's Report on the forecast financial information set out in Section 8.

## 4. FINANCIAL OVERVIEW Continued

### 4.8.1 General assumptions

The following general assumptions are relevant to the Forecast Financial Information:

- there is no material change in the competitive and operating environments in which Marley Spoon operates;
- there is no significant deviation from current market expectations of the Australian, US, European or global economic conditions relevant to Marley Spoon, including in the meal kit market and there is no material change in economic factors relevant to Marley Spoon (e.g. household incomes and expenses, consumer confidence or sentiment) and no material losses of customers;
- there is no material change in the legislative regimes (including tax) and regulatory environment in which Marley Spoon operates;
- there is no material amendment to, or termination of, any material agreement relating to Marley Spoon's business, including the MSLO agreement as discussed in Section 3.9.2.3;
- there are no significant disruptions to the continuity of operations of Marley Spoon (including in its manufacturing processes, technology, applications and software, or in the operations of its suppliers, logistics providers or other counterparties generally in any of its markets) and there are no other material changes in Marley Spoon's business;
- there are no material acquisitions, disposals, restructures or investments for Marley Spoon;
- there are no material changes to Marley Spoon's corporate and funding structure other than as set out in, or contemplated by, this Prospectus;
- there is no loss of key management personnel and Marley Spoon will maintain the ongoing ability to recruit and retain required personnel required to support the future growth of the business;
- there are no claims or material litigation, including industrial action or other disturbances, that will arise or be decided or settled to the detriment of Marley Spoon;
- there are no contingent liabilities that will arise or be realised to the detriment of Marley Spoon;
- no material changes in foreign currency exchange rates, particularly as they related to the Euro, the United States Dollar and the Australian dollar;
- there is no change in applicable IFRS as adopted by the European Union that would have a material impact on Marley Spoon's accounting policies, financial reporting or disclosure requirements, or its financial performance or position;
- none of the key risks set out in Section 5 eventuates, or if they do, none of them has a material adverse impact on the operations of Marley Spoon; and
- the Offer proceeds are received in accordance with the timetable set out in this Prospectus.

### 4.8.2 Specific assumptions

The specific assumptions that have been used in the preparation of the Forecast Financial Information are set out below:

#### 4.8.2.1 Revenue

The Forecast Financial Information is based on the following key revenue assumptions:

- New customer acquisitions in CY2018F are assumed to increase on CY2017 levels based on:
  - » experience to date, with particular regard to the number of new customer acquisitions in each region experienced in late 2017 and Q1 2018F and given there has been a significant increase in acquisitions in Australia, the United States and key markets in Europe compared to the first half of CY2017; and
  - » the effective deployment of a 42% increase in marketing spend in CY2018F (€21.9 million), as the Company continues to invest in growing awareness of the Marley Spoon meal kit offerings and build its customer base;
- mix of marketing channels and effectiveness of each channel used to acquire new customers is broadly in line with the channel mix deployed and effectiveness experienced over the course of CY2017 and Q1 2018F;
- customer retention rates are assumed to remain consistent with current customer retention rates which have been derived by reference to the last twelve months available data and updated for observed changes over that period;



- the average ordering behaviour and overall average revenue per order of customers for Marley Spoon and Dinnerly customers who are or will become existing customers is consistent with the experience observed in the last 12 months (and for Dinnerly in the United States, since launch in July 2017);
- no contribution to revenue from Dinnerly Australia (which was only launched in Q1 of 2018) and no revenue from products currently in development, testing or not yet commercialized;
- price levels per box type remain at current levels in each region for the Marley Spoon brand and only in the United States for the Dinnerly brand;
- no material change in existing or potential customer behaviour, including cooking habits, ordering patterns or responsiveness to marketing spend;
- a consistent level of discounts, vouchers and credits as a proportion of revenue for customers who are or who become existing customers as experienced in the last 12 months; and
- growth in CY 2018 can be met using current capacity in the Company's existing manufacturing centres or planned expansions/moves (as noted in Section 4.8.2.2 below), and from existing suppliers (e.g. for food, packaging and logistics services).

References to experience in prior periods above are references to prior experience in each region Marley Spoon operates in.

#### 4.8.2.2 Contribution Margin

The Forecast Financial Information is based on the following key assumptions underpinning Marley Spoon's Contribution Margin:

- Cost of Goods Sold is forecast to continue to decline from 65% to 59% of CY2018F revenue (following a movement from 83% to 65% from CY2016 to CY2017) as a result of:
  - » scale efficiencies as the volume of customer orders grows, for example from improved pricing from food suppliers as order volumes increase;
  - » increasing productivity in the Company's newer manufacturing centres particularly in Australia and the United States (as the experience from more established centres is applied to those centres) and across all regions as processes are improved and new automation equipment is introduced; and
  - » continued cost improvements in packaging in each country (for example by further modifications to packaging to reflect seasonal temperatures);
- A forecast cost of each new customer acquisition in each region of 5% greater than the average customer acquisition costs experienced in each region between early/mid 2017 and Q1 2018F reflecting an assumption that the mix of channels and effectiveness of each channel used will be broadly in line with that used to acquire new customers over that period;
- Average wages at the manufacturing centres are expected remain constant through CY2018F;
- The sales share of each region is assumed to remain broadly in line with its share in CY2017;
- Marley Spoon is planning to move to a larger manufacturing centre outside Berlin, Germany (the location of its existing manufacturing centre) in Q3 and to expand and move its current United States east coast manufacturing centre in New York City to a nearby location around commencement of 3Q, contributing to an expected overall doubling of rental and site related expenses across the group from CY2017 to CY2018F. Marley Spoon expects only limited disruptions to its production processes as a result of these moves and no material impact to customer service levels; and
- Fulfilment Expenses for CY2018F (19% of CY2018F revenue) are forecast to be consistent with CY2017 as a percentage of revenue, and assumes no further rate increases above rates in February 2018.

## 4. FINANCIAL OVERVIEW Continued

### 4.8.2.3 Other operating expenses

The Forecast Financial Information is based on the following key operating expense assumptions (excluding Fulfilment Expenses):

- Marketing expenses are forecast to increase from €15.4 million in CY2017 to €21.9 million in CY2018F. This represents a decrease as percentage of revenue from 29% in CY2017 to 24% in CY2018F due to the growth in existing customers (for which only limited marketing expenses are incurred) as a proportion of the Company's total customers (comprising existing and new customers);
- General & administrative expenses are forecast to grow from €21.4 million in CY2017 to €23.9 million in CY2018F million assuming:
  - » an increase in approximately 104 FTE employees over CY2018F outside of the manufacturing centres, with approximately half in the product development and customer communication functions, and the remainder spread across other functions;
  - » no general or annual salary increases above current levels;
  - » no material cost or balance sheet reserves impact from the restructuring of the Company's Existing Option Rights Plan referred to in Section 6.6.2;
  - » Existing office space and facilities have sufficient capacity for the planned increase in headcount; and
  - » no increases above current levels in pricing of subscription services and other software used in the business;
- General & administrative expenses are also assumed to include incremental costs of being a public company of €1.1 million (refer to noted 1 of Table 12).

### 4.8.2.4 Cash flow

- Changes in working capital – assumed improvement in Marley Spoon's working capital position, reflecting a modest extension of supplier payment terms and greater inventory turnover as the business scales in line with the sales growth explained in Section 4.8.3.1. No changes in the current manner in which customers predominantly prepay for their orders;
- Capital expenditures – assumed to increase 60% from €1.6 million in CY2017 to €2.5 million in CY2018F, but overall remain on low levels as a result of the availability of leased facilities and relatively inexpensive methods the Company intends to employ to introduce automation into its currently predominantly manual production processes; and
- Tax – assumes a continuation of zero or only immaterial income and withholding taxes as a result of the Company's expectation to incur net losses in each tax jurisdiction it operates in CY2018.

### 4.8.2.5 Other

- Depreciation – no changes in the useful life assumptions of the actual asset base and new capital investment items, and no extraordinary write-offs or impairments;
- Amortisation – no changes in the useful life assumptions of the actual asset base and new capital investment items, and no extraordinary write-offs or impairments;
- No gains/losses on disposal of assets have been assumed;
- Finance expense – reflects the estimated finance cost related to two debt facilities remaining after repaying three currently existing facilities following Completion. The pro forma forecast reflects finance expense as if the Offer had completed on 31 December 2017; and
- Exchange rates are assumed to remain constant with the key rates being 0.814 for US dollar/Euro and 0.625 for Australian dollar/Euro.

#### 4.8.3 CY2018F compared to CY2017: income statement

The table below sets out the summary Pro Forma Forecast Income Statement for CY2018 compared to the Pro Forma Historical Income Statement for CY2017.

**TABLE 20: PRO FORMA INCOME STATEMENTS: CY2018F COMPARED TO CY2017**

€ millions	Note	Pro forma Historical	Pro Forma Forecast	% change
		CY2017	CY2018	
Australia		19.9	35.7	79%
United States		18.8	29.5	57%
Europe		14.5	27.8	91%
<b>Revenues</b>		<b>53.2</b>	<b>93.0</b>	<b>75%</b>
Cost of Goods Sold		(34.5)	(54.7)	58%
<b>Gross profit</b>		<b>18.7</b>	<b>38.4</b>	<b>105%</b>
Fulfilment Expenses		(9.9)	(17.4)	76%
Marketing expenses		(15.4)	(21.9)	42%
General & administrative expenses		(21.4)	(23.9)	12%
<b>Operating expenses</b>		<b>(46.8)</b>	<b>(63.2)</b>	<b>35%</b>
<b>EBIT</b>		<b>(28.0)</b>	<b>(24.9)</b>	<b>(11%)</b>

**TABLE 21: PRO FORMA CONTRIBUTION MARGIN AND OPERATING EBITDA: CY2018F COMPARED TO CY2017**

€ millions	Note	Pro forma Historical	Pro Forma Forecast	% change
		CY2017	CY2018	
Australia		4.6	10.3	126%
United States		2.2	5.6	155%
Europe		2.1	5.0	142%
<b>Contribution Margin</b>		<b>8.8</b>	<b>20.9</b>	<b>137%</b>
Australia		(4.3)	(1.1)	(74%)
United States		(9.4)	(8.2)	(13%)
Europe (ex global head office costs)	1	(5.9)	(6.4)	9%
Global head office costs	1	(5.8)	(5.3)	(8%)
<b>Operating EBITDA</b>		<b>(25.4)</b>	<b>(21.1)</b>	<b>(17%)</b>

1. Global head office costs comprise labour and overhead costs incurred to support segment operations, which mostly relate to finance, product development, marketing and operations support (with the allocation of such costs reflecting results of a labour study conducted by the Company in mid-2017).

## 4. FINANCIAL OVERVIEW Continued

### 4.8.3.1 Revenue

Revenue is expected to increase from €53.2 million in CY2017 to €93.0 million in CY2018F representing an expected 75% year on year increase (83% on a "constant currency" basis<sup>50</sup>). This growth is expected to be driven by:

- Strong expected organic growth in Active Customers across all regions based on 42% increase in global marketing spend; and
- Expected full year benefit and growth of Marley Spoon's second product line, Dinnerly, in the United States.

### 4.8.3.2 Gross profit & Contribution Margin

The Company's gross profit is expected to increase from €18.7 million in CY2017 to €38.4 million in CY2018 due to an increase in revenues and an improvement in Cost of Goods Sold as a percentage of revenue (from 65% to 59%). This is expected to be primarily driven by supplier contract renegotiations and increased productivity in the Company's newer manufacturing centres particularly in Australia and the United States (as the experience from more established centres is applied to those centres) and across all regions as processes are improved and new automation equipment is introduced.

The Company's Contribution Margin is expected to increase from €8.8 million in CY2017 to €20.9 million in CY2018, driven by the increase in gross profit, offset by an increase in Fulfilment Expenses of €7.5 million which, as a percentage of revenue, remained about flat year on year (19% in CY2017 and 19% in CY2018).

### 4.8.3.3 Other operating expenses

The Company's total operating expenses (excluding Fulfilment Expenses) are expected to increase from €36.8 million in CY2017 to €45.8 million in CY2018F based on the following:

- An assumed increase in marketing expenses from €15.4 million to €21.9 million as the Company continues to invest in customer acquisition across all three regions. Marketing expenses are expected to rise 42%, and marketing expense as a percentage of revenue is expected to further decrease from 29% in CY2017 to 24% in CY2018; and
- general & administrative expenses are expected to increase from €21.4 million in CY2017 to €23.9 million in CY2018F due to the full year inclusion of hires the Company made in CY2017, as well as new incremental staff additions, particularly in the product development and customer communication functions.

### 4.8.3.4 Operating EBITDA and EBIT

Operating EBITDA loss is expected to decrease from (€25.4) million in CY2017 to (€21.1) million in CY2018F as a result of the increase in Contribution Margin of €12.1 million, which is expected to outpace the growth in operating expenses (excluding Fulfilment Expenses) of €8.9 million during CY2018F. In:

- Australia, Operating EBITDA loss is expected to improve from (€4.3) million in CY2017 to (€1.1) million in CY2018F as it continues to benefit from strong growth and operating leverage;
- United States, Operating EBITDA loss is expected to improve from (€9.4) million in CY2017 to (€8.2) million in CY2018F due to a 7% increase in Contribution Margin as a percentage of revenue; and
- Europe, Operating EBITDA loss is expected to be (€11.8) million in CY2018F, includes €5.3 million in global head office costs. Adjusting for these head office costs results in an expected EBITDA loss of (€6.4) million in CY2018F.

EBIT loss is similarly expected to decrease from (€28.0) million in CY2017 to (€24.9) million in CY2018F as a result of the movement in Operating EBITDA, excluding the impact of the planned €1.1 million capitalisation of intangible assets related to software development projects assuming that it fulfils, for the first time in CY2018, the recognition and measurement criteria of IAS38 (Intangible Assets).

50. The 83% year on year increase in revenue has been calculated by applying the foreign exchange rates used to prepare the Forecast Financial Information (being 0.814 for US dollar/Euro and 0.625 for Australian dollar/Euro) across CY2017 as well as CY2018F. Refer to Section 5, in particular 5.3.4 in relation to foreign exchange risks.

#### 4.8.4 CY2018F compared to CY2017: cash flow statement

The table below sets out the summary Pro Forma Forecast Cash Flow Statement for CY2018F compared to the Pro Forma Historical Cash Flow Statement for CY2017.

**TABLE 22: PRO FORMA CASH FLOWS: CY2018F COMPARED TO CY2017**

	Pro forma Historical	Pro Forma Forecast
€ millions	CY2017	CY2018
<b>EBIT</b>	<b>(28.0)</b>	<b>(24.9)</b>
Depreciation & amortisation	0.4	0.6
Change in working capital	3.7	2.8
Net interest & tax payments	(0.5)	(0.0)
Non-cash items in EBIT	2.4	2.1
<b>Cash flow from operating activities</b>	<b>(22.0)</b>	<b>(19.4)</b>
Capital expenditure	(1.6)	(2.5)
<b>Net free cash flow before financing</b>	<b>(23.5)</b>	<b>(21.9)</b>
<i>Cash Conversion Ratio</i>	84%	88%

Refer to notes under Table 10.

Net cash flow before financing is expected to improve from (€23.5) million in CY2017 to (€21.9) million in CY2018F due to a €3.1 million lower EBIT loss, partially offset by expected higher capital expenditures of €0.9 million.

Expected capital expenditures in CY2018F largely relate to an anticipated manufacturing centre expansion and move in the United States as well as continued investment into automation equipment in all regions.

#### 4.9 SENSITIVITY ANALYSIS

The Forecast Financial Information is based on a number of estimates and assumptions that are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of Marley Spoon, the members of its Supervisory Board and Management Board, and based upon assumptions with respect to future business developments, which are subject to change.

Investors should be aware that future events cannot be predicted with certainty and as a result, deviations from the figures forecast in this Prospectus are to be expected. To assist investors in assessing the impact of these assumptions on the forecasts, set out in Table 23 is a summary of the sensitivity of certain Forecast Financial Information to changes in a number of key variables. The changes in the key variables as set out in the sensitivity analysis are not intended to be indicative of the complete range of variations that may be experienced. For the purposes of the analysis below, the effect of the changes in key assumptions on the CY2018F pro forma forecast EBIT of (€24.9) million is presented. The sensitivity analysis is intended as a guide only and variations in actual performance could exceed the ranges shown.

Care should be taken in interpreting these sensitivities. The estimated impact of changes in each of the variables has been calculated in isolation from changes in other variables, in order to illustrate the likely impact on the forecast. In practice, changes in variables may offset each other or be additive, and it is likely that Marley Spoon would respond to any adverse change in one variable by seeking to minimise the net effect on the Company's Operating EBITDA.

## 4. FINANCIAL OVERVIEW Continued

**TABLE 23: SENSITIVITY ANALYSIS ON PRO FORMA CONSOLIDATED FORECAST OPERATING EBITDA FOR CY2018F**

Assumption	Notes	Variance	CY2018F EBIT impact (€m)
Acquisition of new customers	1	+/- 10.0%	1.0/(1.0)
Retention of existing customer base	2	+/- 2%	0.4/(0.4)
Change in prices	3	+/- 1.0%	0.9/(0.9)
Marketing expenses	4	+/- 5.0%	(0.9)/0.9
Cost of Goods Sold	5	+/- 1%	(0.5)/0.5
Fulfilment Expenses	6	+/- 2%	(0.3)/0.3
General & administrative expenses	7	+/- 5%	(1.0)/1.0
USD/Euro	8	+/- 10%	(0.7)/0.7
AUD/Euro	8	+/- 10%	0.0/(0.0)

1. Acquisition of new customers (positive or negative) could result from factors including changes in the effectiveness and/or absolute value of marketing spend. This sensitivity shows the incremental Contribution Margin impact of 10% lower/higher customer acquisitions in CF2018F. Refer also to the marketing expenses sensitivity 4.
2. Retention of existing customer base - changes in factors like customer retention profiles, positive and negative, will influence the total number of existing customers. This sensitivity shows the incremental EBIT impact of gaining or losing 2% of the existing customers in CY2018F.
3. Changes in prices -If the Company's pricing for meal kits is amended to reflect factors like increasing demand, greater choice and variety, or to address market competition, the Company's revenues will vary. This sensitivity shows the incremental EBIT impact of a price change (positive or negative) in CY2018F, although in practice it is likely that the Company would seek to manage cost inputs to support margins in the event of price reductions.
4. Marketing expenses - changes in marketing expenses could arise from factors like variations in customer acquisition costs and, or, through decisions to change the mix of, or accelerate or slow down, marketing spend. This sensitivity shows the change in marketing expense in isolation without an assessment of impacts on revenue (positive or negative).
5. Cost of Goods Sold - change in EBIT arising from gross profit variation that could arise from changes in food costs, packing expenses and picking costs, as a percentage of revenue.
6. Fulfilment Expenses - change in EBIT arising from variation in outbound shipping costs and payment processing fees, as a percentage of revenue.
7. General and administrative expenses - the EBIT impact of a 5% change in global non-production related personnel and other overhead costs.
8. Foreign currencies - The Company (having the Euro as its reporting currency) has significant operations in both Australia and the United States and is therefore exposed to fluctuations in the Australian dollar and the US dollar. This sensitivity shows the EBIT impact of a +/- 10% movement in their underlying exchange rates to the Euro.



#### **4.10 DIVIDEND POLICY**

The Company does not intend to pay a dividend following Completion in respect of CY2018F and the current intention of the Board is that no dividend will be paid in the foreseeable future. The payment of a dividend by Marley Spoon in the future is at the discretion of the Company and subject to shareholder approval and will be a function of a number of factors, including the general business environment, the operating results and financial condition of Marley Spoon, future funding requirements, capital management initiatives, tax considerations, any contractual, legal or regulatory restrictions on the payment of dividends by Marley Spoon, and any other factors may be considered relevant.

Any future dividends paid by the Company will not have franking credits attached and should be regarded as foreign dividend income to Australian tax resident shareholders or CDI Holders. Dividends declared by the Company (if any) will be declared in Euro, being its main functional currency. The Company may pay dividends in Euro or Australian dollars depending on the currency of residence of the shareholder or CDI Holder. CDIs (and Shares) issued as a result of this Prospectus will rank equally with each other for dividends.

No assurances can be given by any person, including the members of the Supervisory Board or Management Board, about the payment of any dividend in future periods. Please read the forecast financial information in conjunction with the assumptions underlying its preparation as set out in Sections 4.8.1 and 4.8.2 and the risk factors set out in Section 5.

# 5. RISKS



# 5. RISKS

## 5.1 INTRODUCTION

This Section describes some of the potential risks associated with Marley Spoon's business and risks associated with an investment in its CDIs. It does not purport to list every risk that may be associated with an investment in CDIs now or in the future. There are specific risks that relate to directly to Marley Spoon's business. In addition, there are other general risks, many of which are largely beyond the control of Marley Spoon. The risks identified in this Section, or other risk factors, individually or in combination, could have a material adverse impact on Marley Spoon's assets and liabilities, financial position and performance, profits and losses, prospects or the market price of CDIs.

The selection of risks has been based on the assessment of a combination of the probability of the risk occurring, the ability to mitigate the risk and the impact if the risk did occur. That assessment is based on the knowledge of Marley Spoon at the Prospectus Date, but there is no guarantee or assurance that the importance of different risks will not change or that other risks will not emerge.

Before applying for CDIs, you should satisfy yourself that you have a sufficient understanding of these matters and should consider whether CDIs are a suitable investment for you, having regard to your personal circumstances, investment objectives, financial circumstances and tax position. If you are unclear in relation to any matter or are uncertain as to whether Marley Spoon is a suitable investment for you, you should seek professional advice from your accountant, financial advisor, stockbroker, lawyer or other professional advisor before deciding whether to invest.

## 5.2 SPECIFIC RISKS

### 5.2.1 Marley Spoon operates in a competitive industry

Marley Spoon operates in competitive markets across the globe for groceries and, more specifically, meal kits. The competitive landscape in which it operates is described in Section 2.4 and include a range of other food and meal-delivery companies, online and physical supermarkets, specialty and online retailers and potentially restaurants. Some of these have significantly larger resources, technical capabilities, operating histories, physical and technological infrastructure and customer bases than Marley Spoon. The nature of competition faced by Marley Spoon may change over time, for example, participants in one region may expand into new regions that Marley Spoon operates in or new competitors may enter those markets. It is also possible that existing competitors may diversify their offering. For example, increased number of restaurants/takeaway outlets using delivery companies. Competitors or new entrants (for example existing online retailers) may introduce new products, partnerships, pricing or other strategies, or may expand their existing offering to include meal kits which may compete with Marley Spoon's product offering and/or have a material adverse effect on Marley Spoon's ability to compete. For example, traditional bricks-and-mortar grocery retailers may provide online offerings in both groceries and meal kits and delivery services or perhaps companies with e-commerce and logistics experience may move into the grocery retail space. Even a perceived increase in competition, new partnership, acquisition or other market development, or new strategy by other participants (for example the filing of a meal kit related patent application) can have an actual or perceived impact on Marley Spoon's ability to compete and contrive to grow.

The meal kit delivery industry is a relatively new business model and is still developing. There is a risk that an existing or new entrant develops an entire new strategy or model or a material enhancement to the existing model and Marley Spoon is not able to adapt to a new environment in sufficient time to maintain (and grow) its market share.

Marley Spoon also uses some business intelligence, and may increase its use of this information in the future, as a method for collecting data around customer behaviour and preferences. There is a risk that Marley Spoon will fail to implement an effective business intelligence strategy and, as a result, misinterpret the preferences and demands of consumers, which may adversely impact its ability to remain competitive, and lead to decreased revenues and missed business opportunities. It is also a possible risk that some of its competitors may invest heavily in developing their own business intelligence systems. This may result in Marley Spoon's competitors being able to exploit a more comprehensive database of customer behaviour and preferences which may have an adverse impact on Marley Spoon's ability to compete.



## 5. RISKS Continued

### 5.2.2 Risks associated with operational failure

#### Supply chain

Marley Spoon's meal kit service is reliant on a supply chain including its producers and suppliers, in-house manufacturing processes, outsourced logistics providers and technology platform. Any operational failure or changes within Marley Spoon's supply chain, including failures or delays associated with moving or expanding its distribution centres, altering its manufacturing processes, change of supplier or developing its technology platform, could significantly impact Marley Spoon's ability to prepare and deliver meal kits of the requisite quality and with the correct ingredients and in a timely manner to its customers. Marley Spoon's customers are able to pause or cancel their subscriptions on short notice. Operational failure could potentially affect Marley Spoon's ability to deliver accurate, on-time deliveries to customers, to perform obligations or meet minimum targets under its contracts (for example with MSLO, refer to Section 3.9.2.3) and adversely affect its customer acquisition and retention, its operating and financial performance, and its reputation.

#### Communications with customers

Marley Spoon depends upon email and other messaging services to promote its products and communicate with its customers and potential customers. It circulates emails and alerts to inform customers of its offerings. If Marley Spoon is unable to deliver messages, in the form of email or otherwise, to its customers (whether because of operational, legal or other reasons) or its customers do not engage with these messages, Marley Spoon's reputation or performance could be adversely affected.

Marley Spoon also relies on social media and messaging services to communicate with its customers and potential customers. Changes to terms and conditions of these services or disruption of these services could limit Marley Spoon's promotional capabilities. There could also be a decline in the use of social networking services by customers and potential customers. Any of these events could restrict or limit Marley Spoon's ability to enhance the reputation and brand and continue to grow its business and customer base.

#### Suppliers of ingredients, including perishable products

Marley Spoon relies heavily on its suppliers for ingredients and depends on a limited number of suppliers for some of its key ingredients. These suppliers operate under contracts with short termination periods or verbal contracts with no express notice of termination requirements. If these suppliers terminate their relationships with Marley Spoon, cease operations during an order cycle or cause other disruptions, Marley Spoon may not be able to adjust its meal kits in time to deliver the desired quality and variety of products to customers which may adversely affect its performance and reputation. Further, if Marley Spoon is unsuccessful in selecting or finding reliable suppliers, fails to negotiate satisfactory pricing terms or ineffectively manages relationships with suppliers, Marley Spoon's operations and results may be adversely affected.

Delivery of meal kits to customers is a significant part of Marley Spoon's business and perishable products constitute a significant portion of Marley Spoon's meal kits. Errors, disruptions or inaccurate temperature control along the supply chain (including over the 'last-mile' to customers) may lead to spoiled products or food safety concerns or incidences. Incidences of this nature could have significant impact on the quality of meal kits, health or wellbeing of customers and harm Marley Spoon's reputation and/or have a material adverse effect on its operational and financial performance or position. Refer also to Section 5.2.11.

There is also a risk that Marley Spoon is not able to identify and maintain a sufficient number of product suppliers necessary to provide the desired products (including for example ethically sourced and organic ingredients). Many suppliers are local farmers whose production of perishable products is subject to seasonality and weather conditions. These conditions may impact a supplier's ability to supply a specific ingredient in the required quantity or at all. If this occurs, Marley Spoon's operations, financial performance and reputation may be adversely affected.

#### Other supply and service agreements to Marley Spoon

Marley Spoon's success, in part, depends upon its relationships with third parties which provide various goods and services required for its business, such as picking, packaging, delivery, software, programming and payment processing and data hosting services. In most cases, the contracts for the supply of these services can be terminated on short notice by either party and include fixed standard terms and conditions, warranties and indemnities in favour of the supplier. There is a risk that these third parties do not perform adequately, terminate their relationship with Marley Spoon, refuse to supply goods and services on commercially acceptable terms (or that alternative suppliers may be available at commercially acceptable terms), become insolvent, are acquired by a competitor or that losses may be incurred by the supplier and others which are the responsibility of Marley Spoon. If these

suppliers are acquired by a competitor, there is a risk that Marley Spoon may not be able to access the service beyond the duration of any existing contract with the supplier, potentially forcing the Company to change its supplier, and potentially packing arrangements, which may impact the Company's ability to deliver a seamless customer experience, at the same margin.

Marley Spoon also has a number of key contractual relationships, for example with MSLO and Amazon Fulfilment Services Inc. In the case of the Amazon contract, there are no minimum purchase obligations and Amazon could cease purchasing meal kits from Marley Spoon. If any of these key relationships are terminated or break down there is a risk that Marley Spoon may not be able to find a satisfactory replacement. In addition, Marley Spoon may enter into contracts that contain minimum fee requirements, for example the MSLO contract. There is a risk under these contracts that Marley Spoon is required pay such fees even if it is not receiving the expected or necessary returns under those contracts, particularly for a fixed term contract where Marley Spoon does not have early termination rights. Any of these circumstances may adversely affect Marley Spoon's business, including through increased costs or expenses or interruptions to its business (including delay or increased costs in the delivery of meal kits) and adversely affect its position, performance and reputation. Refer to Section 3.9.6 for further information regarding Marley Spoon's Australian Logistics Provider.

#### **Australian Logistics Provider**

In Australia, Marley Spoon has a single provider of chilled logistics services nationally with its Australian Logistics Provider who supplies goods from a variety of clients, including competitors. One of the substantial owners of the Australian Logistics Provider is currently considering a change of ownership of the Australian Logistics Provider. In addition to general risks associated with supply arrangements like those described above, there are risks to Marley Spoon if it purchases this logistics business, which it is considering, and risks if a competitor or another entity does (for example Marley Spoon believes that a competitor, HelloFresh, is exploring the opportunity to acquire the Australian Logistics Provider). These risks and further information in relation to the Australian Logistics Provider are described further in Section 3.9.6.

#### **MSLO Contract**

Marley Spoon's MSLO contract (refer to Section 3.9.2.3) contains certain provisions which may give rise to risks or adverse events for Marley Spoon. The initial term of this contract runs until December 2020 and Marley Spoon does not have express termination rights under it and is required to pay certain minimum payments to MSLO over the term (refer to Sections 3.9.2.3 and 4.4.3) regardless of the volume or profitability of the meal kits it sells in the United States. There is a risk that this association does not deliver financial benefits to Marley Spoon which are commensurate with these minimum payments. This may occur for example because of operational failure within Marley Spoon, failure of its strategy in the United States or from factors unrelated to Marley Spoon or outside of its control. The MSLO contract is subject to early termination (and/or non-extension) for various reasons, in particular where Marley Spoon products fail to comply with applicable standards or laws or are otherwise defective, or if certain minimum net sales objectives are not met. It is likely that such minimum net sales objectives will not be met in the future which would permit MSLO to end that contract after December 2018 if the parties do not agree to the form (and cost) of suitable revised terms. It is also possible Marley Spoon may enter into contracts with similar terms to the MSLO contract with other suppliers and in that case may face similar risks to those described above.

#### **5.2.3 Limited trading history**

Marley Spoon was founded in 2014. Given its limited trading history, it may be more difficult to fully and accurately evaluate its business, performance and prospects than would be the case for a long-established business. In addition, the business model that Marley Spoon employs is relatively new. It is therefore difficult to comprehensively assess the risks and challenges Marley Spoon may be exposed to and Marley Spoon's insurance program may not cover (or it may not be able to insure cost-effectively) all risks that Marley Spoon may be exposed to or experience. Marley Spoon is currently loss making. No assurance can be given that Marley Spoon will achieve its growth objectives, deliver expected returns or ultimately be profitable. The information surrounding the business model set out in Section 3 represents Marley Spoon's current plans and strategies for the growth of its business. Marley Spoon's ability to achieve its objectives relies on its ability to implement the proposed business plan and to respond in a timely manner to any unforeseen circumstances. Any failure to do so could have a material adverse impact on Marley Spoon's business, operating or financial performance.

## 5. RISKS Continued

### 5.2.4 Compliance with laws and regulations

Marley Spoon's entrepreneurial culture over its limited operational history has focused on its meal kits, manufacturing processes, supply chain, customer acquisition and service and other operational matters. While it is increasingly focusing attention on the development of internal compliance guidelines, manuals and procedures and its compliance and control environment, these may not currently be sufficiently sophisticated enough to ensure compliance with all relevant laws and regulations across all the jurisdictions it operates in (or to have ensured such compliance).

Accordingly, actions are likely to have been taken that were unintentionally not in compliance with all applicable laws and regulations (including in particular laws relating to employment terms and conditions, occupational health and safety and relating to intellectual property), and it is conceivable that actions should have been taken to comply with such legal and regulatory requirements and were not taken. In one case Marley Spoon was notified by authorities that it required a local licence to operate one of its manufacturing centres (which, in that case, was subsequently obtained without material impact on the business).

It is also possible that its developing compliance structures may not yet be or become sufficient to ensure that the business complies with all such applicable laws and regulations or enable the business to address the changing regulatory environment and any changing expectations from government regulators regarding its business model or that certain acts or omissions in the future otherwise result in a noncompliance with all applicable laws and regulations. In addition to operational legal and compliance requirements, listing a German company on the ASX will require the management and board to consider both German and Australian regulatory and governance issues which will add additional complexity to the company's compliance requirements. Any past or future violations of applicable laws and regulations may have a material adverse effect on our reputation, assets, financial condition, cash flows and operational outcomes.

There is also a risk that changes to the legal and regulatory environment which affects the business (including for example in the area of privacy and data regulation (as discussed in Section 5.2.9) and food and safety laws (as described in Section 5.2.11) may require the business to incur additional costs in order to comply with those laws and regulations.

The materialisation of any of the risks described above could have a material adverse effect on Marley Spoon's business, financial condition, cash flows, cost of customer acquisition, reputation and operational outcomes.

### 5.2.5 Reliance on key staff

Marley Spoon is reliant on the capabilities of a number of its key employees who have experience in, and knowledge of, the procurement processes and manufacturing techniques involved in the preparation of its meal kits. The loss of one or more of its key employees and any delay in their replacement may adversely impact the ability of Marley Spoon to implement its business and growth strategies. Most of Marley Spoon's senior staff (particularly those in the United States) are not required to give long notice periods if they wish to resign. Conversely, a number of Marley Spoon's executives are under unlimited contracts with 3 months' notice period or less. In addition, there is a risk that Marley Spoon may have difficulty sourcing and retaining appropriately qualified workers or other full time or casual labour for its manufacturing centres. There can be no assurance that Marley Spoon will be able to hire, integrate and retain key employees or, in the event that their employment is terminated, be able to replace them with appropriately qualified individuals in a timely manner. This could have a material adverse impact on Marley Spoon's business, operating or financial performance.

### 5.2.6 Availability and cost of labour

Various labour laws and regulations govern Marley Spoon's relationships with its employees and affect Marley Spoon's operating costs. Increases in labour costs generated by statutory and regulatory developments including increases in applicable industrial or enterprise arrangements or minimum wage requirements, as well as unionisation activities on the part of Marley Spoon's employees, could materially and adversely affect Marley Spoon's business, financial position and results. Employment and labour laws and regulations can be complex. Any disputes in relation to these matters, the appropriate terms of engagement of employees, necessary amendments to bring contracts into alignment with required positions and the wages that they are entitled to be paid, or a requirement to compensate employees for noncompliance with these laws and regulations or discriminatory practices in the past or increase of wages and conditions going forward could have a material adverse effect on Marley Spoon's performance.



### 5.2.7 The Marley Spoon brand portfolio may diminish in reputation and value

Marley Spoon's brands and related intellectual property are key assets. The reputation and value associated with the brand portfolio and related intellectual property could be adversely impacted by a number of factors, including, among other risk factors listed in this Section:

- failure to provide customers with the quality of service they expect;
- disputes or litigation with third parties, such as employees, suppliers and/or customers;
- failure to adequately protect Marley Spoon's intellectual property;
- failure to comply with legal and regulatory frameworks; and
- adverse media (including social media) coverage and/or research findings, in relation to Marley Spoon as well as its competitors and the industry more broadly.

Significant erosion in the reputation of, or value associated with, the Marley Spoon brand portfolio could have an adverse impact on consumer loyalty and retention, relationships with suppliers, and employee retention rates, all of which may adversely affect Marley Spoon's operational and financial performance.

In the United States, the Marley Spoon brand is closely associated to the Martha Stewart brand. Any damage to, or reduction in, Martha Stewart's brand or reputation (including if Martha Stewart ceases to be willing or able to support and develop her brand) may have negative implications for the Marley Spoon brand. The Marley Spoon brand may also be adversely affected if MSLO were to terminate or breach the license agreement with Marley Spoon or it is not renewed following the initial term. Refer also to Section 5.2.1.

Marley Spoon has launched a new brand in the United States and Australia, 'Dinnerly'. There is a risk that this new brand (and any future brands) may not be as attractive to customers as expected, which may have an adverse impact on Marley Spoon's business, financial performance and operations.

### 5.2.8 IT system risk

Marley Spoon relies on software and telecommunication systems to run its website, applications and internal operations. All customer ordering is conducted via online platforms and software systems. A material software malfunction, disruption or information technology (IT) security breach may adversely affect its business operations.

#### Protections against system failure and hacking

Marley Spoon systems testing (both internal and through external parties) may not be able to prevent system malfunctions or accurately assess the exposure of its IT systems to errors or viruses. Where such vulnerabilities are identified, Marley Spoon may not implement optimal strategies to prevent malfunctions.

There is no assurance that Marley Spoon's software and IT systems will not fail. While Marley Spoon seeks to implement various practices and policies to protect and strengthen its software and IT systems, these may not provide sufficient protection from malfunctions and/or cyber-attacks. Any failure of, or disruption to, Marley Spoon's software or IT systems may lead to significant downtime of its websites, apps and facilities. If Marley Spoon experiences a programming failure or other major IT system disruption, Marley Spoon may fail to restore or recover processes and information, be unable to deliver orders on time provide functioning websites and apps, or operate in an efficient manner more generally. These factors may cause economic loss and have a negative impact on Marley Spoon's performance and reputation.

#### Reliance on IT systems

Marley Spoon relies on technology and data to predict demand, determine the amount of ingredients and other supplies to purchase and arrange logistics. If Marley Spoon's technology platforms fail or generate inaccurate results, Marley Spoon could experience increased food waste or shortages, and inefficiencies throughout its supply chain. In addition, predictions based on historical data are inherently uncertain and unforeseen changes in consumer tastes or external events could result in material divergences from predictions, causing disruptions, increased costs and other adverse impacts on Marley Spoon's business. There is a risk that Marley Spoon's proprietary systems, (for example its menu & recipe management system) or developments to these systems and integrations with other IT solutions used in its business, fail, do not function as expected, require redevelopment (or further development) or replacement in the future, including to accommodate further growth in the business. There is also a risk that software and services provided by third party providers fail, prove less effective than expected, require replacement, become too expensive or otherwise cause loss of business to Marley Spoon. Marley Spoon may not be able to anticipate or address any of these events if they arise in a cost-effective manner, which may have an adverse effect on its ability to conduct its business and ultimately to its financial position or performance.

## 5. RISKS Continued

### New developments

There is a risk that Marley Spoon's competitive position may be threatened if it does not continually anticipate, and adapt to, technological developments. Marley Spoon may fail to improve its current apps and technological platforms and user interfaces (including for example home automation technologies) which may have an adverse impact on its competitiveness and ultimately its financial position and performance.

### Privacy/security

Marley Spoon may face IT security breaches and service disruptions due to hacking, viruses, fraud and malicious attacks, which may materially affect its business and reputation. The websites, networks, apps and other data systems through which Marley Spoon collects, maintains, transmits and stores information about its customers, suppliers and others, including confidential information, could be vulnerable to cyber-attacks. Marley Spoon also outsources certain IT functions to third-party service providers, which store, process and transmit proprietary, personal and confidential information on Marley Spoon's behalf. Furthermore, Marley Spoon relies on encryption and authentication technology licensed from third parties in order to securely transmit confidential and sensitive information, including credit card details. Marley Spoon and its service providers may not have the resources nor the technical sophistication to anticipate or prevent all types of attacks and techniques used to obtain unauthorised access to their systems. Marley Spoon cannot guarantee that inadvertent or unauthorised use or disclosure of confidential information will not occur, or that third parties will not gain unauthorised access to its IT systems or confidential information. The security measures put in place to secure and protect Marley Spoon's IT operations may prove insufficient. This exposes Marley Spoon to operational and incidental risks, which may not be covered by insurance. In addition, security breaches may occur as a result of non-technical issues, such as theft or fraud.

### 5.2.9 Protection of intellectual property

Marley Spoon relies on laws relating to intellectual property including copyright and trademarks to assist in protecting its proprietary rights. However, there is a risk that unauthorised use or copying of Marley Spoon's intellectual property (including in its data or software) will occur. In addition, there is a risk that the validity, ownership or authorised use of intellectual property relevant to Marley Spoon's business may be successfully challenged by third parties. This could involve significant expense and potentially the inability to use the intellectual property in question, and if an alternative cost-effective solution were not available, it may materially adversely impact Marley Spoon's financial position and performance. There is also a risk that Marley Spoon will be unable to register intellectual property or otherwise protect or stop competitors using new intellectual property it develops in the future. This may materially adversely impact Marley Spoon's revenue, legal expenses and profitability.

### 5.2.10 Government regulation of consumer privacy and use of data

Marley Spoon is subject to numerous regulations and laws, including some that specifically pertain to the marketing, sale and delivery of goods and services over the internet. Government regulation and oversight of e-commerce is constantly evolving and may change in a manner that is unfavourable to Marley Spoon. There is a risk that Marley Spoon will not always be in full compliance with all applicable laws and regulations.

There are a variety of federal and state laws and regulations that govern Marley Spoon's business activities in the jurisdictions in which they operate. In particular, the European Union enacted the General Data Protection Regulation (Regulation 2016/679/EU of the European Parliament and of the Council of 27 April 2016, the "General Data Protection Regulation") which came into effect on 25 May 2018 and imposes new and stricter conditions and limitations on the processing, use and transmission of personal data. As the regulation of privacy and data retention become increasingly stringent, there is a risk that Marley Spoon will not implement systems and procedures necessary to ensure full compliance with these requirements or that the systems and procedures necessary to satisfy those requirements prove costly and adversely affect Marley Spoon's position and prospects. There is also a risk that recent or future changes in consumer privacy, data protection or other laws may make customer acquisition and retention more expensive or less effective if Marley Spoon is limited or prevented from communicating with customers using the methods that it currently employs.

## 5.2.11 Food product contamination and compliance with legal and regulatory codes

### Spoiled goods

Perishable and fresh products constitute a significant proportion of the ingredients in Marley Spoon's meal kits. If Marley Spoon does not accurately anticipate the time it will take to obtain supplies or if it miscalculates customer demand, it may be unable to pack and ship inventory in a timely manner and perishable products may spoil, leading to substantial financial implications. In addition, if Marley Spoon fails to put in place adequate temperature control mechanisms, miscalculates delivery times, or accurately notify customers of anticipated delivery times (or even if customers do not pick up delivered goods and promptly refrigerate them), there is a risk that products may overheat and be rendered unsafe to consume. If spoiled products are delivered to customers, customers may contract foodborne illnesses, pandemics or parasites, or suffer other adverse side effects, injury or death. If any such event occurs (or is alleged), there is a risk that Marley Spoon may suffer reputational damage, a decrease in demand for Marley Spoon's products, operational disruptions, civil or criminal liability and sanctions and be subject to significant costs which may have an adverse effect on the Company's business, financial performance and operations.

### Contamination along the supply chain

Marley Spoon cannot guarantee that food safety training and controls along the supply chain will be fully effective in preventing all food safety issues associated with its food products. Contamination can be physical, chemical or biological and could potentially happen at any point of the supply chain. Potential physical contamination includes but is not limited to metal, glass, wood, hard plastic, rocks and parasites and may also be non-hazardous but undesirable foreign materials such as hair or dirt. Chemical contaminants can be present in foods mainly as a result of the use of agrochemicals, such as residues of pesticides and veterinary drugs, contamination from environmental sources (water, air or soil pollution), cross-contamination or formation during food processing, migration from food packaging materials, presence or contamination by natural toxins or use of unapproved food additives and adulterants. Biological hazards include microorganisms such as bacteria, viruses, yeasts and moulds – some of these are pathogens or may produce toxins.

In the case of a contamination or alleged contamination of an ingredient, Marley Spoon would potentially be required to recall certain products or meal kits. This may lead to reputational damage, a decrease in demand for Marley Spoon's products, operational disruptions, civil or criminal liability and sanctions and significant costs which may have an adverse effect on the Company's business, financial performance and operations.

### Mislabelling

Any packaging errors or mislabelling of ingredients could cause customers to suffer allergic reactions and other health concerns and lead to associated claims against Marley Spoon. Inadvertent errors or errors from suppliers, about the nature or quality of products supplied to customers could also expose Marley Spoon to disputes, litigation or other proceedings which could be costly or adversely affect Marley Spoon's reputation.

### Third parties

In addition, third party suppliers may fail to comply with food safety, temperature control and other requirements when handling or transporting Marley Spoon's products. Any such failure may increase the likelihood of contamination.

Any spoiled products, product recalls, mislabelling (as described above) or other health concerns that Marley Spoon is associated with, including where claims are merely alleged, may generate significant reputational damage, a decrease in demand for Marley Spoon's products, operational disruptions, civil or criminal liability and sanctions, and be subject to significant costs which may have an adverse effect on the Company's business, financial performance and operations.

### Outbreaks of disease generally

A number of outbreaks of disease and other health-related concerns have been, or have been perceived to be, associated with or caused by food products. Any similar outbreaks in the future, whether directly associated with Marley Spoon or not, could have a significant impact on customer preferences and spending and increase costs along Marley Spoon's supply chain. Further, the occurrence of food safety incidents may cause disruptions along the supply chain and impact the availability of certain ingredients. In addition, Marley Spoon's response to such potential outbreaks may be perceived as inappropriate or inefficient by customers and investors, particularly if such outbreaks occur in a jurisdiction in which Marley Spoon operates.

## 5. RISKS Continued

### Compliance

As a retailer of food products Marley Spoon is subject to numerous health and safety laws and regulations, which vary across the jurisdictions in which they operate. These include rules for labelling and disclosing the content of specific types of food, the nutritional value of that food and its serving size, as well as rules that protect against contamination of products by food borne pathogens. Compliance with these rules and regulations requires that Marley Spoon and its suppliers be informed of the ingredients and allergen content of meal kits, stay abreast of changes in the law, update its processes as required to ensure compliance with changing regulatory frameworks, and effectively manage its registration, licensing and reporting processes. Any failure by Marley Spoon to comply with the complex, and at times inconsistent, applicable legislation, regulations and other requirements across the jurisdictions in which it operates could have a material adverse effect on its business, including the ability to conduct its business from a specific location, and generate significant costs and legal liability.

Further, any failure by Marley Spoon to adhere to the numerous and potentially inconsistent registration, licensing and reporting requirements that govern its facilities and operations could materially adversely affect its business, financial condition and operational outcomes.

In addition, the cost of compliance with health and safety laws and regulations may cause Marley Spoon and its suppliers to incur significant costs, reputational damage, sanctions, operational disruptions and inefficiencies.

#### **5.2.12 Food costs volatility and changes in availability could materially adversely affect business**

There is a risk that the cost of Marley Spoon's inputs and operations may increase as a result of factors beyond Marley Spoon's control, such as general economic conditions, market movements, increased competition, inflation, seasonal fluctuations, shortages or interruptions, weather conditions, climate change, consumer demand, food safety concerns, changes in the regulatory environment and products recalls. Prices of produce fluctuates depending on general conditions, season and demand, and there is a risk that certain produce will become scarce. While Marley Spoon is able to adapt its menus each week, there is risk that Marley Spoon may not respond and adapt in a timely and cost-efficient manner. Any increases in costs that Marley Spoon were unable to pass on to customers could adversely affect its margins, performance and position.

#### **5.2.13 Marley Spoon may fail to recoup the investments made into their manufacturing centres**

Marley Spoon controls its manufacturing centres and has invested significant resources into developing the capabilities and functionality of each of its sites. Any factor inhibiting the ability of Marley Spoon to manage its manufacturing centres in an efficient and successful manner could generate increased costs and other adverse effects. In addition, there is a risk that Marley Spoon has overestimated the fulfilment capacity required to accomplish its continued growth. Marley Spoon leases the sites on which its manufacturing centres are located. Leases for certain sites expire during the forecast period and Marley Spoon is planning to relocate its Berlin and Bronx manufacturing centres to new sites (in the same town or region as currently located). There is a risk that Marley Spoon may face increased costs in renegotiating leases for its sites or material disruption to its business if it is required to or chooses to move location, in addition to increased costs.

#### **5.2.14 Managing future growth**

If Marley Spoon does not skilfully and effectively manage future growth it experiences, there is a risk that it will not maintain or improve its competitive position, satisfy customers or offer high quality products in a cost-effective manner or at all.

- Growth of Marley Spoon will place significant demands on the existing management team and employees across the various specialisations of Marley Spoon.
- To facilitate and leverage growth, Marley Spoon will need to find, attract and retain suitable personnel with a range of skills and expertise. However, it may not be possible to hire a sufficient number of qualified employees in a timely manner.
- Growth is likely to require an expansion and improvement in Marley Spoon's operational, IT, financial, compliance and management controls, which may be costly. As Marley Spoon expands, it may be required to expand and improve its manufacturing centres and equipment. Marley Spoon may not be able to locate suitable facilities and equipment on commercially acceptable terms in a timely and cost-efficient manner. Any delays or other hurdles faced when carrying out expansion plans could result in opportunity costs and operational inefficiencies, which could impact customers, for example in the form of delayed deliveries. It is also possible that Marley Spoon will be required to increase its capital expenditure more than anticipated in order to carry out future expansion plans.

- Expansion of the Marley Spoon business will also require Marley Spoon to enhance its supply chain, in particular, finding suitable suppliers of food produce to meet Marley Spoon's requirements. There is a risk that suppliers are unable to meet these enhanced requirements, which may negatively impact Marley Spoon operations.
- Introducing new products or varying existing products may involve significant risks and uncertainties, including risks related to the market reaction to these products, increased operational complexity, challenges in implementing these products or enhancements, increased pressure on our internal resources (including an impairment of our ability to predict demand) and negative publicity in the event these products are perceived to be unsuccessful. In addition, introducing new products and varying existing products may involve significant capital investment which may not prove to be justified. Any of the foregoing risks and challenges could materially adversely affect our ability to attract and retain customers and predict operating results, and could materially adversely affect Marley Spoon's business, financial condition and operating results.
- Marley Spoon may not be able to establish or maintain an efficient system of internal controls over financial reporting, and its internal reporting and/or risk management procedures may not be adequate to meet the needs of their growing business.

#### **5.2.15 Risk associated with expansion into new and adjacent markets**

Marley Spoon's geographic reach exposes it to a variety of economic, political and social conditions in each of the jurisdictions in which it operates. If it expands into new geographies, there is a risk that Marley Spoon would be vulnerable to a wide range of challenges, unforeseen costs and ultimately failed investments. There is also the risk that expansion into new markets may not produce the results required by Marley Spoon in the time required and result in Marley Spoon ceasing to operate in that market as it chose to do in the UK in 2016 (where unit economics were, while encouraging, not as strong as those the business was experiencing in other markets).

If Marley Spoon expands its operations into adjacent markets (for example, alcohol delivery) and/or new geographic markets, its obligations under the various legal and regulatory regimes may become increasingly complex, and potentially conflicting. If Marley Spoon were to expand into new geographies, it may also be exposed to risks due to unfamiliarity with the relevant markets and legal systems, potentially leading to misinterpretation and/or non-compliance with laws and regulations.

Marley Spoon is actively considering expanding its operations through the potential acquisition of key suppliers and/or logistics providers in its supply chain, which may result in it being a provider of services such as logistics to its competitors in that market. There is a risk that one or more of these competitors may decide to completely stop or reduce its usage of that service, having been acquired by Marley Spoon, which may adversely financially impact the Company in such a situation.

Further, as the Marley Spoon business model seeks to change the buying habits of consumers, there is a risk that it may misjudge its potential for success in a certain geography, for example due to a lack of familiarity with cultural and social norms.

#### **5.2.16 Failure to attract new or retain existing customers**

Marley Spoon's business model is reliant on its ability to retain existing customers and attract new customers in a cost-effective way. A key focus of the business is to attract and retain customers, particularly during the first 3-6 months of trying a meal kit service. As many of Marley Spoon's new customers are referred to Marley Spoon by existing customers, it is especially important to keep existing customers satisfied. If customers (including new customers) do not perceive Marley Spoon's products to be of sufficient value, quality, and utility and an appropriate alternative to the previous habits, or if Marley Spoon fails to develop new and relevant products, it may not be able to attract, engage and retain customers.

#### **Marketing**

Marley Spoon has invested in advertising and other marketing activities across a variety of channels, in order to promote its brand. There is a risk that Marley Spoon could fail to realise the value of this investment if marketing strategies are misguided, for example due to a lack of understanding of customer preferences, eating habits, trends or cultural norms. There is also a risk that due to operational and financial considerations, Marley Spoon will be required to reduce its investment in marketing, which could have a material adverse impact on its ability to acquire, retain and engage customers. It is possible that Marley Spoon may not correctly balance its marketing activities across different advertising channels or change the mix of advertising channels which may affect the quality of its customer acquisition and retention which may adversely impact the business, financial performance and operations of Marley Spoon.



## 5. RISKS Continued

If Marley Spoon is unable to acquire new customers cost-effectively, retain its existing customers or keep existing customers engaged, its business, financial condition and operating results could be materially adversely affected. There is a risk that attracting and retaining new customers who value Marley Spoon's products and consider those products an appropriate alternative to their previous cooking habits proves to be more costly than estimated which may have an adverse effect on the Company's business, financial performance and operations.

### External factors

The success of Marley Spoon's growth strategy depends on several external factors, some of which are beyond its control. Any deterioration of economic conditions and the resulting effect on customer spending may harm the Marley Spoon business and operational outcomes. If Marley Spoon fails to adequately address the environmental (for example, recycling) and social concerns of its customers, there may be a decrease in demand for its products. Any inability or difficulty in attracting new customers or retaining existing customers would have an adverse impact of Marley Spoon's profitability in the future. There is also a risk that Marley Spoon fails to attract, retain and engage customers, particularly longer-term customers, in a cost-effective manner. It is possible that new customers may not follow the same general behaviours and preferences of existing customers which may have an adverse impact on Marley Spoon's ability to predict future customer numbers and other metrics, plan and implement its strategies and lead to lower customer retention and growth than expected. Further, there can be no assurance that Marley Spoon's growth will be sustainable and that it will experience growth in the future.

### 5.2.17 Requirement of further funding and ability to access debt and equity markets

At the current time Marley Spoon is loss making and is not cash flow positive. Although the Company considers that Marley Spoon will, on Completion, have sufficient capital to carry out its stated objectives, there can be no assurance that such objectives can be met without further funding. In the future, Marley Spoon could be required to raise capital through public or private financing or other arrangements. The Company's ability to raise additional funds will be subject to, among other things, factors beyond the control of the Company and the members of the Supervisory Board and Management Board, including cyclical factors affecting the economy and the share markets generally. Private financing may not be available on acceptable terms, or at all, and a failure to raise capital when needed could harm Marley Spoon's business and prospects. If Marley Spoon cannot raise funds on acceptable terms, it may not be able to sustain its operations or grow its business or respond to competitive pressures.

Marley Spoon may rely on debt funding to help fund its business operations in the future. If debt financing is used in the future, Marley Spoon will face refinancing risk if it is unable to refinance its debt when it falls due. If this occurs, the terms available to Marley Spoon (including in relation to pricing) on refinancing with a new debt facility may not be as favourable as those under its existing debt facilities at the time and, if there is a deterioration in the level of debt market liquidity, this may prevent Marley Spoon from being able to refinance some of all of its debt.

### 5.2.18 German incorporation

Marley Spoon is incorporated and registered in Germany and its corporate affairs and the rights of shareholders will be governed by, among other things, Marley Spoon's Constitution and the German Stock Corporation Act (*Aktiengesetz*). German laws relating to the protection of the interests of minority shareholders and the fiduciary responsibilities of directors differ from Australian laws. In particular, shareholders of German stock corporations do not generally have rights to take action against directors or officers of German stock corporation, and may only do so in limited circumstances.

As Marley Spoon is incorporated under German law, it is not subject to the Australian Corporations Act provisions that may protect the interests of shareholders where a person seeks to acquire a substantial interest in, or control of, Marley Spoon. As Marley Spoon is currently not listed at a German stock exchange, it is also not currently subject to an equivalent regime under German law and there are presently no requirements under any German laws or regulations of general application requiring persons who acquire significant shareholdings in Marley Spoon to make takeover offers for its CDIs or shares. (Marley Spoon is also unable under German law to incorporate into its Constitution equivalent shareholder protection provisions.) There is a risk that without such a regime, transactions involving substantial or control holdings may occur without all CDI Holders or shareholders being notified of those changes or necessarily having the opportunity to participate in the sale nor receive a premium payment for CDIs and/or shares that they may wish to sell. In addition, the lack of an applicable takeovers regime may make it difficult for a potential bidder to complete a control transaction or acquire the entire company if it is unable to bring Marley Spoon and/or its CDI Holders or/and shareholders within a regime that would compel minority shareholders to sell their CDIs or shares.



Further, certain other provisions of the Corporations Act will not apply to Marley Spoon, including in relation to financial assistance, related party transactions and voting on remuneration reports. In addition, any claim against Marley Spoon for a contractual breach of its Constitution would need to be brought in Germany. Any such claim would be contractual in nature and would therefore not have the same level of enforceability as a claim under the Corporations Act. There is therefore a risk that CDI Holders and shareholders would not benefit from the same level of protection under German law as under the Corporations Act. As a result of Marley Spoon being incorporated in Germany, it may also be difficult for investors to effect service of process upon Marley Spoon within Australia. While there is a mechanism for enforcing judgements through the German Code of Civil Procedure (*Zivilprozessordnung*), there may be circumstances in which the relevant legislation does not apply to certain judgements obtained in the courts of Australia, making such judgements difficult to enforce against Marley Spoon.

## 5.3 GENERAL RISKS

### 5.3.1 Economic and government risks

The future viability of Marley Spoon is dependent on a number of other factors affecting performance of all industries and listed entities, which may result in fluctuations in the CDI price that are not explained by the fundamental operations and activities of Marley Spoon. These include, but are not limited to:

- the strength of the equity and share markets in Australia and throughout the world, and in particular investor sentiment towards the meal kit delivery sector;
- general economic conditions in jurisdictions in which Marley Spoon operates, including unemployment rates, commodity and oil prices, and changes to government fiscal, monetary or regulatory policies, taxation, legislation or regulation;
- movement in, or outlook on, interest rates and inflation rates in jurisdictions in which Marley Spoon operates;
- recommendations by brokers or analysts;
- inclusion in, or removal from, market indices;
- global hostilities, tensions, and acts of terrorism;
- natural disasters, social upheaval or war in jurisdictions in which Marley Spoon operates; and
- general operational and business risks.

Marley Spoon is also indirectly subject to inherent risks arising from the state of the global financial markets. After mid-2008, the global economy experienced a period of significant turbulence and uncertainty which triggered widespread problems including recessionary conditions and trends in many economies around the world. The widespread deterioration in these economies adversely affected, among other things, government spending, consumer confidence, levels of employment, sales volumes and interest rates. Financial turbulence may re-emerge or ongoing progress towards a return to more normal economic conditions patterns may fail.

Any of the factors described above could have a material adverse impact on Marley Spoon's business, financial performance and operations, and may cause the CDIs to trade at prices below the price at which the CDIs are being offered under this Prospectus. There is no assurance that the price of the CDIs will increase following quotation on the ASX, even if Marley Spoon earnings increase.

### 5.3.2 Liquidity of CDIs

The CDIs will only be quoted on ASX and will not be available for trading on any other securities exchange. As such, there can be no guarantee that an active market will develop or continue, or that the price of the CDIs will increase. If a market does not develop or is not sustained, it may be difficult for investors to sell their CDIs. Furthermore, the market price for CDIs may fall or be made more volatile because of relatively low volume of trading in Marley Spoon's securities. When trading volume is low, significant price movement can be caused by trading in a relatively small number of CDIs. If illiquidity arises, there is a risk that investors will be unable to realise their investment in Marley Spoon.

The Escrowed Investors will hold approximately 64% of the CDIs following Completion, as discussed in Section 6.5, which may have an impact on liquidity.

## 5. RISKS Continued

### 5.3.3 Price of CDIs may fluctuate

The price of the CDIs may rise or fall in relation to the Offer Price due to a number of factors, and investors who decide to sell their CDIs after Marley Spoon is admitted to ASX may not receive the full amount of their original investment. Some of the factors which may affect the price of CDIs include fluctuations in the domestic and international market for listed stocks, general economic conditions, including interest rates, inflation rates, exchange rates, commodity and oil prices, changes to government fiscal, monetary or regulatory policies, legislation or regulation, inclusion in or removal from market indices, the nature of the markets in which Marley Spoon operates and general operational and business risks. Other matters which may negatively affect investor sentiment and influence Marley Spoon specifically or the stock market more generally include acts of terrorism, an outbreak of international hostilities or fires, floods, earthquakes, labour strikes, civil wars and other natural disasters. Following the end of the relevant escrow period, a significant sale of CDIs by Escrowed Investors, or the perception that such sales might occur, could adversely affect the market price of CDIs.

### 5.3.4 Foreign exchange risks

Marley Spoon's operating activities in the United States are denominated in U.S. dollars and in Australia are denominated in Australian dollars, whereas the Company reports in Euros. As a result of the use of these different currencies, the Company is subject to foreign currency fluctuations which may materially affect its financial position and operating results. Refer for example to Table 4 in Section 4.3.2 for the Company's revenue and revenue growth rates in local or constant currency. In each region the Company operates, it mostly earns revenue and incurs expenses in the local currency, which limits this exposure to some extent, as can be seen in Section 4.9 which outlines the sensitivity to U.S. and Australian dollar movements.

The CDIs will be listed on the ASX and priced in Australian dollars. However, the Company's reporting currency is Euros. As a result, movements in foreign exchange rates may cause the price of the Company's securities to fluctuate for reasons unrelated to the Company's financial condition or performance and may result in a discrepancy between the Company's actual results of operations and investors' expectations of returns on securities expressed in Australian dollars.

In addition, if a dividend is paid by the Company in the future, this dividend will be denominated in Euros. As such, by an investor whose principal currency is not Euros will be exposed to foreign currency exchange rate risk. Any depreciation in the value of the Euro in relation to such foreign currency will reduce the value of any such dividends in relation to such foreign currency.

### 5.3.5 Tax residency

As a company registered in Germany, Marley Spoon is considered a non-resident for Australian income tax purposes, based on an existing assessment of the place of effective management of the Company being in Germany. This assessment is an ongoing test and there is a risk that in the future Marley Spoon could be considered an Australian tax resident, resulting in certain taxing events (for example, deemed disposal of assets from a German tax perspective and forfeiture of carry forward tax losses which may otherwise be available to the Company), which may have a material adverse effect on the on the financial performance and operations of the Company.

### 5.3.6 No guarantee that dividends will be declared in the future

Marley Spoon believes there are attractive investment opportunities for the business as outlined in Section 3.11 which require capital. The Company does not intend to pay a dividend following Completion in respect of CY2018F and the current intention of the board is that no dividend will be paid in the foreseeable future. An investor's ability to achieve a return on their investment in Marley Spoon will therefore depend on the market price of the CDIs and their ability to sell their CDIs. In the long term, the amount of any future dividends declared by Marley Spoon are generally subject to the discretion of the Management Board and the Supervisory Board and will depend upon, among other things, the applicable provisions of German company law, Marley Spoon's earnings, financial position, tax position, capital requirements, general economic conditions and other factors the Management Board and the Supervisory Board deem significant from time to time.

Under the German Stock Corporation Act (*Aktiengesetz, AktG*), a company can only pay dividends to the extent it has distributable profits. This distribution of a dividend also requires the approval of shareholders at a general meeting. Subject to certain minimum dividend requirements pursuant to German statutory law, which, however, may not be applicable, Marley Spoon may not pay dividends if the Management Board and the Supervisory Board determines, for example, that it would not be in the best interests of Marley Spoon to pay a dividend. In addition, given a portion of Company's earnings are generated outside Australian, any future dividends may be partially franked or not franked at all, subject to Marley Spoon's franking credit balance.

### 5.3.7 Risk of dilution

In the future, Marley Spoon may elect to issue new securities to fund or raise proceeds to deliver its strategy, fund acquisitions, repay debt, or another reason. In cases, shareholder approval is not required under applicable laws to do this. It may also issue new securities under incentive plans.

While Marley Spoon will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12-month period (other than where exceptions apply), shareholder and CDI Holder interests may be diluted as a result of such issues of securities.

### 5.3.8 Taxation consequences for CDI Holders

The acquisition and disposal of CDIs will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in Marley Spoon are urged to obtain independent financial advice about the consequences of acquiring CDIs from a taxation point of view.

To the maximum extent permitted by law, Marley Spoon, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of applying for CDIs under this Prospectus.

### 5.3.9 Future changes in tax legislation

Further, any change (including a change in interpretation) in tax legislation, including, but not limited to, the imposition of new taxes or increases in tax rates, or and change in the tax treatment of assets or liabilities held by Marley Spoon may have a material adverse impact on Marley Spoon's business, financial performance and operations.

### 5.3.10 Litigation risk

Marley Spoon may be subject to litigation or other proceedings in the course of its business including employment disputes, contractual disputes, intellectual property disputes, indemnity claims, occupational and personal claims, which could be costly, disrupt its business operations and cause damage to its reputation.

### 5.3.11 International Financial Reporting Standards

Marley Spoon reports under the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The IFRS are set by the International Accounting Standards Board (IASB) and adopted by the EU, and are outside of the control of either Marley Spoon or the members of the Supervisory Board or Management Board. The IASB may introduce new or refined IFRS at any time, which may affect the future measurement and recognition of key income statement and balance sheet items, including revenue and receivables.

There is also a risk that interpretation of existing IFRS may differ. Changes to the IFRS issued by the IASB and adopted by the EU or changes to the commonly held views on the application of those standards could materially adversely affect the financial performance and position reported in Marley Spoon's consolidated financial statements.

### 5.3.12 Transfer Pricing

Marley Spoon undertakes a number of related-party transactions in the various tax jurisdictions in which it operates. These are generally required to be on arm's length terms for transfer pricing purposes. The position and pricing applied in respect of these related party transactions may be subject to challenge by the local revenue authorities giving rise to additional taxation in those jurisdictions.

### 5.3.13 No guarantee in respect of investment

The above list of risk factors is not an exhaustive list of the risks faced by Marley Spoon or by the investors in Marley Spoon. The above factors, and others not specifically referred to above, may materially affect the business, operations and financial performance of Marley Spoon, and the value of the CDIs under the Offer. The CDIs issued under the Offer carry no guarantee in respect of profitability, dividends, return of capital or the price at which they may trade on the ASX. In addition, past performance and the Forecast Financial Information provides no indication or guarantee of Marley Spoon's performance in the future.

Furthermore, there is no guarantee that the CDIs will remain continuously quoted on the ASX, which could impact the ability of CDI Holders to sell their CDIs. Prospective investors should consult professional advisers before deciding whether to apply for CDIs under the Offer.

# 6.

## KEY PEOPLE, INTERESTS & BENEFITS





## 6. KEY PEOPLE, INTERESTS & BENEFITS

### 6.1 BOARDS AND SENIOR MANAGEMENT

#### 6.1.1 Introduction

As a German stock corporation established under the German Stock Corporation Act (*Aktiengesetz, AktG*), the Company has a Supervisory Board and a Management Board. These boards are separate and an individual may not be a member of both. Sections 6.7.1 and 6.7.2 contains further information regarding the roles and responsibilities of these boards.

The composition of the board committees and details of the Company's key corporate governance policies are set out in Sections 6.7.3 and 6.7.4.

Each member of the Supervisory Board and Management Board has confirmed to the Company that they anticipate being available to perform their duties as a member of the Supervisory Board or the Management Board, as applicable, without constraint from other commitments.

The Supervisory Board has considered the Company's immediate requirements as it transitions to an ASX-listed company and believes that the members of the Supervisory Board and Management Board bring relevant experience to those boards (including industry and business knowledge, financial management and corporate governance experience), and that the composition of those boards represents an appropriate range of experience, qualifications and skills.

#### 6.1.2 Supervisory Board

Profiles of each member of the Supervisory Board are set out below:



##### **Deena Shiff**

*Chair and non-executive*

Deena was appointed Independent Chairman of the Supervisory Board of the Company in June 2018.

Deena is currently Chairman of BAI Communications as well as a Non-Executive Director of Appen and Infrastructure Australia. She is also on the Boards of not for profit organisations including CRC Alertness Safety and Productivity (Chair) and Opera Australia. Deena was until February 2018 on the board of the Citadel Group where she chaired the Audit and Risk committee.

Deena was the first woman 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).

## 6. KEY PEOPLE, INTERESTS & BENEFITS Continued



### **Patrick O'Sullivan**

*Non-executive*

Pat was appointed to the Supervisory Board of the Company in June 2018.

Pat has broad online digital experience across a number of businesses and industries in operating and finance leadership roles. His previous roles include chief operating officer and chief financial officer of PBL Media Pty Ltd/Nine Entertainment Co Pty Ltd, chief operating officer of Publishing & Broadcast Ltd. (PBL), and chief financial officer of Optus Pty Ltd.

Pat currently sits on the boards of Carsales.com Ltd, iSentia, APN Outdoor, Healthengine and Little Company of Mary Healthcare. Prior to this, he served as a Director of iiNet, Lux Group, Local Agent Finder and iSelect.

Pat is a qualified chartered accountant and is a Member of the Institute of Chartered Accountants (Ireland and Australia). He is a graduate of the Harvard Business School Advanced Management Program.



### **Kim Anderson**

*Non-executive*

Kim 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 and WPP AUNZ, a director of the Sax Institute and a former director of Billabong International Limited.

Kim has worked for a variety of book publishers and media proprietors, including John Fairfax and Sons, Publishing and Broadcasting Limited, HarperCollins New York, the Nine Television Network and was 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).



### **Christoph Schuh**

*Non-executive*

Christoph 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. Christoph has been a co-founder and on the management board of Tomorrow Focus AG, an internet portfolio player listed on the Frankfurt Stock Exchange. 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.





The following is additional information about Kim Anderson and The Reading Room, Inc., which provided a recommendation, discovery and e-commerce platform for books. Kim Anderson was an executive director and CEO of The Reading Room, Inc. until May 2016, at which time she resigned from those positions. In 2016, The Reading Room, Inc.'s senior lender acquired all of The Reading Room, Inc.'s assets in a managed foreclosure sale in May 2016, and having regard to the businesses' capital requirements while still in pre-profit phase, a corporate reorganisation was undertaken with Kim forgiving her debt and redistributing equity, pro rata, that she would have otherwise received in Reading Room, Inc., to existing shareholders of The Reading Room, Inc. Senior lenders and other creditors received equity, were paid in full or retained their existing loans as part of the above and no entities were placed into involuntary administration or liquidation. The Reading Room, Inc. was wound up and a new company named Bookstr was created, which continues to trade.

The other members of the Supervisory Board do not believe that this matter is material to or indicative of the future performance of Kim in her duties as a member of the Supervisory Board or the future performance or prospects of Marley Spoon.

### 6.1.3 Management Board

Profiles of each member of the Management Board are set out below:

	<p><b>Gilbert Fabian Siegel</b>  <i>Chief executive officer (CEO) and co-founder</i></p> <p>Fabian co-founded Marley Spoon in May 2014 and is the current Chief executive officer of the Company.</p> <p>Fabian has an entrepreneurial background, having co-founded global online restaurant food deliver 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 &amp; COO of browser technology company (Kikin Inc. in 2009).</p> <p>Immediately prior to Marley Spoon, Fabian was a Partner at Global Founders Capital, a shareholder of Marley Spoon.</p> <p>Fabian is responsible for building company culture, hiring talent and investor relations.</p>
	<p><b>Julian Lange</b>  <i>Chief financial officer (CFO)</i></p> <p>Julian joined the Company as CFO in November 2014.</p> <p>Julian's responsibilities as CFO at Marley Spoon include accounting, controllership and financial reporting, analysis and planning.</p> <p>Prior to Marley Spoon, he spent 10 years at General Electric in various Finance roles across multiple industries in both the United States and Europe, concluding with the CFO role at GE Gas Engine Services in Austria.</p>

Further information on the terms of employment of the members of the Management Board is set out in Section 6.2.3. This includes a summary of their compensation arrangements, entitlements and notice and termination provisions.

## 6. KEY PEOPLE, INTERESTS & BENEFITS Continued

### 6.1.4 Other senior management

Marley Spoon's senior management team includes the following employees. Further information on their terms of employment is set out in Section 6.2.4.



**Till Neatby**

*Co-founder & head of food safety and quality*

As Head of Food Safety and Quality Assurance Till is responsible for ensuring Marley Spoon's processes deliver quality product to maximize customer satisfaction. He brings over 15 years of entrepreneurial and managerial experience mainly within the food industry. Prior to Marley Spoon he worked as venture partner for Atlantic Labs.



**Ralph Siegel**

*Managing director - Europe*

Ralph leads the European operations, covering recipe development, procurement, production and supply chain. Prior to Marley Spoon, Ralph held various supply chain positions at Amazon, Metro Group and Walmart.



**Rolf Weber**

*Managing director - Australia*

As Managing Director and Co-Founder of Marley Spoon Australia, Rolf is responsible for Australian business development, operations and team. He brings extensive experience of scaling e-commerce operations as Co-Founder and Managing Director of Brands Exclusive, and has worked prior to this as Management Consultant with PwC and Sales Manager at Ikea amongst other appointments.



**Shannon Sawyer**

*Managing director - United States*







As Managing Director of Operations for Marley Spoon United States, Shannon is responsible for leading the United States operations, covering recipe development, procurement, production, and supply chain. Prior to joining, Shannon was an Implementation Leader at McKinsey & Company. She began her career with GE Aviation, where she held a variety of roles in industrial procurement, supply chain, and manufacturing operations.



**Joerg Braner**

*Chief technology officer (CTO)*

As CTO, Joerg is responsible for IT applications of Marley Spoon heading the Product and Engineering department at Marley Spoon. He brings in extensive experience as a Vice President in managing product development departments in startups as Babel and ICW, and amongst others fielded positions at Siemens Mobility and IBM.

	<p><b>Katalin Fritz</b>  <i>Head of global customer communications and outbound sales</i></p> <p>As Head of Customer Communications Katalin is responsible for Customer Service and Sales operations globally.</p> <p>Prior to Marley Spoon Katalin was Head of Customer Service Quality Assurance at Amazon, Head of EMEA Commercial Database and Sales Support at Avis Budget Group and Operations Director at TLC Marketing.</p>
	<p><b>Maria Siedlaczek</b>  <i>Global head of culinary</i></p> <p>As Global Head of Culinary, Maria drives all aspects of the culinary operations at Marley Spoon. Prior to Marley Spoon, Maria was the General Manager of Kitchensurfing in Berlin, responsible to grow the local business development and managing 120 chefs.</p>
	<p><b>Jennifer Aaronson</b>  <i>Culinary director - United States</i></p> <p>As Culinary Director and Co-Founder of Marley Spoon United States, Jennifer leads all culinary content and recipe development for the United States market. Prior to Marley Spoon, Jennifer worked for Martha Stewart Living Omnimedia as the VP, Editorial Director of Food &amp; Entertaining for 14 years, overseeing all food-related content and styling for multiple magazines, books, blogs, and TV and radio shows.</p>
	<p><b>Jonas Erich</b>  <i>Chief marketing officer (CMO)</i></p> <p>As CMO, Jonas is responsible for global acquisition and retention activities at Marley Spoon. Previously he headed International Marketing at Delivery Hero, amongst other positions in food and tech.</p>
	<p><b>Cindy Rubbens</b>  <i>Head of global culture and people operations</i></p> <p>As Head of Culture and People Operations, Cindy is responsible for culture development and HR processes. Prior to Marley Spoon, Cindy was the Head of HR at DaWanda GmbH, payleven Holding and Mendeley Ltd.</p>
	<p><b>Dr. Mathias Hansen</b>  <i>General counsel</i></p> <p>Mathias joined Marley Spoon as general counsel in January 2018 and has been appointed to act in a company secretarial role to support the Supervisory Board and Management Board. Prior to Marley Spoon, Mathias was a corporate law attorney with a leading international law firm with US origins and a global footprint. Over the past 10 years Mathias gained in-depth knowledge and experience in national and cross-border M&amp;A transactions.</p>

## 6. KEY PEOPLE, INTERESTS & BENEFITS Continued

### 6.2 INTERESTS AND BENEFITS

This Section 6 sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

- director or proposed director of the Company;
- person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of the Company; or
- underwriter to the Offer or financial services licensee named in this Prospectus as a financial services licensee involved in the Offer,

holds as at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion; or
- the Offer,

and no amount (whether in cash, Shares, CDIs or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any such person for services in connection with the formation or promotion of the Company or the Offer or to any director or proposed director to induce them to become, or qualify as, a director.

#### 6.2.1 Interests of advisers

The Company has engaged the following professional advisers named in this Prospectus in relation to the Offer:

- Macquarie Capital (Australia) Limited and Canaccord Genuity (Australia) Limited have acted as Joint Lead Managers to the Offer. The Company has agreed to pay the Joint Lead Managers the fees described in Section 9.9 for these services;
- Clayton Utz has acted as Australian legal advisor to the Company in relation to the Offer. The Company has paid, or agreed to pay, up to approximately A\$1,000,000 (excluding GST) for these services up until the Prospectus Date. Further amounts may be paid to Clayton Utz for other work in accordance with its normal time-based charges;
- GLNS has acted as German legal advisor to the Company in relation to the Offer. The Company has paid, or agreed to pay up to approximately A\$996,800 (excluding value added tax) for these services up until the Prospectus Date. Further amounts may be paid to GLNS for other work in accordance with its normal time-based charges;
- Sherpa Capital has acted as financial adviser to the Company in relation to the Offer. The Company has agreed to pay Sherpa Capital approximately A\$60,000 (excluding GST) and issue to it or its nominee 28,000 CDIs (as part of the remuneration) on Completion for work performed by it in connection with the Offer;
- PricewaterhouseCoopers Securities Ltd has acted as the Investigating Accountant, and performed work in relation to, the Financial Information included in Section 8 and its Independent Limited Assurance Report included in Section 8. The Company has paid, or agreed to pay, approximately A\$600,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to PricewaterhouseCoopers Securities Ltd for other work in accordance with its normal time-based charges; and
- PricewaterhouseCoopers carried out tax due diligence in relation to the Offer. The Company has paid, or agreed to pay, fees of approximately A\$250,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to PricewaterhouseCoopers in accordance with its normal time-based charges.

These amounts, and other expenses of the Offer, will be paid by the Company out of funds raised under the Offer or available cash. In addition, the Company has agreed to pay further amounts to advisers and third parties for advice or services in relation to the Company and its subsidiaries, and certain preparatory matters carried out prior to the Offer which will be paid out of funds raised under the Offer available cash. Further information on the use of proceeds and payment of expenses of the Offer is set out in Section 7.1.2.

### 6.2.2 Interests and remuneration of members of the Supervisory Board

The members of the Supervisory Board have been elected to that position by the Existing Investors for a period terminating at the end of the Company's general meeting in CY2021 (**Supervisory Board Initial Term**). Members may resign and stand for re-election prior to that date, for example to assist the Company to comply with the director rotation requirements under of the ASX Listing Rules.

The terms of appointment and entitlements to remuneration of the members of the Supervisory Board are set out in the Constitution and appointment letters with the Company which were entered into prior to the Prospectus Date.

#### Remuneration

The remuneration of the members of the Supervisory Board has to be either set-out in the Constitution or be resolved upon by a resolution of the general meeting. Under the ASX Listing Rules, the total amount paid to all members of the Supervisory Board, for their services as members of the Supervisory Board, must not exceed in aggregate in any financial year the amount resolved by the shareholders in general meeting (currently €500,000 (A\$800,000)).

Pursuant to the resolution adopted by the general meeting prior to the Prospectus Date, the Chairman and other members will be entitled to receive base compensation of A\$130,000 and A\$80,000, respectively, per annum during the Supervisory Board Initial Term. Further, the chair of the Audit & Risk Management Committee and the chair of the Remuneration & Nomination Committee will each be entitled to receive additional compensation of A\$20,000 per annum during the Supervisory Board Initial Term.

During the Supervisory Board Initial Term, the Members will receive 50% of their base compensation in Shares (calculated at the Offer Price and issued to the respective member for a subscription price of €1.00) and the remainder in cash. Shares in respect of the entire Supervisory Board Initial Term will be issued to members upon Completion, but if the member does not serve in that capacity for the entire Supervisory Board Initial Term, a proportion of such member's Shares will be transferred back by the member as directed by the Company (that proportion reflecting the proportion of the Supervisory Board Initial Term not served as a member). Members of the Supervisory Board will receive CDIs on Completion in respect of their entitlement to Shares.

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

As referred to in Section 6.1.2, Christoph 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 Shares) during the Supervisory Board Initial Term.

The expected interests in CDIs of the members of the Supervisory Board immediately prior to Completion and on Completion are described in Section 6.3.1.

#### Other

Under the Constitution, the members of the Supervisory Board shall also be reimbursed for all reasonable expenses in their capacity as members of the Supervisory Board as well as for any value added tax payable on their compensation and expenses. Under the Constitution, the Company may take out insurance on behalf of the members of the Supervisory Board (directors and officers (**D&O**) insurance). Such D&O insurance covers financial losses of the Company arising from a breach of duty by the members of the Supervisory Board in the course of their duties.

The appointment letters with members of the Supervisory Board confirm the terms of their appointment, their roles and responsibilities and the Company's expectations of them as members of the Supervisory Board of the Company. They also contain provisions which confirm the member's rights of access to certain books and records of the Company for a period of seven years after the member has ceased to be a member of the Supervisory Board. This seven-year period may be extended where certain proceedings or investigations commence before the seven-year period expires.

There are no retirement benefit schemes for members of the Supervisory Board.



## 6. KEY PEOPLE, INTERESTS & BENEFITS Continued

### 6.2.3 Interests and remuneration of members of the Management Board

#### 6.2.3.1 Management Board appointment

Fabian and Julian were appointed as members of the Management Board by resolution of the Supervisory Board on 13 April 2018, each for a term of office of approximately three years (until 20 April 2021). The Supervisory Board also appointed Fabian as the Chairman of the Management Board at that meeting. These positions are subject to German law, including the German Stock Corporation Act (*Aktiengesetz, AktG*), and the Constitution. For example, prior to the expiry of the relevant term of office, a member of the Management Board may only be removed as a member for good cause (including gross breach of duty, inability to manage the Company properly or a withdrawal of confidence on the part of the general meeting).

#### 6.2.3.2 Service agreements

Fabian and Julian have each entered into a service agreement with Marley Spoon AG on essentially equivalent terms (other than as to remuneration). Under these service agreements, each executive is employed for approximately 3 years from 22 May 2018. The service agreement automatically extends if, and for the period for which, the executive is re-appointed as a member of the Management Board by the Supervisory Board. The relevant service agreement terminates immediately in the event that the appointment of the executive as a member of the Management Board ends prematurely due to removal (as referred to above) or resignation as a member of the Management Board. If an executive becomes permanently incapable to work during the term of his service agreement, the service agreement will end nine months after the end of the month in which the permanent incapacity to work has been determined.

Each executive is subject to a non-competition obligation during the term of his respective service agreement (subject to limited exceptions). Each executive is also subject to a post-contractual non-competition obligation for one year after the termination of the service agreement pursuant to which the executive undertakes to refrain from holding a participation (i.e. shares or other interest) in a competitor<sup>51</sup>, acting for or providing certain services to a competitor of Marley Spoon. The post-contractual non-competition obligation applies territorially to all countries in which Marley Spoon or its subsidiaries undertake business at the time the relevant service agreement is terminated. The executive shall receive, in return, a compensation in the amount of 50% of the last annual fixed gross salary and long-term incentives received which is paid out in twelve equal instalments. This obligation will be reduced to the extent the executive receives other income during the non-competition obligation, provided that this other income exceeds the last annual fixed gross salary and long-term incentives received under his service agreement.

The compensation of each executive consists of an annual fixed gross salary and a long-term incentive and was approved by the Supervisory Board, taking into account general market practice as well as legal requirements in accordance with Section 87 of the German Stock Corporation Act (*Aktiengesetz, AktG*). Under his service agreement, Fabian's annual fixed gross salary is €150,000 (A\$238,000) and Julian's annual fixed gross salary is €85,000 (A\$135,000), in each case paid out in twelve equal monthly instalments at the end of each month, respectively.

Julian holds Option Rights over 992 Shares (992,000 CDIs in total) under the Existing Option Rights Plan. Refer to Section 6.6.2 for details on Option Rights. Fabian has no Option Rights under the Existing Option Rights Plan.

Each executive may participate in the future under the New Option Plan (refer to Section 6.6.3), but does not currently hold any Options under this plan. The grant of Options to the executives in CY2019 and in following years will be determined by the Supervisory Board, ensuring the appropriateness of the remuneration of the Management Board in accordance with the German Stock Corporation Act (*Aktiengesetz, AktG*).

In addition, the executive will be reimbursed for appropriate travel expenses and other appropriate expenses incurred in the interests of Marley Spoon. Marley Spoon AG also grants monthly allowances for health and long-term care insurance to the executives in accordance with applicable statutory provisions.

51. Shareholdings within the private management of assets, which do not confer any influence on the corporate bodies of the concerned company, are not prohibited by this provision. This includes, in particular, shareholdings in corporations of up to 5%.



In case of a temporary inability to work, which is due to illness, accident or another reason for which the executive is not responsible, the fixed gross salary as well as the long-term incentive will be continuously paid for up to six months. In the case of death during the term of the relevant service agreement, the executive's spouse is entitled to receive this salary package for the month of death and up to six further months. The executive is insured against accidents by Marley Spoon AG for the duration of his service agreement. If the service agreement ends prematurely due to removal, resignation or by way of a termination agreement, the executive is entitled to a severance payment, provided that the severance payment does not exceed the value of two years' total compensation and compensates no more than the remaining term of the service agreement. The right to a severance payment lapses if the resignation as member of the Management Board is not based on good cause for which the Company is responsible in accordance with applicable German law. Each executive is covered by D&O insurance policies with coverage in line with market practice.

#### **6.2.4 Other senior management remuneration**

The other members of senior management referred to in Section 6.1.4 are each party to employment contracts (or signed Offer letters with accompanying employee handbooks) with Marley Spoon AG or a local subsidiary. These contracts entitle the employee to a fixed compensation amount, along with other standard employment benefits as health insurance (Jennifer and Shannon are entitled to participate in employee benefit plans (including specified health plans) made available generally to United States based Marley Spoon, Inc. employees, which may be modified or discontinued by Marley Spoon, Inc.) and reimbursement of business expenses. In addition, under the terms of Rolf's employment contract with the Australian subsidiary, Rolf may receive a discretionary annual bonus, based on individual performance and Marley Spoon's performance (historically no bonuses have been paid).

Under the employment contracts with the other members of the senior management team, either the relevant Marley Spoon entity or the executive may terminate the executive's employment, generally after the expiry of 3 months' notice in writing with respect to European based executives, and 6 months' notice in writing with respect to Australian based executives. For individual European based executives, the statutory notice period of four weeks/one month, applies as at the Prospectus Date. Under the employment contracts of executives based in the United States, termination can occur upon 2 weeks' notice in writing. The employment contracts for the other members of senior management do not contain restraint of trade provisions (other than in the case of Rolf Weber (Managing director of operations - Australia) which includes a restraint of trade for a period of 12 months following expiry of the notice period - noting that the enforceability of any such restraints are subject to law).

Currently the other members of senior management collectively hold Option Rights, in total over 2,335 Shares (2,335,000 CDIs) under the Existing Option Rights Plan. Refer to Section 6.6.2 for details on Option Rights. Each executive may participate in the future under the New Option Plan (refer to Section 6.4.4) but does not currently hold any Options under that plan.

## 6. KEY PEOPLE, INTERESTS & BENEFITS Continued

### 6.3 INTERESTS IN SECURITIES OF MEMBERS OF THE SUPERVISORY BOARD AND MANAGEMENT BOARD

#### 6.3.1 Supervisory Board

The table below sets out the expected interests of the members of the Supervisory Board in securities in the Company immediately prior to and at Completion.

**TABLE 1: EXPECTED INTERESTS OF THE MEMBERS OF THE SUPERVISORY BOARD AT COMPLETION**

Member	Interest in Shares at the Prospectus Date	Interest in Shares at Completion	Equivalent number of CDIs	Options over Shares at Completion	Equivalent number of CDIs
Deena Shiff	0	137	137,000	0	0
Patrick O'Sullivan	0	106	106,000	0	0
Kim Anderson	0	106	106,000	0	0
Christoph Schuh	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>349</b>	<b>349,000</b>	<b>0</b>	<b>0</b>

Notes:

- These interests will be issued to these members on or prior to Completion, representing 50% of their base fees for the Supervisory Board Initial Term with a portion are subject to 'transfer back' at the direction of the Company if the member does not serve in that capacity for this entire period. Refer to Section 6.2.2. Christoph Schuh's association with Lakestar is described in Section 6.2.2. CDIs in the table above will be escrowed as described in Section 6.5.
- Members in this table will hold their interests above as CDIs on Completion. Members of the Supervisory Board are not required under the Constitution to hold any interests in the Company. They are entitled to apply for additional CDIs under the Offer.

### 6.3.2 Management Board

#### Fabian Siegel

The table below sets out the interests in Shares of Fabian Siegel as at the Prospectus Date and his expected interests at Completion. Fabian does not hold any Options Rights at the Prospectus Date (and will not do so on Completion).

**TABLE 2: INTERESTS IN SHARES OF FABIAN SIEGEL AT THE PROSPECTUS DATE AND EXPECTED INTERESTS AT COMPLETION**

Member	Interest in Shares at the Prospectus Date	Interest in Shares at Completion	Equivalent number of CDIs
Fabian Siegel (Personal)			
- held via AKW	15,723	17,156	17,156,451
Fabian Siegel (For other investors)			
- held via AKW	5,141	7,291	7,290,676
- held via MSSA	1,171	1,171	1,171,000
- held via MSSB	2,954	3,067	3,067,000
Fabian Siegel (Employee arrangements)			
- held via MSSA <sup>52</sup>	1,983	1,983	1,983,000
- held via MSET	7,595	7,595	7,595,000

Notes: CDIs referred to above will be escrowed as described in Section 6.5. Assumes CDIs are issued on Completion in respect of the convertible securities, warrants and rights as described in the Table 5 in Section 6.4. Refer to also to Section 9.8 for further information.

Fabian's interests in Shares arise through various shareholders (AKW, MSSA, MSSB and MSET) that he controls (refer also to Section 6.4). These interests vary and are described below.

**Personal:** Fabian's immediate economic interests in Shares is indicated in the row marked 'Personal' (being a portion of the Shares held by AKW). Fabian can indirectly control the voting of these Shares.

**For other investors:** Beneficial and economic interests in the Shares in the row marked 'For other investors' are held under historical arrangements for unrelated third-party investors:

- **held via AKW:** To the extent Shares are held by AKW for 'For other investors', such third-party investors may terminate the underlying trust agreements and may request transfer of these Shares into their names. (This table assumes that none have done so at Completion.) Under the existing trust agreements, AKW as trustee must obtain approval from the respective beneficiary prior to exercise any voting rights of the Shares held by AKW.
- **held via MSSA or MSSB:** To the extent Shares are held by MSSA or MSSB 'For other investors', such third-party investors can only terminate the underlying trust agreements and request transfer of the limited partnership interest in MSSA or MSSB, respectively. These Shares may only be transferred into the third party investor's names with Fabian's prior consent upon termination of or withdrawal from the partnership. Fabian can ultimately control the voting of the Shares held by MSSA and MSSB.

Dividends paid on Shares held 'For other investors' will economically be attributed pro rata to the third-party investors.

52. An additional 1,983 Shares held by MSSA as at the Prospectus Date are qualified as "own shares" of the Company and therefore are not entitled to receive dividend and do not carry voting rights. They are excluded from this table. Refer to Section 9.10.1.2.

## 6. KEY PEOPLE, INTERESTS & BENEFITS Continued

**Employee arrangements:** Shares referred to in the row marked 'Employee arrangements' are held to satisfy granted obligations under the Existing Option Rights Plan (refer to Section 6.6.2) or otherwise available to cover future rights which may be granted, including to employees of the group. Fabian can ultimately control the voting of these Shares and is indirectly entitled to the dividends (if any). Generally, if, for any reason, Shares held by MSET are not allocated under the Existing Option Rights Plan or otherwise then they will remain with MSET (unless in certain cases they are acquired by the Company for nominal value<sup>53</sup>).

### **Loan and Warrants held by AKW**

AKW was one of the investors who:

- lent funds to the Company under the January 2018 Loans (in AKW's case €100,000) which will be paid out using proceeds of the Offer; and
- were granted the January 2018 Warrants which will be exercised, resulting in the issue of Shares on Completion (in AKW's case 25 Warrants and 25 Shares respectively).

Fabian is economically entitled to the amount to be repaid, and the 25 Shares (equivalent to 25,000 CDIs) to be issued on Completion as referred to above. (Refer to Section 9.8.4 for further information on the January 2018 Loans and January 2018 Warrants). Fabian also has committed to subscribe for a further 1,408,451 CDIs under the Offer at the Offer Price. These CDIs (and underlying Shares) are included in 'Fabian Siegel (Personal) interest in Shares at Completion in Table 2 above (i.e. row 1).

### **Julian Lange**

Julian holds Option Rights under the Existing Option Rights Plan over 992 Shares (992,000 CDIs). Option Rights over 738 Shares will have vested as of 1 July 2018, with the remaining Option Rights to vest until March 2021. There is no exercise price payable on exercise of these Option Rights. Refer to Section 6.6.2.

Julian does not hold any Shares at the Prospectus Date (and is not expected to hold any on Completion).

53. Those certain cases being 1,610 Shares in the Company held by MSET to cover the claims of US beneficiaries under the Existing Option Rights Plan; and 1,867 Shares held by MSET to satisfy claims under rights which may be granted in the future, including to employees of the group.

## 6.4 INTERESTS IN SECURITIES OF EXISTING AND NEW INVESTORS

Details of interests in Shares (and CDI equivalents) of key investor types at the Prospectus Date, and as expected on Completion, are set out below.

**TABLE 3: INTERESTS IN SECURITIES OF EXISTING AND NEW INVESTORS - BY INVESTOR TYPE**

Investor type	At the Prospectus Date			At Completion <sup>1</sup>		
	Interest in Shares	Interest in CDIs	%	Interest in Shares	Interest in CDIs	%
Founders						
- AKW (Fabian Siegel personally) <sup>2</sup>	15,723	15,723,000	19.2%	17,156	17,156,451	12.2%
- MexAttax interests <sup>3</sup>	3,050	3,050,000	3.7%	3,050	3,050,000	2.2%
Institutional financial shareholders						
- Rocket Internet interests <sup>4</sup>	23,032	23,032,000	28.1%	24,401	24,401,000	17.4%
- Other institutional financial shareholders <sup>5</sup>	21,435	21,435,000	26.1%	23,154	23,154,000	16.5%
Third party investors under trust arrangements <sup>6</sup>	9,266	9,266,000	11.3%	11,529	11,528,676	8.2%
Shares in respect of employee arrangements <sup>7</sup>	9,578	9,578,000	11.7%	9,578	9,578,000	6.8%
Others <sup>8</sup>	-	-	-%	5,827	5,827,000	4.1%
Other Holders of CDIs offered under the Offer	-	-	-%	45,775	45,774,873	32.6%
<b>Total</b>	<b>82,084</b>	<b>82,084,000</b>	<b>100.0%</b>	<b>140,470</b>	<b>140,470,000</b>	<b>100.0%</b>

Notes:

- Assumes Shares are issued on Completion in respect of the convertible securities, warrants and rights as described in Table 5 in this Section 6.4 (and the Kreos Warrants are not exercised). It is also prepared on the basis that all Existing Investors have transferred their Shares to CDN and hold CDIs. These figures do not include any CDIs that may be purchased by Existing Investors under the Offer other than as referred to below.
- Represents Fabian's immediate economic interests in the Company. These interests increase on Completion as a result of the issue of Shares in respect of Fabian's interests in the January 2018 Warrants (25 Shares, equivalent to 25,000 CDIs) refer to Section 9.8.4 and because he has committed to subscribe for a further 1,408,451 CDIs under the Offer at the Offer Price. Fabian may also benefit from his control of certain trustee shareholders as described in Sections 6.3.2 and 9.10.1.
- Represents interests of co-founder Till Neatby and 2 family members. MexAttax is wholly owned and controlled by Till.
- Represents interests of 3 funds/companies, Rocket Internet Capital Partners SCS, Rocket Internet Capital Partners (Euro) SCS and Global Founders Capital. On Completion these interests also include the Shares and equivalent CDIs to be issued on exercise of the Moneda Warrants as described in Table 5 in this Section 6.4 and 9.8.3.
- Represents aggregate interests of each of Lakestar, QD Investments and Luxor (or a fund owned or managed by it). On Completion the interests of Lakestar include the Shares and equivalent CDIs to be issued on exercise of Lakestar's 2018 Convertible Bond as described in Table 5 in this Section 6.4 and Section 9.8.1.
- Represents interests of other third party investors under trust arrangements held by MSSA, MSSB and AKW (including 2,112,676 CDIs committed to be subscribed for on behalf of a third party investor under the Offer), as further detailed in Table 4 below (and includes, on Completion, Shares and the equivalent CDIs issued in respect of the MSLO Warrants). Refer also to Section 9.8.5.
- Represents Shares held on trust by MSSA and MSET in respect of the Existing Option Rights Plan or otherwise available to cover future rights which may be granted to employees of the group. Refer below and to Section 6.6.2. 1,983 Shares held by MSSA are qualified as "own shares" of the Company and are not entitled to receive dividends and do not carry voting rights.
- Includes Supervisory Board members (refer to Section 6.3.1), Sherpa Capital (refer to Section 6.2.1) and investors on expected conversion of convertible securities, warrants and rights in Table 5 in this Section 6.4, except those convertible securities and warrants described in the notes above.

## 6. KEY PEOPLE, INTERESTS & BENEFITS Continued

The table below sets out the actual legal ownership of Shares (and CDI equivalents) at the Prospectus Date, and as expected on Completion, and where their holdings are divided between investor types illustrated above, those amounts.

**TABLE 4: LEGAL OWNERSHIP OF EXISTING AND NEW INVESTORS**

Member	At the Prospectus Date			At Completion		
	Interest in Shares	Interest in CDIs	%	Interest in Shares	Interest in CDIs	%
AKW						
- Fabian Siegel personally <sup>2</sup>	15,723	15,723,000	19.2%	17,156	17,156,451	12.2%
- Third party investors under trust arrangements <sup>6</sup>	5,141	5,141,000	6.3%	7,291	7,290,676	5.2%
<b>Total</b>	<b>20,864</b>	<b>20,864,000</b>	<b>25.4%</b>	<b>24,447</b>	<b>24,447,127</b>	<b>17.4%</b>
MexAttax <sup>3</sup>	3,050	3,050,000	3.7%	3,050	3,050,000	2.2%
Rocket Internet interests <sup>4</sup>	23,032	23,032,000	28.1%	24,401	24,401,000	17.4%
Other institutional financial shareholders <sup>5</sup>	21,435	21,435,000	26.1%	23,154	23,154,000	16.5%
MSSA						
- Third party investors under trust arrangements <sup>6</sup>	1,171	1,171,000	1.4%	1,171	1,171,000	0.8%
- Shares in respect of employee arrangements <sup>7</sup>	1,983	1,983,000	2.4%	1,983	1,983,000	1.4%
<b>Total</b>	<b>3,154</b>	<b>3,154,000</b>	<b>3.8%</b>	<b>3,154</b>	<b>3,154,000</b>	<b>2.2%</b>
MSSB						
- Third party investors under trust arrangements <sup>6</sup>	2,954	2,954,000	3.6%	3,067	3,067,000	2.2%
MSET						
- Shares in respect of employee arrangements <sup>7</sup>	7,595	7,595,000	9.3%	7,595	7,595,000	5.4%
Others <sup>8</sup>	-	-	-%	5,827	5,827,000	4.1%
Other holders of CDIs offered under the Offer	-	-	-%	45,775	45,774,873	32.6%
<b>Total</b>	<b>82,084</b>	<b>82,084,000</b>	<b>100.0%</b>	<b>140,470</b>	<b>140,470,000</b>	<b>100.0%</b>

Notes: Refer to footnotes in Table 3 of this Section 6.4.



As described in Section 6.3.2 and 9.10.1 Fabian controls the voting of Shares held by AKW on his behalf and all Shares entitled to vote held by MSSA, MSSB and MSET. The aggregate of these Shares on the Prospectus Date, and as expected at Completion, is as follows:

Aggregate	At the Prospectus Date			At Completion		
	Interest in Shares	Interest in CDIs	Voting %	Interest in Shares	Interest in CDIs	Voting %
<b>Total</b>	<b>27,443</b>	<b>27,443,000</b>	<b>33.4%</b>	<b>28,989</b>	<b>28,989,451</b>	<b>20.6%</b>

Notes: Includes 15,723 (and 17,156) Shares held by AKW at the Prospectus Date (and at Completion), all shares held by MSSB and MSET and 1,171 Shares held by MSSA. An additional 1,983 Shares held by MSSA are qualified as "own shares" of the Company and therefore do not carry voting rights and are excluded from the calculations in this table. Refer to Section 9.10.1.2.

The capital structure of the Company as at the Prospectus Date, and expected changes between that date and Completion are described below.

**TABLE 5: CAPITAL STRUCTURE**

Capital structure at Prospectus Date	Shares expected to be issued on Completion <sup>9</sup>	Expected capital structure on Completion <sup>9</sup>
<b>Shares</b>		
82,084 shares as at the Prospectus Date <sup>10</sup>		
Convertible securities, warrants and rights expected to result in the issue of Shares on Completion (and thereon cease to exist)		
• 2018 Convertible Bonds	4,708	
• Moneda Warrants	1,369	
• January 2018 Warrants	1,369	
• MSLO Warrants	113	
• Media Service Agreement rights	1,136	
	395 Shares issued to others	
	49,296 Shares issued in respect of CDIs offered under the Offer	
<b>Total</b>		<b>140,470 Shares</b>
<b>Other convertible securities</b>		
Employee Option Rights over 7,775 Shares		Employee Option Rights over 7,775 Shares
Kreos Warrants <sup>11</sup>		Kreos Warrants

Notes: Refer to footnotes in Table 3 of this Section 6.4. In addition:

9. Based on an Offer Price of A\$1.42 per CDI and assuming Completion occurs as described in the Key Dates. Final details of security holdings will be notified to ASX following Completion. 395 Shares issued to others includes Supervisory Board members (refer to Section 6.3.1) and Sherpa Capital (refer to Section 6.2.1). The Company expects that all Existing Investors and successful applicants under the Offer will hold CDIs in respect of these Shares on Completion.

10. Certain shares on issue on the Prospectus Date have preferred rights arising under a shareholders agreement which will automatically terminate on Completion. From Completion all shares (including existing shares and those to be issued on Completion) will be ordinary shares.

11. The Kreos Warrants will not be exercised before Completion. Refer to Section 4.4 and Section 9.8.2 for a description of the Kreos Warrants and how the number of Shares issued on exercise of Kreos Warrants is calculated.

## 6. KEY PEOPLE, INTERESTS & BENEFITS Continued

### 6.5 ESCROW ARRANGEMENTS

#### 6.5.1 Overview

The Company has entered certain agreements with Existing Investors (and controllers) which restrict the dealing in their CDIs in respect of Shares for a period following Completion. These restrictions have been imposed either under a Mandatory Escrow Deed in accordance with the ASX Listing Rules, a Voluntary Escrow Deed, or a combination of both. Key terms of the Mandatory Escrow Deeds and the Voluntary Escrow Deed are described below in Sections 6.5.2 and 6.5.3.

The table below sets out the expected number and percentage of CDIs that will be subject to restrictions from Completion.

**TABLE 6: EXPECTED ESCROWED SECURITIES ON COMPLETION**

Investor type	Interest in Shares	Interest in CDIs	% escrowed	Escrow period of CDIs
<b>Founders</b>				
- AKW (Fabian Siegel personally) <sup>2</sup>	15,748	15,748,000	100%	24 months from Completion
	1,408	1,408,451	100%	Until the CY18 Results Date <sup>12</sup>
- MexAttax interests <sup>3</sup>	3,050	3,050,000	100%	24 months from Completion
<b>Institutional financial investors</b>				
- Rocket Internet interests <sup>4</sup>	24,401	24,401,000	100%	12 months from Completion
- Other institutional financial investors <sup>5</sup>	23,154	23,154,000	100%	12 months from Completion
Other third party investors under trust arrangements <sup>6</sup>	9,416	9,416,000	100%	9,073,000 for 12 months from Completion 343,000 for 24 months from Completion
CDIs over Shares in respect of employee arrangements <sup>7,9</sup>	9,578	9,578,000	100%	24 months from Completion
Others - escrowed <sup>10</sup>	2,527	2,527,000	100%	395,000 for 24 months from Completion 2,132,000 for 12 months from Completion
<b>Total escrowed</b>	<b>89,282</b>	<b>89,282,451</b>	<b>63.6% of CDIs escrowed on Completion</b>	
<b>Total not escrowed<sup>11</sup></b>	<b>51,188</b>	<b>51,187,589</b>	<b>36.4% of CDIs not escrowed on Completion</b>	

Notes:

Refer to footnotes in Table 3 of Section 6.4.

9. In addition to these escrow arrangements, employee Option Rights referred to in Section 6.6.2 are subject to a "lock-up", suspending their right to be exercised, for 24 months following Completion.

10. Represents CDIs issued to Supervisory Board members and Sherpa Capital (escrowed for 24 months from Completion) under Mandatory Escrow Deeds, and to a new investor on conversion of a January 2018 Warrant (escrowed for 12 months from Completion), through a combination of a Mandatory Escrow Deed and a Voluntary Escrow Deed. In addition to these interests, for the period of 12 months from Completion, Kreos may not dispose of any Kreos Warrants, or any shares or CDIs issued on exercise of those warrants within that period, pursuant to a voluntary escrow deed between the Company and Kreos. (Kreos has also given an undertaking not to dispose of certain of its warrants (and, if it exercises them, to enter into a mandatory escrow deed over CDIs in respect of shares issued following that exercise) for the period until 12 April 2019. Refer to Section 9.8.2.)

11. Represents 3,300,000 CDIs issued on Completion to holders of 2018 Convertible Bonds that are not shareholders on the Prospectus Date, participation by AKW of 2,112,676 CDIs on behalf of a third party investor and 45,774,873 CDIs issued to subscribers under the Offer (excluding 1,408,451 CDIs which Fabian Siegel intends to subscribe for under the Offer as referred to in note 12).

12. Fabian has committed to subscribe for these 1,408,451 CDIs under the Offer at the Offer Price.

### 6.5.2 Mandatory Escrow Deeds

The ASX Listing Rules require that certain persons such as seed capitalists, promoters and related parties enter into restriction agreements under which they are restricted from dealing in a specified number of securities in the Company held by them, for periods of up to 24 months from the date of quotation of the CDIs, i.e. Completion.

The restriction agreements will be in the form required by ASX over a number of securities (CDIs) and a period as determined by the ASX and restrict the ability of those persons to dispose of, create any security interest in or transfer effective ownership or control of the securities. Under those restriction agreements, the Escrowed Investors and the Company (and where appropriate any controller of the escrowed securities) agree:

- any escrowed securities cannot be disposed of, and that the Escrowed Investor will not attempt to dispose of escrowed securities, during the escrow period except as permitted by the ASX Listing Rules.
- the Company will refuse to acknowledge a disposal (including registering a transfer) of escrowed securities during the escrow period except as permitted by the ASX Listing Rules.

During a breach of the ASX Listing Rules relating to escrowed securities, or a breach of the restriction agreement, while that breach continues, the Escrowed Investor is not entitled to any:

- voting rights, and agrees not to exercise any voting rights, in respect of the restricted securities; and
- dividend or distribution in respect of the escrowed securities.

Under the terms of the Mandatory Escrow Deed, ASX may consent to the removal of the restrictions, subject to the satisfaction of certain conditions, to enable a holder of escrowed securities to accept an offer under a takeover, or enable the restricted securities to be transferred or cancelled as part of a merger by way of scheme of arrangement.

### 6.5.3 Voluntary Escrow Deeds

As noted above, in addition to the escrow arrangements imposed by the ASX, Existing Investors and certain new CDI Holders and controllers have agreed to enter into voluntary escrow arrangements in relation to some or all of their CDIs under which they will be restricted from dealing with those CDIs until 12 months (and in 2 cases of founder interests, 24 months) after Completion.

The restriction on 'dealing' is broadly defined and includes, among other things, selling, assigning, transferring or otherwise disposing of any interest in the escrowed securities, encumbering or granting a security interest over the escrowed securities (except to the extent outlined in this Section 6.5.3), doing, or omitting to do, any act if the act or omission would have the effect of transferring effective ownership or control of any of the escrowed securities or agreeing to do any of those things. There are limited circumstances in which the escrow may be released early, including:

- to allow the Escrowed Investor to accept an offer under a takeover or similar transaction in relation to its escrowed securities if holders of at least half of the escrowed securities the subject of that transaction that are not held by Escrowed Investor have accepted the transaction or relevant offer (subject to a requirement to return the escrowed securities to escrow if the transaction does not become unconditional);
- to allow the escrowed securities held by the Escrowed Investors to be transferred or cancelled as part of a merger;
- to allow Escrowed Investors to participate in an equal share buyback, capital return or capital reduction in accordance with applicable law;
- except in the case of the founders and management Shareholders, the grant of securities over any or all of their escrowed securities to a bona fide third party financial institution as security for a loan, hedge or other financial accommodation, provided that the encumbrance does not in any way constitute a direct or indirect disposal of the economic interests, or decrease an economic interest, that the relevant Escrowed Investor has in any of its escrowed securities and no escrowed securities may be transferred to the financial institution in connection with the encumbrance (with the documentation for such an encumbrance making clear that the escrowed securities remain in escrow and subject to the voluntary escrow arrangements for the term of those arrangements);
- a transfer (in one or more transactions) of any or all escrowed securities to an affiliate or affiliate fund of the Escrowed Investor provided such affiliate or affiliate fund transferee agrees to be bound by the voluntary escrow arrangements for the term of those arrangements;
- to the extent required by applicable law (including an order of a court of competent jurisdiction); or
- on the death or incapacity of the Escrowed Investor.

## 6. KEY PEOPLE, INTERESTS & BENEFITS Continued

### 6.6 RETENTION AND INCENTIVE ARRANGEMENTS

The Company has established various incentive arrangements to assist in the attraction, motivation and retention of management and employees, and/or the right to participate in one or more of the arrangements described below.

#### 6.6.1 Short term incentives

Marley Spoon employees have not been paid short term incentives payable in cash. There are no plans to commence such payments, but the Company may elect to do so in the future.

#### 6.6.2 Existing Option Rights Plan

##### Overview

Prior to the Prospectus Date, the Company issued rights under historical "virtual share plans" to certain participants, ie. members of senior management and employees of the Marley Spoon group. On Completion, all of these then outstanding rights (whether vested or unvested) will be consolidated and replaced with substantially equivalent rights over Shares (or CDIs) referred to as "Option Rights" under a plan referred to in this Prospectus as the "Existing Option Rights Plan". Unvested rights will continue to vest in accordance with their current vesting schedule. No further rights will be issued under the Existing Option Rights Plan (or the historical "virtual share plans") following Completion.

Shares in respect of the Option Rights have been issued (i.e. the Option Rights are 'covered') and are held by MSSA and MSET. Consequently, the acquisition of a Share (or CDI) on exercise of an Option Right will not result in any dilution of shareholders.

Key features of Option Rights under the Existing Option Rights Plan are set out in the table below<sup>54</sup>.

**TABLE 7: EXISTING OPTION RIGHTS PLAN**

KEY FEATURE	DESCRIPTION															
Participants	315 participants															
Expected Option Rights on Completion	<table border="1"> <thead> <tr> <th>Conversion Ratio (Option Rights:Shares)</th> <th>No. of corresponding Shares</th> <th>No. of corresponding CDIs</th> </tr> </thead> <tbody> <tr> <td colspan="3"><b>Allocated</b></td> </tr> <tr> <td>1:1</td> <td>4,430</td> <td>4,430,000</td> </tr> <tr> <td>10:1</td> <td>3,345</td> <td>3,345,000</td> </tr> <tr> <td><b>Total</b></td> <td><b>7,775</b></td> <td><b>7,775,000</b></td> </tr> </tbody> </table>	Conversion Ratio (Option Rights:Shares)	No. of corresponding Shares	No. of corresponding CDIs	<b>Allocated</b>			1:1	4,430	4,430,000	10:1	3,345	3,345,000	<b>Total</b>	<b>7,775</b>	<b>7,775,000</b>
	Conversion Ratio (Option Rights:Shares)	No. of corresponding Shares	No. of corresponding CDIs													
	<b>Allocated</b>															
	1:1	4,430	4,430,000													
10:1	3,345	3,345,000														
<b>Total</b>	<b>7,775</b>	<b>7,775,000</b>														

54. This table excludes 517 Shares which have already been allocated to beneficiaries and are now held in trust by AKW for those beneficiaries.

KEY FEATURE	DESCRIPTION																		
Vesting	Option Rights vest (subject to certain disqualifying events and their terms) from their original start date under the former "virtual share plan" over a period of 48 months, with 25% vesting after 12 months and the remainder vesting monthly thereafter in equal proportions.																		
	<table border="1"> <thead> <tr> <th>Vesting CY</th> <th>No. of corresponding Shares</th> <th>No. of corresponding CDIs</th> </tr> </thead> <tbody> <tr> <td>2018 - post IPO</td> <td>676</td> <td>676,000</td> </tr> <tr> <td>2019</td> <td>1,093</td> <td>1,093,000</td> </tr> <tr> <td>2020</td> <td>791</td> <td>791,000</td> </tr> <tr> <td>2021</td> <td>439</td> <td>439,000</td> </tr> <tr> <td>2022</td> <td>86</td> <td>86,000</td> </tr> </tbody> </table>	Vesting CY	No. of corresponding Shares	No. of corresponding CDIs	2018 - post IPO	676	676,000	2019	1,093	1,093,000	2020	791	791,000	2021	439	439,000	2022	86	86,000
	Vesting CY	No. of corresponding Shares	No. of corresponding CDIs																
	2018 - post IPO	676	676,000																
	2019	1,093	1,093,000																
	2020	791	791,000																
	2021	439	439,000																
2022	86	86,000																	
At the Completion Date, Option Rights in respect of 4,690 Shares (corresponding to 4,690,000 CDIs) are expected to have vested.																			
Exercise	<p>Vested Option Rights may be exercised within an exercise period determined by the Company, with an exercise period to be set every 6 months.</p> <p>There is no exercise price for the Option Rights, except for certain holders in the United States.<sup>55</sup></p> <p>Upon exercise by a holder, the holder will be entitled to receive one Share for each Option Right (or 10 Option Rights depending on its terms) or CDIs (equal to the number of Shares x 1,000). The Company may, instead of delivering Shares or CDIs, make a cash payment in respect of exercised Option Rights equivalent to the market value of the Shares less the amount of any unpaid exercise price.</p>																		
Lock-up period	Vested Option Rights may not be exercised for 24 months from Completion.																		
Expiry	An Option Right will expire on the later of 6 months after the end of the lock-up period referred to above and the date it vests.																		
Reconstructions	In the event of a capital increase from Company funds by the issue of new shares ( <i>Kapitalerhöhung aus Gesellschaftsmitteln</i> ), a reduction in the number of shares by merging shares without capital reduction (re-verse share split) or an increase in the number of shares without capital increase (share split), a capital reduction ( <i>Kapitalherabsetzung</i> ) with a change in the total number of shares issued by the Company, or any other such event having an effect similar to any of the foregoing, the Company may - subject to applicable law - establish financial equality for the holders in order to prevent that such event results in a dilution or enlargement of the benefits or potential benefits intended to be made available under the outstanding Option Rights.																		
Rights associated with Option Rights	The Option Rights do not carry dividend or voting rights prior to exercise.																		
Restrictions on dealing	Holder must not sell, transfer or otherwise deal with the Option Rights.																		
Cessation of employment	Unvested Option Rights (but not vested Option Rights) automatically lapse if the holder's employment with a Marley Spoon group company ends.																		

55. The exercise price differs for these holders, being US\$49 and US\$124 per Share.

## 6. KEY PEOPLE, INTERESTS & BENEFITS Continued

### 6.6.3 New Option Plan

The Company has established a New Option Plan under which options (**Options**), each over one Share, may be eligible persons. The New Option Plan was approved by shareholders prior to the Prospectus Date as required by German law.

No grants have been made as at the Prospectus Date, or will be granted in respect of CY2018, under the New Option Plan as the Company considers that management and employees are currently appropriately incentivised pursuant to grants under the Existing Option Rights Plan and existing employment terms.

Key aspects of the New Option Plan are summarised below:

KEY FEATURE	DESCRIPTION
Commencement and termination of the New Option Plan	<p>The New Option Plan will commence upon the first grant to eligible persons and will terminate two years after the lapse of the four-year waiting period of the last grant under the New Option Plan.</p> <p>The Company may cease to offer Options under this particular plan at any time and may seek shareholder approval to offer options under a different plan or to amend the New Option Plan (subject to the ASX Listing Rules).</p>
Eligibility	<p>Options may be offered to the following eligible persons:</p> <ul style="list-style-type: none"> <li>• Group 1: members of the Management Board;</li> <li>• Group 2: other members of the senior leadership team or senior managers of the Company or its affiliated companies; and</li> <li>• Group 3: selected executives and employees of the Company and affiliated companies.</li> </ul>
Grants of Options under the New Option Plan	<p>The Company will consider the appropriate schedule of grants on an annual basis.</p> <p>Up to 4,105 Options may be granted, in total, under the New Option Plan without shareholder approval: with up to 821 Options to Group 1; 1,642 Options to Group 2; and up to 1,642 Options to Group 3.</p> <p>A grant of Options to certain persons (for example the CEO) may be subject to additional approvals from shareholders in accordance with the ASX Listing Rules.</p> <p>The Company is not obliged to offer Options under the New Option Plan. The above caps should not be considered to be the number which will be granted (if any) in respect of any particular year.</p>
Exercise of Options	<p>Options may only be exercised if all exercise conditions are met, being:</p> <ul style="list-style-type: none"> <li>• one or both of the performance targets have been reached or exceeded;</li> <li>• the waiting period of four years from grant has passed;</li> <li>• the relevant Options have 'vested' (where subject to vesting conditions);</li> <li>• the exercise window is open;</li> <li>• the exercise right has not been temporarily suspended; and</li> <li>• the expiry date for the Options to be exercised, being two years from the end of the waiting period, has not passed.</li> </ul>
Performance targets	<p>Performance targets will be set by reference to EBITDA and contribution margin improvement over a 2 year period applicable for each Option and may carry different weightings (up to 70% for one performance target).</p>
Vesting	<p>Further, the exercise of each Option may be subject to vesting conditions or a vesting schedule determined by the Company at the time of grant of that Option (for example, relating to continued employment or other financial metrics).</p>



KEY FEATURE	DESCRIPTION
Exercise price	The exercise price payable by the holder on exercise of each Option will be the volume weighted 1 month average price of CDIs on the ASX (multiplied by the CDI ratio), before the Grant Date.
Cessation or change in employment	If the eligible person is a bad leaver (for example, employment is terminated for good cause) all vested and unvested Options granted to the eligible person will be forfeited without any entitlement to compensation. In all other cases in which the eligible person qualifies as a good leaver, the eligible person will retain all Options already vested and not yet exercised on the date of effective termination. These terms may vary for specific Options.
Dealing restrictions	Holders must not sell, transfer or otherwise deal with Options.
Rights to participate in new issuances of securities	Options do not carry a right to participate in new issuances of securities.
Reconstruction	Subject to applicable law and the Listing Rules: <ul style="list-style-type: none"> <li>• in the event of a capital increase from Company funds by the issue of new shares (<i>Kapitalerhöhung aus Gesellschaftsmitteln</i>), a reduction in the number of shares by merging shares without capital reduction (re-verse share split) or an increase in the number of shares without capital increase (share split), a capital reduction (<i>Kapitalherabsetzung</i>) with a change in the total number of shares issued by the Company, or any other such event having an effect similar to any of the foregoing, the Company may establish financial equality for the Eligible Person in order to prevent that such event results in a dilution or enlargement of the benefits or potential benefits intended to be made available under the outstanding Options; and</li> <li>• the Company may adjust proceeds of Option in case of extraordinary developments to the extent required to eliminate extraordinary effects and to ensure the appropriateness of the overall remuneration.</li> </ul>

## 6.7 CORPORATE GOVERNANCE

### 6.7.1 Overview of the roles of the Supervisory and Management Boards

The Supervisory Board advises and supervises the Management Board in its management of the Company. Certain types of major transactions require prior Supervisory Board approval. The Supervisory Board appoints the members of the Management Board and, if applicable, the Chairman and the deputy Chairman of the Management Board.

The Management Board has the overall responsibility for the management of the Company, as provided by the German Stock Corporation Act (*Aktiengesetz*), and has the authority to represent and bind the Company vis a vis third parties. Its members are appointed and may be removed for good cause by the Supervisory Board, which is a separate corporate body. The Management Board focuses in particular on the Company's day-to-day business, strategic management, finance, resource allocation, risk management and control, and acts in accordance with applicable law, the Constitution and the "rules of procedure" that are enacted by the Supervisory Board. In particular, the rules of procedure set out those matters which require a resolution of the entire Management Board, such as, inter alia:

- the preparation of annual accounts of the Company and annual group accounts;
- the calling of general meetings of shareholders and determining the resolutions to be proposed by the Management Board at those meetings; and
- key matters regarding the business policy of the Company, in particular investment, finance, production and sales planning, as well as long-term corporate strategy.

## 6. KEY PEOPLE, INTERESTS & BENEFITS Continued

There are also specified matters set out in the rules of procedure on which the Management Board must seek the prior approval of the Supervisory Board, including:

- the incurrence of financial indebtedness by a group entity exceeding €100,000.00;
- the sale, transfer, pledge or other disposal by a group entity of assets with a value exceeding €200,000.00;
- the commencement, termination or settlement of any legal disputes (including litigation and arbitration proceedings) involving a value in dispute exceeding €250,000.00;
- entering into, amendment of or termination of rental or lease agreements relating to real estate which provide for a consideration payable in any one year in excess of €250,000.00;
- issuances of certain rights under any equity incentive program, virtual share or option program or comparable plans to employees of a group entity; and
- transferring or licensing of any material intellectual property of the Company with a book value exceeding €250,000.

The Supervisory Board may vary from time to time, by way of resolution, the types of transactions listed in the rules of procedure which require its consent.

The Supervisory Board is also responsible for approving the annual accounts of the Company and the annual group accounts.

Mathias Hansen, General Counsel, has been appointed to act in a company secretarial role to support the Supervisory Board and Management Board.

The main policies and practices adopted by the Company, which will take effect from Completion, are summarised below.

### 6.7.1.1 Composition of the Supervisory Board

The Supervisory Board is currently comprised of four members, including the Chairman, each of whom, for Australian purposes, is considered a non-executive director. Biographies of the members of the Supervisory Board are provided in Section 6.1.2.

### 6.7.1.2 Composition of the Management Board

The Management Board is currently comprised of two members, each of whom, for Australian purposes, is considered an executive, including the CEO and CFO. Biographies of the members of the Management Board are provided in Section 6.1.3.

### 6.7.2 Board charter

The Supervisory Board has adopted, in compliance with German stock corporation law, a written charter to provide a framework for the effective operation of the Supervisory Board. The Supervisory Board must oversee compliance by the Management Board with the Constitution, the rules of procedure of the Management Board and with applicable legal and regulatory requirements. In accordance with the Supervisory Board Charter, the Supervisory Board has reserved for itself certain responsibilities, including, among others:

- appointing the Chairperson and any deputy Chairperson of the Supervisory Board;
- appointing, and if necessary replacing, the chief executive officer, and other members of the Management Board;
- overseeing the Management Board's implementation of the Company's strategic objectives and its performance generally; and
- considering the specified matters on which the Management Board must seek the prior approval of the Supervisory Board (as described in Section 9.2.2.1).

### 6.7.3 Board committees

The Supervisory Board has established two standing committees to facilitate and assist the Supervisory Board in fulfilling its responsibilities as set out below. Both committees consist of independent non-executive members of the Supervisory Board. The Supervisory Board may also establish other committees from time to time to assist in the discharge of its responsibilities.

COMMITTEE	OVERVIEW	MEMBERS
Audit & risk committee	<p>The audit &amp; risk committee will assist the Supervisory Board to carry out its accounting, auditing and financial reporting responsibilities, including with respect to the oversight of, among other things:</p> <ul style="list-style-type: none"> <li>• the integrity of the Company's external financial reporting and financial statements;</li> <li>• the appointment, remuneration, independence and competence of the Company's external auditors;</li> <li>• the performance of the external audit functions and review of their audits;</li> <li>• the effectiveness of the Company's system of risk management and internal controls; and</li> <li>• the Company's systems and procedures for compliance with applicable legal and regulatory requirements.</li> </ul>	<p>Patrick O'Sullivan (Chair) Christoph Schuh Deena Shiff</p>
Remuneration and nomination committee	<p>The Nomination and remuneration committee will, assist and advise the Supervisory Board on, among other things:</p> <ul style="list-style-type: none"> <li>• Supervisory Board succession planning generally;</li> <li>• the development and implementation of a process for evaluating the performance of the Supervisory Board, its committees and members;</li> <li>• the process for recruiting new members of the Supervisory Board, including evaluating the balance of skills, knowledge, experience, independence and diversity on the Supervisory Board and, in the light of this evaluation, preparing a description of the role and capabilities required for a particular appointment; and</li> <li>• ensuring there are plans in place to manage the succession of the chief executive officer and other members of the Management Board.</li> </ul>	<p>Kim Anderson (Chair) Patrick O'Sullivan Deena Shiff</p>

Each committee has the responsibilities described in its respective committee charter which has been prepared having regard to the ASX Listing Rules and the ASX Corporate Governance Principles and will be available on the Company's website from Completion.

## 6. KEY PEOPLE, INTERESTS & BENEFITS Continued

### 6.7.4 Corporate governance policies

#### 6.7.4.1 Code of conduct

The Company recognizes the need to observe the highest standards of corporate practice and business conduct. Accordingly, the Management Board has endorsed a formal code of conduct with approval of the Supervisory Board, to be followed by all members of the Management Board, all members of the Supervisory Board, as well as all other officers and employees, and all other persons that act on behalf of the Company. The core values and commitments, as set out in the code, are:

- Sincerity - to act boldly in an open, honest and responsible manner;
- Determination - to act decisively with a sense of urgency;
- Passion - to challenge the status quo with energy and enthusiasm;
- Accountability - to focus on outcomes and deliver on commitments and communicate internally and externally;
- Integrity - to treat others as we expect to be treated in attitude, communication and personal safety; and
- Diversity - being committed to a diverse and inclusive work environment, where everyone is treated fairly and with respect, regardless of gender, age, disability, ethnicity, marital or family status, religious or cultural background, sexual orientation, sexual preference, language and other areas of potential difference.

The code also sets out the consequences for breach of the code, including the possibility of legal or disciplinary action.

#### 6.7.4.2 Diversity policy

The Company has adopted a diversity policy to take effect from Completion, which sets out the Company's commitment to diversity and inclusion in the workplace. The diversity policy involves a framework to achieve the Company's diversity goals and commitment to creating a diverse work environment where everyone is treated fairly and with respect and where everyone feels responsible for the reputation and performance of the Company. The Management Board has the role of implementing the diversity policy and assessing progress in achieving its objectives, over time.

#### 6.7.4.3 Continuous disclosure policy and communications policy

Once listed on the ASX, the Company will be required to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. Subject to the exceptions contained in the ASX Listing Rules, the Company will be required to disclose to the ASX any information concerning the Company which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the CDIs. Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at an ASIC office.

The Company aims to ensure that investors are provided with sufficient information to assess the performance of the Company and that they are informed of all major developments affecting the state of affairs of the Company in accordance with all applicable laws. In particular, information will be communicated to CDI Holders through the lodgement of all relevant information with the ASX and publishing information on the Company's website. The Company's website will contain information about it, including media releases, key policies and the terms of reference of its Supervisory Board committees. All relevant information will be posted on the Company's website as soon as it has been released to ASX.

The Company has adopted two policies to take effect from Completion, which establish procedures which are aimed at ensuring that all relevant persons are aware of and fulfil their obligations in relation to the timely disclosure of material price-sensitive information.

#### 6.7.4.4 Securities trading policy

The Company has adopted a written policy to take effect from Completion for dealing in securities which is intended to explain the prohibited type of conduct in relation to dealings in securities under the Corporations Act and other applicable laws to the Company. The policy also seeks to establish a best practice procedure in relation to all relevant persons' dealings in the Company's securities.

The securities trading policy sets out the restrictions that apply to such dealings including the "prohibited periods", during which certain persons are generally not permitted to deal in the Company's securities along with a procedure under which certain persons are required to submit prior notification and obtain written confirmation prior to such dealings outside those "prohibited periods".

#### 6.7.4.5 Availability of corporate governance policies

Marley Spoon's corporate governance policies, including the charters of its Supervisory Board and each of its committees will be made available on [ir.marleyspoon.com](http://ir.marleyspoon.com) from Completion.

#### 6.7.5 ASX Corporate Governance Principles

The Company is seeking a listing on the ASX. The ASX Corporate Governance Council has developed and released its third edition of the Corporate Governance Principles and Recommendations for ASX listed entities in order to promote investor confidence and to assist companies to meet stakeholder expectations. The recommendations are not prescriptive, but are guidelines. However, under the ASX Listing Rules, the Company will be required to provide a corporate governance statement in its annual report disclosing the extent to which it has followed the ASX recommendations in the reporting period. Where it has not followed a recommendation, it must identify the recommendation that has not been followed and give reasons for not following it.

The Company intends to comply with the recommendations in the Corporate Governance Principles and Recommendations, save for specific instances (which the Company does not believe are material where differences necessarily arise as a result of the operation of German law) and currently in one further case. Recommendation 2.2 states that a listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership. The Supervisory Board does not currently have a board skills matrix. However, in accordance with the Supervisory Board Charter, if the Supervisory Board believes it to be appropriate, it may adopt one. The Supervisory Board considers that it has the necessary knowledge to identify what skills are missing to complete the Supervisory Board composition. The current Supervisory Board is made up of members with a broad range of skills, expertise and experience and from a diverse range of background, which the members of the Supervisory Board believe is appropriate.



7.

**DETAILS OF  
THE OFFER**

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# 7. DETAILS OF THE OFFER

## 7.1 INTRODUCTION

This Prospectus relates to an initial public offering of 49,296,000 CDIs (equivalent to 49,296 Shares, i.e. a ratio of 1,000 CDIs for 1 Share) by Marley Spoon, at the Offer Price A\$1.42 per CDI. Based on the Offer Price, the Offer will raise proceeds of approximately A\$70 million.

The total number of Shares expected to be on issue at Completion will be 140,470 Shares. All Shares will rank equally with each other. The total number of CDIs on issue at Completion is expected to be 140,470,000. All CDIs will rank equally with each other. A summary of the rights attaching to Shares and CDIs is set out in Section 9.1.

On Completion, 89,282,000 million CDIs (representing approximately 63.6% of the issued CDIs) will be subject to the escrow arrangements described in Section 6.5.

The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus.

The Offer is fully underwritten by the Joint Lead Managers. A summary of the Underwriting Agreement, including the events which would entitle the Joint Lead Managers to terminate the Underwriting Agreement, is set out in Section 6.1.

### 7.1.1 The Structure of the Offer

The Offer comprises:

- the Broker Firm Offer
- the Institutional Offer; and
- the Chairman's List Offer.

No general public offer of CDIs will be made under the Offer.

For further details of the:

- Broker Firm Offer and allocation policy under it, refer to Section 7.2.2;
- Institutional Offer and allocation policy under it, refer to Section 7.2.3; and
- Chairman's List Offer and allocation policy under it, refer to Section 7.2.4.

The allocation of CDIs between the above components was determined by agreement between the Joint Lead Managers and the Company, having regard to the allocation policies outlined in the above sections.

The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus.

### 7.1.2 Purpose of the Offer and use of proceeds

The Offer is being conducted to provide:

- additional cash on Marley Spoon's balance sheet, in particular to assist funding its growth strategy, fund expected losses and its strategy, and an increase in working capital (refer to Sections 3.11 and 4);
- for the repayment of certain of its existing debts (refer to Section 4.4.2);
- additional financial flexibility and access to listed capital markets;
- a liquid market for CDIs and an opportunity for others to invest in Marley Spoon; and
- benefits of an enhanced profile that arises from being a listed entity, including to attract and retain quality employees.

The proceeds of the Offer will also be used to pay the costs of the Offer. No Existing Investors are selling down any of their shareholding as part of the Offer.

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## 7. DETAILS OF THE OFFER Continued

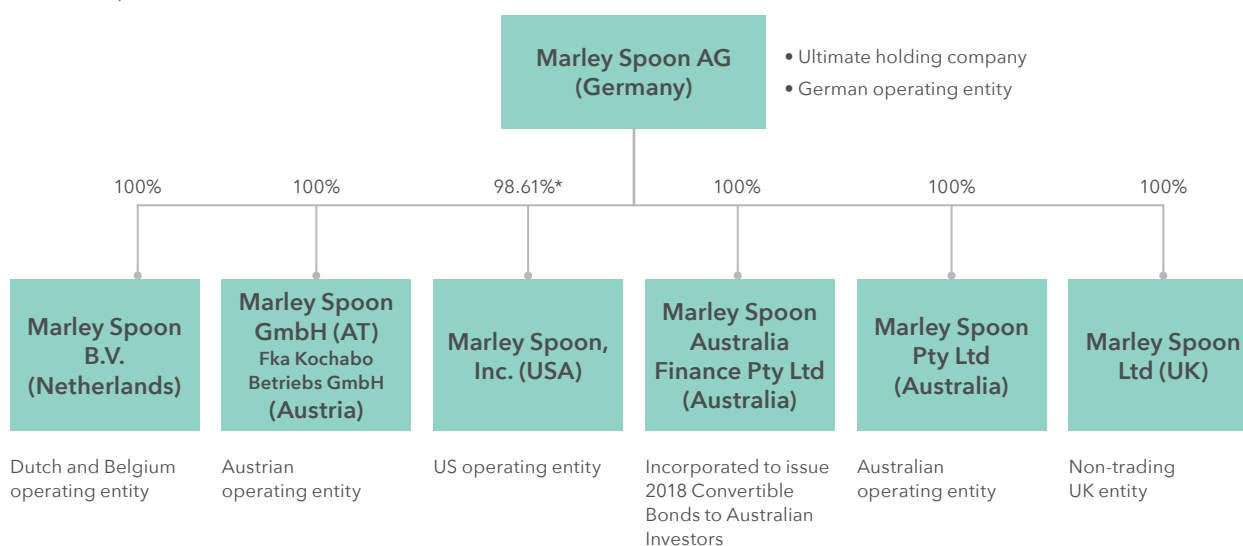
The proposed sources and uses of funds associated with the Offer are as follows, assuming Completion occurs as described in the Key Dates:

Sources	€m	A\$m	Uses	€m	A\$m
Cash proceeds to Marley Spoon for issue of CDIs under the Offer	43.8	70.0	Increase in cash and cash equivalents on balance sheet	28.0	44.7
			Debt repayment	11.5	18.5
			Transaction costs	4.3	6.8
<b>Total sources</b>	<b>43.8</b>	<b>70.0</b>	<b>Total uses</b>	<b>43.8</b>	<b>70.0</b>

Note: Assumes Shares are issued on Completion in respect of the convertible securities, warrants and rights as described in Table 5 in Section 6.4 (and the Kreos Warrants are not exercised). Refer to also to Section 9.8.2 for further information.

### 7.1.3 Corporate structure

The following diagram shows the entities in the corporate structure of Marley Spoon group at the Prospectus Date (and Completion):



Note: other than Marley Spoon, Inc., which is part owned by a former employee who holds 1.39% of shares in Marley Spoon, Inc. (refer to Section 9.10.2), each of the subsidiaries in the above chart are wholly owned by the Company.

### 7.1.4 Authorised Capital and Conditional Capital

As at the Prospectus Date, the registered share capital of the Company amounts to €82,084 and is divided into 82,084 shares representing a notional amount of the share capital of €1.00 each. The share capital is fully paid up. In addition to the existing securities described above, the Company has conditional and authorised capital as set out in Section 9.5.

### 7.1.5 Pro forma statement of financial position

Marley Spoon's pro forma balance sheet following Completion, including details of the pro forma adjustments as though the Offer had been completed on 31 December 2017, is set out in Section 4.4.1. The financial year of Marley Spoon ends on 31 December annually.

### 7.1.6 Indebtedness and commitments

A summary of Marley Spoon's indebtedness as at 31 December 2017 and as well as the pro forma indebtedness at Completion is set out in Section 4.4.2. Except as described in this Prospectus, the Company has not granted, or proposed to grant any rights to any person, or to any class of person, to participate in an issue of the Company's securities.

The Company has outstanding operating lease commitments associated with leases for office space and manufacturing centres as well as commitments for minimum payments under a licence and promotion agreement with MSLO, as described in Section 4.4.3.

### 7.1.7 Control implications of the Offer

Following Completion, the Supervisory Board does not expect any CDI Holder will control (as defined by section 50AA of the Corporations Act) Marley Spoon.

## 7.2 TERMS AND CONDITIONS OF THE OFFER

### 7.2.1 Overview

TOPIC	SUMMARY
What is the type of security being offered?	CDIs over Shares in the Company. Each Share is equivalent to 1,000 CDIs (1,000 CDIs: 1 Share).
What are the rights and liabilities attached to the securities?	A description of the CDIs and the Shares, including the rights and liabilities attaching to them, is set out in Section 9.1.
What is the consideration payable for each security being offered?	The Offer Price is A\$1.42 per CDI (representing A\$1,420 per Share).
What is the Offer Period?	The key dates, including details of the Offer Period relating to each component of the Offer are set out on page 4. No securities will be issued on the basis of this Prospectus later than the expiry date of 13 months after the Prospectus Date. The key dates are indicative only and may change. Unless otherwise indicated, all times are stated in Sydney time. The Company, in agreement with the Joint Lead Managers, reserves the right to vary any and all of the times and dates without notice and retains the discretions in this regard described in Section 7.7. If the Offer is cancelled or withdrawn before the allotment of CDIs, then all application monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act.

## 7. DETAILS OF THE OFFER Continued

TOPIC	SUMMARY
What are the cash proceeds to be raised?	Approximately A\$70 million is expected to be raised under the Offer based on the Offer Price if the Offer proceeds.
Is the Offer underwritten?	Yes. The Offer is fully underwritten by the Joint Lead Managers. Refer to Section 6.1 for a summary of the Underwriting Agreement.
Who are the Joint Lead Managers of the Offer?	The Joint Lead Managers are Macquarie Capital (Australia) Limited Canaccord Genuity (Australia) Limited.
What is the minimum and maximum Application size under the Offer?	The minimum Application under the Offer is A\$2,000. There is no maximum Application under the Offer, except that if you have received a personalised invitation to participate in the Chairman's List Offer, you may apply for an amount up to and including the amount indicated on your invitation.
What is the allocation policy?	<p>The allocation of CDIs between the Broker Firm Offer, the Chairman's List Offer and the Institutional Offer will be determined by the Joint Lead Managers in consultation with the Company having regard to the allocation policies outlined in Sections 7.2.2.6 and 7.2.3.2. The allocation of CDIs for the Chairman's List Offer will be determined by the Company in consultation with the Joint Lead Managers having regard to the allocation policy outlined in Section 7.2.4.4.</p> <p>With respect to the Broker Firm Offer, it will be a matter for the Broker to determine how they allocate CDIs among their eligible clients and the Broker (and not the Company or the Joint Lead Managers) will be responsible for ensuring that eligible clients who have received an allocation from them receive the relevant CDIs.</p> <p>The allocation of CDIs under the Chairman's List Offer will be determined by the Company in consultation with the Lead Manager.</p> <p>The allocation of CDIs among applicants in the Institutional Offer will be determined by the Joint Lead Managers and the Company.</p> <p>The Company has absolute discretion regarding the level of scale-back and the allocation of CDIs under the Offer (if any).</p>
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be dispatched by standard post on or about Tuesday, 3 July 2018. Refunds (without interest) to applicants who make an Application and receive an allocation of CDIs, the value of which is smaller than the amount of the application monies, will be made as soon as practicable after Completion of the Offer.
Will the CDIs be quoted on ASX?	<p>The Company will apply for admission to the official list of ASX and quotation of CDIs on ASX under the code 'MMM'. Completion is conditional on ASX approving this application. If the Company does not make this application within seven days after the date of this Prospectus or approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all application monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.</p> <p>The Company will be required to comply with ASX Listing Rules, subject to any waivers obtained by the Company from time to time and provided such compliance will not result in a breach of German law.</p> <p>ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the official list is not to be taken as an indication of the merits of Marley Spoon or an investment in Marley Spoon.</p>

TOPIC	SUMMARY
When are the CDIs expected to commence trading?	<p>It is expected that Completion will occur, and trading of CDIs on ASX will commence, on 2 July 2018.<sup>56</sup></p> <p>Trading will commence on a deferred settlement basis until the Company has advised ASX that holding statements have been despatched to investors. Normal settlement trading is expected to commence on or about 4 July 2018.<sup>57</sup></p> <p>It is the responsibility of each applicant to confirm their holding before trading. Applicants who sell CDIs before they receive an initial statement of holding do so at their own risk. The Company, the Registry, the Joint Lead Managers and the Existing Investors disclaim all liability, whether in negligence or otherwise, to persons who sell CDIs before receiving their initial holding statement, whether on the basis of a confirmation of allocation provided to any of them, by the Marley Spoon Offer Information Line, a Broker, or otherwise.</p>
Are there any escrow arrangements?	Yes. Details are provided in Section 6.5.
Has any ASIC relief or ASX waiver or confirmation been sought, obtained or been relied on?	Yes. Details are provided in Section 7.5.
Are there any tax considerations?	Yes. Details are provided in Section 9.11.
Are there any brokerage, commission or stamp duty considerations?	No brokerage, commission or stamp duty is payable by applicants on acquisition of CDIs under the Offer. Refer to Section 6.1 for details of fees payable by the Company to the Joint Lead Managers.
What should you do with any enquiries?	<p>All enquiries in relation to this Prospectus should be directed to the Marley Spoon Offer Information Line on 1800 647 819 (within Australia) from 8.30am to 5.30pm (Sydney time), Monday to Friday.</p> <p>All enquiries in relation to the Broker Firm Offer should be directed to your Broker.</p> <p>If you have any questions about whether to invest in the Company, you should seek professional advice from your accountant, financial advisor, stockbroker, lawyer or other professional advisor before deciding whether to invest.</p>

56. This date is subject to change. In particular, Completion cannot occur until the competent German Commercial Register registers the increase in the Company's capital as a result of the issue of the Shares to be issued on Completion as required by German law, and the Shares are acquired by the depository nominee, CDN. The admission of the Company to the official list of ASX and quotation and commencement of trading of CDIs is also subject to confirmation from ASX. These processes may complete before or after the scheduled date for Completion, in which case Completion and each of the dates that follow that date may also change.

57. See footnote above.

## 7. DETAILS OF THE OFFER Continued

### 7.2.2 Broker Firm Offer

#### 7.2.2.1 Who can apply?

The Broker Firm Offer is open to persons who have received a firm allocation from their Broker and who have a registered address in Australia. If you have been offered a firm allocation by a Broker, you will be treated as an applicant under the Broker Firm Offer in respect of that allocation. You should contact your Broker to determine whether they may allocate CDIs to you under the Broker Firm Offer.

#### 7.2.2.2 How to apply?

Applications for CDIs over Shares may only be made on a Broker Firm Application Form attached to or accompanying this Prospectus or which may be downloaded in its entirety from <https://events.miraql.com/Marley-Spoon-IPO>. If you are an investor applying under the Broker Firm Offer, you should complete and lodge your Broker Firm Application Form with the Broker from whom you received your firm allocation. Broker Firm Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the Broker Firm Application Form.

Your Broker will act as your agent and it is your Broker's responsibility to ensure that your Application Form and application monies are received by the Registry before 5.00pm (Sydney time) on the Closing Date or any earlier closing date as determined by your Broker.

By making an Application, you declare that you were given access to the Prospectus (or any replacement Prospectus), together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The minimum Application size under the Broker Firm Offer is A\$2,000 of CDIs in aggregate. There is no maximum Application size under the Broker Firm Offer. However, the Company and the Joint Lead Managers reserve the right to aggregate any applications which they believe may be multiple applications from the same person or reject or scale back any applications in the Broker Firm Offer which are for more than A\$250,000. The Company may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive the Broker Firm Offer application procedures or requirements, in its discretion in compliance with applicable laws.

Applicants under the Broker Firm Offer must lodge their Broker Firm Application Form and application monies with the relevant Broker in accordance with the relevant Broker's directions in order to receive their firm allocation. Applicants under the Broker Firm Offer must not send their Broker Firm Application Forms to the Registry.

The Company, the Joint Lead Managers and the Registry take no responsibility for any acts or omissions committed by your Broker in connection with your Application.

The Broker Firm Offer opens at 9.00am (Sydney time) on 14 June 2018 and is expected to close at 5.00pm (Sydney time) on 21 June 2018. The Company and the Joint Lead Managers may elect to close the Broker Firm Offer or any part of it early, extend the Broker Firm Offer or any part of it, or accept late Applications either generally or in particular cases. The Broker Firm Offer or any part of it may be closed at any earlier time and date, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible. Contact your Broker for instructions.

#### 7.2.2.3 How to pay?

Applicants under the Broker Firm Offer must pay their application monies to their Broker in accordance with instructions provided by that Broker.

#### 7.2.2.4 Application monies

The Company reserves the right to decline any application in whole or in part, without giving any reason. Applicants under the Broker Firm Offer whose applications are not accepted, or who are allocated a lesser number of CDIs than the amount applied for, will receive a refund of all or part of their application monies, as applicable. Interest will not be paid on any monies refunded.

Applicants whose applications are accepted in full will receive the whole number of CDIs calculated by dividing the application amount by the Offer Price. Where the Offer Price does not divide evenly into the application amount, the number of CDIs to be allocated will be determined by the applicant's Broker.



#### 7.2.2.5 Acceptance of Applications under the Broker Firm Offer

An application in the Broker Firm Offer is an offer by an applicant to the Company to subscribe for CDIs in the amount specified on the Broker Firm Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Broker Firm Application Form. To the extent permitted by law, an application by an applicant under the Offer is irrevocable.

An application may be accepted by the Company and the Joint Lead Managers in respect of the full number of CDIs specified on the Broker Firm Application Form or any of them, without further notice to the applicant or the Broker. Acceptance of an application will give rise to a binding contract.

#### 7.2.2.6 Broker Firm Offer allocation policy

The allocation of firm stock to Brokers was determined by the Joint Lead Managers in consultation with the Company. CDIs which have been allocated to Brokers for allocation to their Australian resident retail clients will be issued to the applicants who have received a valid allocation of CDIs from those Brokers (subject to the right of the Company and the Joint Lead Managers to reject or scale back applications which are for more than A\$250,000). It will be a matter for those Brokers how they allocate CDIs among their retail clients, and they (and not the Company or the Joint Lead Managers) will be responsible for ensuring that retail clients who have received an allocation from them, receive the relevant CDIs.

Applicants in the Broker Firm Offer will be able to call the Marley Spoon Offer Information Line on 1800 647 819 (within Australia) from 8.30am to 5.30pm (Sydney time), Monday to Friday to confirm their allocation. Applicants under the Broker Firm Offer will also be able to confirm their allocation through the Broker from whom they received their allocation.

However, if you sell CDIs before receiving a holding statement, you do so at your own risk, even if you obtained details of your holding from the Marley Spoon Offer Information Line or confirmed your allocation through the Broker from whom you received your allocation.

### 7.2.3 Institutional Offer

#### 7.2.3.1 Invitations to bid

The Institutional Offer consists of an invitation to certain Institutional Investors in Australia and a number of other eligible jurisdictions to apply for CDIs over Shares. The Joint Lead Managers have separately advised Institutional Investors of the application procedures for the Institutional Offer. Offers and acceptances in the Institutional Offer are made with disclosure and under this Prospectus and are at the Offer Price.

#### 7.2.3.2 Allocation policy under the Institutional Offer

The allocation of CDIs among applicants in the Institutional Offer was determined by the Joint Lead Managers in consultation with the Company. The Joint Lead Managers and the Company have absolute discretion regarding the basis of allocation of CDIs among other Institutional Investors.

### 7.2.4 The Chairman's List Offer

#### 7.2.4.1 Who may apply?

The Chairman's List Offer is open to certain investors nominated by the Company. If you are a Chairman's List Offer Applicant, you should have received a personalised invitation to apply for CDIs in the Chairman's List Offer.

#### 7.2.4.2 How to apply?

If you have received a personalised invitation to participate in the Chairman's List Offer, you should review the instructions on your personalised invitation and complete an online Chairman's List Offer Application Form.

The Chairman's List Offer opens at 9.00am (Sydney time) on 14 June 2018 and is expected to close at 5.00pm (Sydney time) on 21 June 2018. The Company and the Joint Lead Managers may elect to extend the Offer or any part of it, or accept late applications either generally or in particular cases. The Offer, or any part of it, may be closed at any earlier date and time, without further notice (subject to ASX Listing Rules and the Corporations Act). Applicants are therefore encouraged to submit their applications as early as possible.

By making an application, you declare that you were invited to participate in the Chairman's List Offer and were given access to this Prospectus (and any supplementary or replacement prospectus), together with an online Chairman's List Offer Application Form.

## 7. DETAILS OF THE OFFER Continued

### 7.2.4.3 How to pay?

Applicants under the Chairman's List Offer must pay their application monies in accordance with instructions received from the Company in the online Chairman's List Offer Application Form.

### 7.2.4.4 What is the allocation policy?

The allocation of CDIs among applicants in the Chairman's List Offer will be determined by the Company in consultation with the Joint Lead Managers. Chairman's List Offer applicants will receive a guaranteed allocation for the amount indicated on their personalised invitation. Any amount applied for in excess of this amount will be refunded in full (without interest), where applicants receive a lesser number of CDIs than the amount applied for.

### 7.2.4.5 Acceptance of Applications under the Broker Firm Offer and the Chairman's List Offer

An Application in the Chairman's List Offer is an offer by the applicant to the Company to subscribe for or purchase CDIs for all or any of the application monies specified in and accompanying the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus), and the Application Form. To the extent permitted by law, an Application by an applicant under the Chairman's List Offer is irrevocable.

Applicants whose applications are accepted in full will receive the whole number of CDIs calculated by dividing the application amount by the Offer Price. Where the Offer Price does not divide evenly into the application amount, the number of CDIs to be allocated will be determined by the Company and the Joint Lead Managers. Acceptance of an Application will give rise to a binding contract.

The Company reserves the right to decline any application in whole or in part, without giving any reason. Applicants under the Chairman's List Offer whose applications are not accepted, or who are allocated a lesser number of CDIs than the amount applied for will receive a refund of all or part of their application monies, as applicable. Interest will not be paid on any monies refunded.

## 7.3 ESCROW ARRANGEMENTS

Certain escrow arrangements will apply from Completion. Refer to Section 6.5 for further information.

## 7.4 UNDERWRITING ARRANGEMENTS

The Offer is fully underwritten. The Joint Lead Managers and the Company have entered into an Underwriting Agreement under which the Joint Lead Managers have been appointed as managers and underwriters of the Offer. The Joint Lead Managers agree, subject to certain conditions and termination events, to underwrite applications for all CDIs over Shares under the Offer. The Underwriting Agreement sets out a number of circumstances under which the Joint Lead Managers may terminate the Underwriting Agreement and their underwriting obligations. A summary of certain terms of the agreement and underwriting arrangements, including the termination provisions, is provided in Section 6.1.

## 7.5 ASX WAIVERS AND ASIC RELIEF

Marley Spoon has obtained from the ASX a decision that it would be likely to grant the following in principle waivers and confirmations to Marley Spoon in respect of the Offer:

- A waiver from ASX Listing Rules 6.16, 6.19, 6.21 and 6.22 to the extent necessary to permit the Company to have the Kreos Warrants and Option Rights on issue that do not comply with these rules on certain conditions, including that it does not issue further Kreos Warrants or Option Rights after Completion without amendments to ensure the terms comply with the ASX Listing Rules;
- A waiver from ASX Listing Rule 7.26.2 to the extent necessary to permit the Company's constitution not to have a provision causing former holders of cancelled or forfeited shares to remain liable (in the absence of the approval of the holders or ordinary shares) for any amount called but unpaid, despite the fact that the shares have been forfeited, on condition that the Company undertakes not to issue partly paid shares without written consent of ASX. The waiver was requested on the basis that the Company cannot incorporate the requirements of ASX Listing Rule 7.26.2 without breaching its governing laws;
- A waiver from ASX Listing Rule 15.12 to the extent necessary to permit the Company's constitution not to contain the provisions dealing with restricted securities as required by ASX Listing Rules 15.12.1 to 15.12.3 inclusive, on condition that the Company undertakes enforce the requirements of these listing rules through contractual means satisfactory to ASX, the undertaking is to be given and executed in the form of a deed in favour of the ASX that reflects the requirements of ASX Listing Rule 15.12, and each restricted shareholder converts their shareholdings into CDIs to be held on the issuer sponsored sub register;

- Confirmation that under ASX Listing Rule 1.1 condition 2 ASX grants the Company waivers from ASX Listing Rules 7.26.2 and 15.12, and is satisfied that the Company's constitution will otherwise comply with the ASX Listing Rules;
- Confirmation that ASX Listing Rule 1.1 condition 12 will not apply to options with a nil exercise price granted by the Company to certain employees before Completion (ie certain Option Rights);
- Confirmation that ASX Listing Rule 1.1 condition 20 will only apply to members of the Company's Supervisory Board and its chief executive officer; and
- Confirmation that ASX Listing Rules 14.3, 14.4 and 14.5 will only apply to the Company's Supervisory Board, and its chief executive officer but not its Management Board.

Marley Spoon has not sought any relief from ASIC in relation to the Offer.

## **7.6 ASX LISTING, REGISTRIES AND HOLDING STATEMENTS, DEFERRED SETTLEMENT TRADING**

### **7.6.1 CHESSE and issuer sponsored holdings**

The Company will apply to participate in ASX's Clearing House Electronic Sub-register System (**CHESSE**) and will comply with ASX Listing Rules and ASX Settlement Operating Rules. CHESSE is an electronic transfer and settlement system for transactions in securities quoted on ASX under which transfers are effected in an electronic form. To enable companies like Marley Spoon that are incorporated outside Australia in certain jurisdictions including Germany to have their securities cleared and settled electronically through CHESSE, depositary instruments called CDIs are issued (further information about CDIs is set out in Section 9.1). When the CDIs become approved financial products (as defined in ASX Settlement Operating Rules), holdings will be registered in one of two sub-registers, being an electronic CHESSE sub-register or an issuer sponsored sub-register.

For all successful applicants, the CDIs of an investor who is a participant in CHESSE or an investor sponsored by a participant in CHESSE will be registered on the CHESSE sub-register. All other CDIs will be registered on the issuer sponsored sub-register.

Following Completion, investors will be sent a holding statement that sets out the number of CDIs that have been allocated to them. This statement will also provide details of an investor's Holder Identification Number for CHESSE holders or, where applicable, the Securityholder Reference Number of issuer sponsored holders. Investors will subsequently receive statements showing any changes to their holding of CDIs. Certificates will not be issued. CDI Holders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under ASX Listing Rules and the Corporations Act. Additional statements may be requested by CDI Holders at any other time either directly through the investor's sponsoring broker in the case of a holding on the CHESSE sub-register or through the Registry in the case of a holding on the issuer sponsored sub-register. The Company and the Registry may charge a fee for these additional issuer sponsored statements.

### **7.6.2 Deferred settlement trading and selling CDIs on market**

Subject to ASX granting approval for the Company to be admitted to the official list of ASX, the Company will procure the issue of CDIs by CDN to successful applicants as soon as practicable after the allotment of the CDIs. Allotment is expected to occur on 2 July 2018 and it is expected that trading of CDIs on ASX on a deferred settlement basis will commence on or about 2 July 2018.

Holding statements confirming applicants' allocations under the Offer are expected to be sent to successful applicants on or around 3 July 2018. It is the responsibility of each person who trades in CDIs to confirm their own holding before trading in CDIs. If you sell CDIs before receiving a holding statement, you do so at your own risk.

The Company, the Registry, the Joint Lead Managers and the Existing Investors disclaim all liability, whether in negligence or otherwise, if you sell CDIs before receiving your holding statement, even if you obtained details of your holding statement from the Marley Spoon Offer Information Line or confirmed your firm allocation through a Broker.

Trading on a normal settlement basis is expected to commence on ASX on 4 July 2018.

## 7. DETAILS OF THE OFFER Continued

### 7.6.3 Restrictions on distribution

No action has been taken to register or qualify this Prospectus, the CDIs or the Offer or otherwise to permit a public offering of the CDIs over Shares in any jurisdiction outside Australia.

This Prospectus does not constitute an offer or invitation to subscribe for CDIs over Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue under this Prospectus. No action has been taken to register or qualify the CDIs or the Offer, or to otherwise permit a public offering of securities, or possession or distribution of this Prospectus in any jurisdiction outside Australia, where action for that purpose may be required or doing so is restricted by law. Accordingly, neither this Prospectus nor any advertisement may be distributed or published in any other jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations.

This Prospectus may not be released or distributed in the United States, and may only be distributed to persons outside the United States to whom the Offer may lawfully be made in accordance with the laws of any applicable jurisdiction.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the U.S. The CDIs have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the U.S. and may not be offered or sold, directly or indirectly, in the U.S. except in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable laws.

Each applicant in the Broker Firm Offer and Chairman's List Offer, and each person to whom the Institutional Offer is made under this Prospectus, will be taken to have represented, warranted and agreed as follows:

- it understands that the CDIs have not been, and will not be, registered under the U.S. Securities Act or the securities law of any state of the U.S. and may not be offered or sold, directly or indirectly, in the U.S.;
- it is not in the U.S.;
- it has not and will not send the Prospectus or any other material relating to the Offer to any person in the U.S.; and
- it will not offer or sell the CDIs in the U.S. or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration under the U.S. Securities Act and in compliance with all applicable laws in the jurisdiction in which CDIs are offered and sold.

Any offer, sale or resale of the CDIs in the U.S. by a dealer (whether or not participating in the Offer) may violate the registration requirements of the U.S. Securities Act if made prior to 40 days after the date on which the Offer Price is determined and the CDIs are allocated under the Offer or if such CDIs were purchased by a dealer under the Offer.

Each applicant under the Broker Firm Offer and Chairman's List Offer is required to make certain representations, warranties and covenants set out in the Application Form. Each applicant under the Institutional Offer has been required to make certain representations, warranties and covenants set out in the confirmation of allocation letter distributed to it.

### 7.7 DISCRETION REGARDING THE OFFER

The Company may withdraw the Offer at any time before the issue of CDIs over Shares to successful applicants or bidders in the Broker Firm Offer, Chairman's List Offer and Institutional Offer. If the Offer, or any part of it, does not proceed, all relevant application monies will be refunded (without interest). The Company, in consultation with the Joint Lead Managers also reserve the right vary any and all of the dates of the Offer without notice, including, subject to ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the date the Offer closes, to accept late applications or bids, either generally or in particular cases, reject any application or bid, or allocate to any applicant or bidder fewer CDIs than applied or bid for and as such offers of Shares are still open for acceptance by the Company until and including the date of Completion, in each case without notifying any recipient of this Prospectus or applicants.



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# 8.

## INDEPENDENT LIMITED ASSURANCE REPORT



## 8. INDEPENDENT LIMITED ASSURANCE REPORT



The Directors  
Marley Spoon AG  
Paul-Lincke-Ufer 39/40  
10999 Berlin  
Germany

6 June 2018

Dear Directors

### ***Investigating Accountant's Report***

### ***Independent Limited Assurance Report on Marley Spoon AG historical and forecast financial information and Financial Services Guide***

We have been engaged by Marley Spoon AG (the **Company**) to report on the historical and forecast financial information of the Company for the years ended 31 December 2015, 31 December 2016 and 31 December 2017 and forecast period ending 31 December 2018 for inclusion in the prospectus dated on or about 6 June 2018 and relating to the proposed initial public offering of CHESSE Depository Interests over ordinary shares in the Company and listing of the Company on the Australian Securities Exchange.

Expressions and terms defined in the prospectus have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian financial services licence under the Corporations Act 2001. PricewaterhouseCoopers Securities Ltd, which is wholly owned by PricewaterhouseCoopers holds the appropriate Australian financial services licence under the Corporations Act 2001. This report is both an Investigating Accountant's Report, the scope of which is set out below, and a Financial Services Guide, as attached at Appendix A.

### ***Scope***

You have requested PricewaterhouseCoopers Securities Ltd to review the following financial information of the Company included in the prospectus:

#### **Reported Historical Financial Information**, being the:

- Reported consolidated historical income statements for CY2015, CY2016 and CY2017 (**Reported Historical Income Statements**);
- Reported consolidated historical cash flow statements for CY2015, CY2016 and CY2017 (**Reported Historical Cash Flow Statements**); and

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- Reported consolidated historical balance sheet as at 31 December 2017 (**Reported Historical Balance Sheet**).

The historical financial information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in International Financial Reporting Standards as adopted by the European Union and the Company's adopted accounting policies. The historical financial information for CY2016 and CY2017 has been extracted from the financial reports of the Company for the years ended 31 December 2016 and 31 December 2017. This historical financial information for CY2015 has been prepared by the Company for the purpose of the Prospectus. The financial report of the Company for the years ended 31 December 2016 and 31 December 2017 was audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Berlin, in accordance with the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Additional audit procedures have been performed by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft to ensure that the audit of the consolidated financial statements in supplementary compliance with the International Standards on Auditing (ISAs). PricewaterhouseCoopers Germany issued an unmodified audit opinion on these financial reports. The financial information of the Company for the year ended 31 December 2015 is unaudited. The historical financial information is presented in the prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by International Financial Reporting Standards as adopted by the European Union and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

**Pro Forma Historical Financial Information**, being the:

- Pro Forma consolidated historical income statements for CY2015, CY2016 and CY2017 (**Pro Forma Historical Income Statements**);
- Pro Forma consolidated historical cash flow statements for CY2015, CY2016 and CY2017 (**Pro Forma Historical Cash Flow Statements**); and
- Pro Forma consolidated historical balance sheet as at 31 December 2017 (**Pro Forma Historical Balance Sheet**)

The pro forma historical financial information has been derived from the historical financial information of the Company, after adjusting for the effects of pro forma adjustments described in section 4.6 of the prospectus. The stated basis of preparation is the recognition and measurement principles contained in International Financial Reporting Standards as adopted by the European Union and the Company's adopted accounting policies applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in section 4.2 of the prospectus, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the pro forma historical financial information does not represent the Company's actual or prospective financial position, financial performance, and/or cash flows.



**Statutory Forecast Financial Information (Statutory Forecast)**, being the:

- Statutory consolidated forecast income statement for CY2018 (**Statutory Forecast Income Statement**); and
- Statutory consolidated forecast cash flow statement for CY2018 (**Statutory Forecast Cash Flow Statement**).

The directors' best-estimate assumptions underlying the Statutory Forecast Financial Information are described in section 4.8 of the prospectus. The stated basis of preparation used in the preparation of the Statutory Forecast Financial Information being the recognition and measurement principles contained in International Financial Reporting Standards as adopted by the European Union and the Company's adopted accounting policies;

**Pro Forma Forecast Financial Information (Pro Forma Forecast)**, being the:

- Pro Forma consolidated forecast income statement for CY2018 (**Pro Forma Forecast Income Statement**); and
- Pro Forma consolidated forecast cash flow statement for CY2018 (**Pro Forma Forecast Cash Flow Statement**).

The Pro Forma Forecast has been derived from the Statutory Forecast, after adjusting for the effects of the pro forma adjustments described in section 4.6 of the prospectus. The stated basis of preparation used in the preparation of the Pro Forma Forecast being the recognition and measurement principles contained in International Financial Reporting Standards as adopted by the European Union applied to the Pro Forma Forecast and the events or transactions to which the pro forma adjustments relate, as described in section 4.6 of the prospectus, as if those events or transactions had occurred as at 1 January 2018. Due to its nature, the Pro Forma Forecast does not represent the Company's actual prospective financial performance, and/or cash flows for the year ending 31 December 2018.

### ***Directors' responsibility***

The directors of the Company are responsible for the preparation of the historical financial information and pro forma historical financial information, including its basis of preparation and the selection and determination of pro forma adjustments made to the historical financial information and included in the pro forma historical financial information.

The directors of the Company are also responsible for the preparation of the Statutory Forecast, including its basis of preparation and the underlying best-estimate assumptions. They are also responsible for the preparation of the Pro Forma Forecast, including its basis of preparation and the selection and determination of the pro forma adjustments made to the Statutory Forecast and included in the Pro Forma Forecast. This includes responsibility for its compliance with applicable laws and regulations and for such internal controls as the directors determine are necessary to enable the preparation of historical financial information, pro forma historical financial information, Statutory Forecast and Pro Forma Forecast that are free from material misstatement.

### ***Our responsibility***

Our responsibility is to express a limited assurance conclusion on the historical financial information, the pro forma historical financial information, the Forecast and Pro Forma Forecast, the best-estimate assumptions underlying the Forecast and Pro Forma Forecast, and the reasonableness of the Forecast



and Pro Forma Forecast themselves, based on our review. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

### **Conclusions**

#### ***Reported Historical financial information***

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the reported historical financial information of the Company, as described in section 4 of the prospectus, and comprising:

- Reported consolidated historical income statements for CY2015, CY2016 and CY2017 (**Reported Historical Income Statements**) as set out in table 2 under Section 4.3 of the Prospectus;
- Reported consolidated historical cash flow statements for CY2015, CY2016 and CY2017 (**Reported Historical Cash Flow Statements**) as set out in table 11 under Section 4.5 of the Prospectus; and
- Reported consolidated historical balance sheet as at 31 December 2017 (**Reported Historical Balance Sheet**) as set out in table 7 under Section 4.4 of the Prospectus;

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 4.2 of the prospectus being the recognition and measurement principles contained in International Financial Reporting Standards as adopted by the European Union and the Company's adopted accounting policies.

#### ***Pro forma historical financial information***

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the pro forma historical financial information of the Company as described in section 4 of the prospectus, and comprising:

- Pro Forma consolidated historical income statements for CY2015, CY2016 and CY2017 (**Pro Forma Historical Income Statements**) as set out in table 1 under Section 4.3 of the Prospectus;
- Pro Forma consolidated historical cash flow statements for CY2015, CY2016 and CY2017 (**Pro Forma Historical Cash Flow Statements**) as set out in table 10 under Section 4.5 of the Prospectus; and



- Pro Forma consolidated historical balance sheet as at 31 December 2017 (**Pro Forma Historical Balance Sheet**) as set out in table 7 under Section 4.4 of the Prospectus are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 4.2 of the prospectus being the recognition and measurement principles contained in International Financial Reporting Standards as adopted by the European Union and the Company's adopted accounting policies applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in section 4.6 of the prospectus, as if those events or transactions had occurred as at the date of the historical financial information.

**Statutory Forecast:**

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the Statutory Forecast do not provide reasonable grounds for the Forecast; and
- in all material respects, the Statutory Forecast:
  - is not properly prepared on the basis of the directors' best-estimate assumptions as described in section 4.8.1 and 4.8.2 of the prospectus; and
  - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in International Financial Reporting Standards as adopted by the European Union and the entity's adopted accounting policies; and
- the Statutory Forecast itself is unreasonable.

**Pro Forma Forecast**

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the Pro Forma Forecast do not provide reasonable grounds for the Pro Forma Forecast; and
- in all material respects, the Pro Forma Forecast:
  - is not properly prepared on the basis of the directors' best-estimate assumptions, as described in section 4.8.1 and 4.8.2 of the prospectus; and
  - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in International Financial Reporting Standards as adopted by the European Union and the Company's adopted accounting policies, applied to the Forecast and the pro forma adjustments as if those adjustments had occurred as at the date of the Forecast; and
- the Pro Forma Forecast itself is unreasonable.

**Statutory and Pro Forma Forecast**

The Forecast and Pro Forma Forecast have been prepared by management and adopted by the directors in order to provide prospective investors with a guide to the potential financial performance of the Company for the period ending 31 December 2018. There is a considerable degree of subjective judgment involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast and Pro Forma

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Forecast since anticipated events or transactions frequently do not occur as expected and the variation may be material.

The directors' best-estimate assumptions on which the Forecast and Pro Forma Forecast are based relate to future events and/or transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of the Company. Evidence may be available to support the directors' best-estimate assumptions on which the Forecast and Pro Forma Forecast are based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the directors' best-estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in the Company, which are detailed in the prospectus, and the inherent uncertainty relating to the Forecast and Pro Forma Forecast. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in sections 5 and 4.9 of the prospectus. The sensitivity analysis described in section 4.9 of the prospectus demonstrates the impact on the Forecast and Pro Forma Forecast of changes in key best-estimate assumptions. We express no opinion as to whether the Forecast or Pro Forma Forecast will be achieved.

The Forecast and Pro Forma Forecast have been prepared by the directors for the purpose of inclusion in the prospectus. We disclaim any assumption of responsibility for any reliance on this report, or on the Forecast or Pro Forma Forecast to which it relates, for any purpose other than that for which it was prepared. We have assumed, and relied on representations from certain members of management of the Company, that all material information concerning the prospects and proposed operations of the Company has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

#### ***Notice to investors outside Australia***

Under the terms of our engagement this report has been prepared solely to comply with Australian Auditing Standards applicable to review engagements.

This report does not constitute an offer to sell, or a solicitation of an offer to buy, any securities. We do not hold any financial services licence or other licence outside Australia. We are not recommending or making any representation as to suitability of any investment to any person.

#### ***Restriction on Use***

Without modifying our conclusions, we draw attention to section 4 of the prospectus, which describes the purpose of the financial information, being for inclusion in the prospectus. As a result, the financial information may not be suitable for use for another purpose.

#### ***Consent***

PricewaterhouseCoopers Securities Ltd has consented to the inclusion of this assurance report in the public document in the form and context in which it is included.

## 8. INDEPENDENT LIMITED ASSURANCE REPORT Continued



### ***Liability***

The liability of PricewaterhouseCoopers Securities Ltd is limited to the inclusion of this report in the prospectus. PricewaterhouseCoopers Securities Ltd makes no representation regarding, and has no liability for, any other statements or other material in, or omissions from the prospectus.

### ***Independence or Disclosure of Interest***

PricewaterhouseCoopers Securities Ltd does not have any interest in the outcome of this transaction other than the preparation of this report and participation in due diligence procedures for which normal professional fees will be received.

### ***Financial Services Guide***

We have included our Financial Services Guide as Appendix A to our report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our report.

Yours faithfully

A handwritten signature in blue ink that reads 'Jonathan Griffiths'.

Jon Griffiths  
*Authorised Representative of  
PricewaterhouseCoopers Securities Ltd*





## Appendix A - Financial Services Guide

### PRICEWATERHOUSECOOPERS SECURITIES LTD FINANCIAL SERVICES GUIDE

**This Financial Services Guide is dated 6 June 2018**

#### 1. About us

PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617, Australian Financial Services Licence no 244572) ("**PwC Securities**") has been engaged by Marley Spoon AG ("**Company**") to provide a report in the form of an Investigating Accountant's Report in relation to the proposed initial public offering of CHES Depository Interests over ordinary shares in the Company and listing of the Company on the Australian Securities Exchange (**the "Report"**) for inclusion in the prospectus dated on or about 6 June 2018.

You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

#### 2. This Financial Services Guide

This Financial Services Guide ("**FSG**") is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about PwC Securities generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report, and how complaints against us will be dealt with.

#### 3. Financial services we are licensed to provide

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds, and deposit products.

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**PricewaterhouseCoopers Securities Ltd, ACN 003 311 617, ABN 54 003 311 617, Holder of Australian Financial Services Licence No 244572**

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#### 4. **General financial product advice**

The Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

#### 5. **Fees, commissions and other benefits we may receive**

PwC Securities charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity who engages PwC Securities to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this Report our fees are charged on a fixed basis and are \$0.6m.

Directors or employees of PwC Securities, PricewaterhouseCoopers, or other associated entities, may receive partnership distributions, salary or wages from PricewaterhouseCoopers.

#### 6. **Associations with issuers of financial products**

PwC Securities and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, PricewaterhouseCoopers may be the auditor of, or provide financial services to, the issuer of a financial product and PwC Securities may provide financial services to the issuer of a financial product in the ordinary course of its business.

#### 7. **Complaints**

If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request.

If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Ombudsman Service ("FOS"), an external complaints resolution service. FOS can be contacted by calling 1300 780 808. You will not be charged for using the FOS service.



**8. Contact Details**

PwC Securities can be contacted by sending a letter to the following address:

Jon Griffiths  
PricewaterhouseCoopers Securities Ltd  
One International Towers Sydney  
Watermans Quay  
Barangaroo NSW 2000  
Australia



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# 9.

## ADDITIONAL INFORMATION



## 9. ADDITIONAL INFORMATION

### 9.1 CHESS DEPOSITARY INTERESTS (CDIS)

Details of CDIs and the key difference between holding CDIs and holding the underlying Shares is detailed below:

<p>What is the nature of CDIs?</p>	<p>In order for the interests in Shares to trade electronically on ASX, Marley Spoon intends to participate in the electronic transfer system known as CHESS operated by ASX Settlement.</p> <p>CHESS cannot be directly used for the transfer of securities of companies domiciled in certain foreign jurisdictions, such as Germany. Accordingly, to enable the Shares to be cleared and settled electronically through CHESS, Marley Spoon intends to issue (through an Australian depository nominee, CDN (AFSL 254514)) depository interests called "CHESS Depository Interests" or "CDIs".</p> <p>CDIs confer the beneficial ownership in foreign securities, such as the Shares, on the CDI Holder, with the legal title to such Shares being held by an Australian depository nominee.</p>
<p>Who is the depository nominee and what do they do?</p>	<p>Marley Spoon will appoint CDN, a subsidiary of ASX, and an approved general participant of ASX Settlement to act as its Australian depository.</p> <p>CDN will hold legal title to the Shares on behalf of CDI Holders. CDN will receive no fees for acting as the depository for the CDIs.</p> <p>By completing an Application Form, an applicant will apply for CDIs to be issued over Shares, which will be issued to CDN.</p> <p>The Company expects that all Existing Investors will transfer their Shares to CDN and, along with successful applicants under the Offer, hold CDIs on Completion.</p>
<p>What registers will be maintained recording your interests?</p>	<p>Marley Spoon will operate a principal register of Shares in Germany, an uncertificated issuer sponsored sub-register of CDIs in Australia, and an uncertificated CHESS sub-register of CDIs in Australia.</p> <p>Marley Spoon's uncertificated issuer sponsored sub-register of CDIs will be maintained by the Registry, and the uncertificated CHESS sub-register of CDIs will be maintained by ASX Settlement.</p> <p>The principal register of Shares in Germany will reflect the holding by CDN of the Shares underlying the CDIs.</p> <p>The two uncertificated sub-registers of CDIs combined will make up the register of beneficial title of the Shares underlying the CDIs.</p> <p>If investors have questions in relation to the Company's principal register of Shares in Germany, they may contact the Company at its address on the inside back cover of this Prospectus.</p>
<p>How is local and international trading in CDIs effected?</p>	<p>CDI Holders who wish to trade their CDIs will be transferring the beneficial interest in the Shares rather than the legal title. The transfer will be settled electronically by delivery of the relevant CDI holdings through CHESS. In other respects, trading in CDIs is essentially the same as trading in other CHESS approved securities, such as shares in an Australian company.</p>
<p>What is the CDI:Share ratio?</p>	<p>1,000 CDIs will represent an interest in one Share.</p> <p>This ratio has been adopted by the Company to achieve an Offer Price which is at a level familiar to investors in a listing on ASX in circumstances where it was impractical in the circumstances for the Company to achieve such a level through a subdivision of its Shares.</p>
<p>What will CDI Holders receive on acceptance of their Applications?</p>	<p>Successful applicants will receive a holding statement which sets out the number of CDIs held by the CDI Holder and the reference number of the holding. These holding statements will be provided to a holder when a holding is first established and where there is a change in the holdings of CDIs.</p>

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## 9. ADDITIONAL INFORMATION Continued

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<p>How do CDI Holders convert from a CDI holding to a direct holding of Shares?</p>	<p>CDI Holders who wish to convert their ASX listed CDIs to Shares can do so provided they hold at least 1,000 CDIs by instructing the Registry either:</p> <ul style="list-style-type: none"> <li>• directly, in the case of CDIs on the issuer sponsored sub-register operated by Marley Spoon. CDI Holders will be provided with a form for completion and return to the Registry; or</li> <li>• through their sponsoring participant (usually their broker), in the case of CDIs which are sponsored on the CHESS sub-register. In this case, the sponsoring broker will arrange for completion of the relevant form and its return to the Registry.</li> </ul> <p>As one Share represents 1,000 CDIs, only multiples of 1,000 can be converted into Shares. As noted above, if a CDI Holder holds less than 1,000 CDIs, it will not be able to convert its ASX listed CDIs into a Share as one Share represents 1,000 CDIs.</p> <p>Subject to the above, the Registry will then arrange for the Shares to be transferred from CDN into the name of that holder and the holder will be registered with the share register (<i>Aktienregister</i>) at Marley Spoon. Once the transfer has occurred, trading on the ASX will no longer be possible. Shareholders have no entitlement to physical share certificates. The form of share certificates (if any) will be determined by the Company.</p> <p>The Registry will not charge an individual security holder or Marley Spoon a fee for transferring CDI holdings into Shares (although a fee will be payable by market participants).</p> <p>It is expected that this process will be completed within 48 hours, provided that the Registry is in receipt of a duly completed and valid removal request form. However, no guarantee can be given about the time for this conversion to take place.</p>
<p>How do shareholders convert from a direct shareholding to a CDI holding?</p>	<p>If holders of the Shares wish to convert their holdings to CDIs, they can do so by contacting the Registry. Marley Spoon's Registry will not charge a fee to a holder of Shares seeking to convert the Shares to CDIs (although a fee will be payable by market participants).</p>
<p>What are the voting rights of a CDI Holder?</p>	<p>CDI Holders will be able to vote at Marley Spoon's general meetings by:</p> <ol style="list-style-type: none"> <li>1. instructing CDN, as the legal owner, to vote the Shares underlying their CDIs in a particular manner. A voting instruction form will be sent to CDI Holders with the notice of meeting or proxy statement for the meeting and this must be completed and returned to Marley Spoon's Registry prior to the meeting; or</li> <li>2. informing Marley Spoon that they wish to nominate themselves or another person to be appointed as CDN's proxy with respect to their Shares underlying multiples of 1,000 CDIs for the purposes of attending and voting at the general meeting; or</li> <li>3. converting their CDIs (in multiples of 1,000) into a holding of Shares and voting these Shares at the general meeting (however, if thereafter the former CDI Holder wishes to sell their investment on ASX it would be necessary to convert the Shares back to CDIs). In order to vote in person, the conversion must be completed prior to the record date for the general meeting. See above for further information regarding the conversion process and applicable timing constraints.</li> </ol> <p>As CDI Holders will not appear on Marley Spoon's share register as the holders of the Shares, they will not be entitled to vote at general meetings unless one of the above steps is undertaken.</p>



<p><b>What are the voting rights of a CDI holder?</b> continued</p>	<p>As 1,000 CDIs represent an interest in one Share, to vote a certain way (e.g. for or against a resolution) 1,000 CDIs will represent a vote of one Share.</p> <p>Where a CDI Holder holds less than 1,000 CDIs, or a number of CDIs which is not a multiple of 1,000, they should consider using Option 1 above if they wish to vote their CDIs. In this circumstance, all votes of CDIs cast a certain way (e.g. for or against a resolution) using this option will be aggregated first, with that aggregated number only then rounded down to the nearest multiple of 1,000, to determine the number of Shares to be voted in that way.</p> <p>Proxy forms, CDI voting instruction forms and details of these alternatives will be included in each notice of meeting sent to CDI Holders by Marley Spoon.</p> <p>These voting rights exist only under the ASX Settlement Operating Rules, rather than under German company law. Since CDN is the holder of applicable shares but the CDI Holders are not themselves the holder of the applicable Shares, the CDI Holders do not have any directly enforceable rights under Marley Spoon's Constitution.</p> <p>The Company intends to hold its general meetings in Germany. Under the ASX Listing Rules and the ASX Settlement Operating Rules, Marley Spoon as an issuer of CDIs must allow CDI Holders to attend any meeting of the holders of Shares unless relevant German law at the time of the meeting prevents CDI Holders from attending those meetings. The Company intends to facilitate an audio or video transmission of its general meetings to allow an opportunity for a CDI Holder to observe those meetings. If a CDI Holder wishes to ensure that it can formally attend a general meeting with the full rights of a shareholder, the CDI Holder should inform Marley Spoon that its wishes to nominate itself or another person to be appointed as CDN's proxy with respect to Shares underlying their CDIs, or first convert their CDIs into a holding of Shares.</p> <p>Further information in relation to general meetings and voting will be provided by the Company to CDI Holders in advance of those meetings.</p>
<p><b>What dividend and other distribution entitlements do CDI Holders have?</b></p>	<p>Despite legal title to the Shares being vested in CDN, ASX Settlement Operating Rules provide that CDI Holders are to receive all direct economic benefits and other entitlements in relation to the underlying Shares. These include dividends and other entitlements which attach to the underlying Shares. These rights exist only under the ASX Settlement Operating Rules (which have the force of law by virtue of the Corporations Act), rather than under German company law.</p> <p>It is possible that marginal differences may exist between the resulting entitlement of a CDI Holder and the entitlements that would have accrued if a CDI Holder held their holding directly as Shares. As the ratio of CDIs to Shares is not one-to-one and any entitlement will be determined on the basis of Shares rather than CDIs, a CDI Holder may not always benefit to the same extent, for example from the rounding up of fractional entitlements in a rights issue (or other corporate actions as referred to below). The Company is required by the ASX Settlement Operating Rules to minimise any such differences where legally permissible. If the Company pays a dividend, it will adopt procedures as required by the ASX Settlement Operating Rules to facilitate payment in respect of holdings of CDIs which are not multiples of 1,000 (or less than 1,000).</p> <p>Whilst the Company does not anticipate declaring any dividends in the foreseeable future, should it do so in the longer term, Marley Spoon will declare any dividends in € as that is its main functional currency. In that event, Marley Spoon may pay any dividends in € or A\$ depending on the country of residence of the CDI Holder.</p>
<p><b>What corporate action entitlement (such as rights issues and bonus issues) do CDI Holders have?</b></p>	<p>The ASX Settlement Operating Rules provide that CDI Holders are to receive all direct economic benefits and other entitlements in relation to the underlying Shares. These include an entitlement to participate in rights issues, bonus issues and capital reductions. These rights exist only under the ASX Settlement Operating Rules, rather than under German company law. For further information refer to the row above in relation to marginal differences that may exist between the resulting entitlement of a CDI Holder and the entitlements that would have accrued if a CDI Holder held their holding directly as Shares.</p>

## 9. ADDITIONAL INFORMATION Continued

<p>What rights do CDI Holders have in the event of a takeover?</p>	<p>If a takeover bid or similar transaction is made in relation to the Shares of which CDN is the registered holder, under the ASX Settlement Operating Rules, CDN must not accept the offer made under the takeover bid except to the extent that acceptance is authorised by the relevant CDI Holder. CDN must ensure that the offeror processes the takeover acceptance of a CDI Holder if such CDI Holder instructs CDN to do so. These rights exist only under the ASX Settlement Operating Rules, rather than under German company law. Refer to Section 9.3 on takeovers.</p>
<p>What notices and announcement will CDI Holders receive?</p>	<p>CDI Holders will receive all notices and company announcements (such as annual reports) that shareholders are entitled to receive from Marley Spoon. These rights exist only under the ASX Settlement Operating Rules, rather than under German company law.</p>
<p>What rights do CDI Holders have on liquidation or winding up?</p>	<p>In the event of Marley Spoon's liquidation, dissolution or winding up, a CDI Holder will be entitled to the same economic benefit on their CDIs as shareholders. These rights exist only under the ASX Settlement Operating Rules, rather than under German company law.</p>
<p>Will CDI Holders incur any additional ASX or ASX Settlement fees or charges as a result of holding CDIs rather than Shares?</p>	<p>A CDI Holder will not incur any additional ASX or ASX Settlement fees or charges as a result of holding CDIs rather than Shares.</p>
<p>Where do I find further information about transferring CDIs?</p>	<p>If your CDIs are held on the CHESSE sub-register, contact your sponsoring participant (usually your broker). If your CDIs are held on the issuer sponsored sub-register, contact the Registry.</p> <p>The transfer of CDIs may be effected by a proper transfer (defined as a Proper ASTC Transfer in ASX Listing Rules). Upon receipt of a proper transfer and subject to ASX Listing Rules and ASX Settlement Operating Rules, the Company will approve registration of a transferee named in the transfer as a holder of CDIs. The transferor will be deemed to remain the holder of the CDIs until a proper transfer has been effected or the name of the transferee is entered in the CHESSE sub-register or the issuer sponsored sub-register (as applicable) as the holder of the CDIs.</p> <p>The Company may suspend the registration of transfers of CDIs at the times and for the periods they determine, but only as permitted by ASX Settlement Operating Rules.</p>
<p>Divestment of Non-marketable Parcel of CDIs</p>	<p>Subject to certain restrictions and procedures, the Company may, after giving written notice to a CDI Holder, sell a CDI Holder's CDIs if the CDI-holder holds less than a Non-marketable Parcel (a parcel of securities that is less than a Marketable Parcel within the meaning of the ASX Operating Rules Procedures).</p>
<p>Where can further information be obtained?</p>	<p>For further information in relation to CDIs and the matters referred to above, please refer to the ASX website and the documents entitled:</p> <ul style="list-style-type: none"> <li>• "Understanding CHESSE Depository Interests" at: <a href="http://www.asx.com.au/documents/settlement/CHESSE_Depository_Interests.pdf">http://www.asx.com.au/documents/settlement/CHESSE_Depository_Interests.pdf</a></li> <li>• ASX Guidance Note 5 at: <a href="http://www.asx.com.au/documents/rules/gn05_chess_depository_interests.pdf">http://www.asx.com.au/documents/rules/gn05_chess_depository_interests.pdf</a>,</li> </ul> <p>or contact your stockbroker or the Marley Spoon Offer Information Line on 1800 647 819 (within Australia) between 8.30am and 5.30pm (AEST), Monday to Friday.</p>

## 9.2 SUMMARY OF THE COMPANY'S CONSTITUTION

Marley Spoon is a German stock corporation with its headquarters in Berlin, Germany, registered with the Commercial Register of the local court (*Amtsgericht*) Charlottenburg under HRB 195994 B. The Company was formed on 5 May 2014 as a limited liability company (*Gesellschaft mit beschränkter Haftung, GmbH*) and was transformed into a German stock corporation (*Aktiengesellschaft, AG*) under the name Marley Spoon AG by way of shareholder resolution taken on 13 April 2018, having become effective through registration with the Commercial Register on 2 May 2018. On 19 April 2018, Marley Spoon was registered as a foreign company under the Corporations Act. The main constituent document of Marley Spoon is its Constitution.

### 9.2.1 Shares

All shares in the Company are registered shares. The Company intends to issue, shortly prior to Completion, one or more global share certificates, which represent the Shares and which will be deposited with the Company. Under the Constitution, shareholders have no entitlement to physical share certificates. The Company may issue dividend coupons in respect of the Shares.

Subject to the limitations on share capital, as set out in the Constitution, the Management Board is authorised to increase the share capital of the Company on one or more occasions with the approval of the Supervisory Board.

The Management Board, with the approval of the Supervisory Board, shall decide on the further terms and conditions of the shares, including the issue price and the content of the share rights.

### 9.2.2 Company Organs

#### 9.2.2.1 Management Board

The Management Board is to consist of one or more members. The Supervisory Board appoints the members of the Management Board. The Supervisory Board may also appoint a Chairman or Deputy Chairman of the Management Board.

Resolutions of the Management Board are to be adopted by a simple majority of the votes cast, unless a unanimous decision is required under German law. In the event of a tie, and where the Management Board consists of at least 3 members, the Chairman of the Management Board shall have a casting vote.

The Constitution requires that the members of the Management Board conduct the business transactions of the Company in accordance with the law, the Constitution, the rules of procedure for the Management Board, and the executive organisational chart. The Constitution also states that the Management Board requires the approval of the Supervisory Board:

- to sell the Company as a whole;
- to conclude contracts or plans pursuant to the German Conversion Act (*Umwandlungsgesetz, UmwG*); and
- to conclude inter-company agreements as defined in Section 291 of the German Stock Corporation Act (*Aktiengesetz, AktG*).

In addition, the Supervisory Board has specified in the rules of procedure for the Management Board further types of transactions requiring the Supervisory Board's prior approval as described in Section 6.7.1.

#### 9.2.2.2 Supervisory Board

In accordance with the Constitution, the Supervisory Board is to consist of four members.

Unless otherwise specified at the time of their election, the members of the Supervisory Board are elected for a period terminating at the end of the general meeting that resolves on the formal approval of the members' acts for the second fiscal year following the commencement of their term of office. The fiscal year in which the term of office begins shall not be included in this calculation. Members of the Supervisory Board may voluntarily elect to stand for re-election prior to the expiry of this period to satisfy requirements of the ASX Listing Rules (including that the Company must hold an election of Supervisory Board members at each annual general meeting).

Substitute members may also be voted in for one or more specific members of the Supervisory Board. Substitute members shall join the Supervisory Board in accordance with the order of precedence determined at the time of their election if Supervisory Board members whom they have been appointed to replace leave office prematurely. If a member of the Supervisory Board is replaced by a substitute member, their term of office shall expire at the close of the next general meeting.

Unless otherwise required by law, resolutions of the Supervisory Board may be passed with a simple majority of the votes cast. In the event of a tie, the Chairman shall have a casting vote. If the Chairman does not vote, the casting vote will pass to the deputy.

## 9. ADDITIONAL INFORMATION Continued

### 9.2.2.3 Shareholders' meeting

Each shareholder who can demonstrate to the Company their entitlements to participate in and vote at a general meeting of the Company, has a right to so participate and vote, as specified in detail below. Each Share entitles the holder to one vote.

### 9.2.2.4 Voting at a general meeting

The right to participate and vote in a general meeting is restricted to those shareholders who are entered in the share register and who have registered in due time. Registration must be received by the Company on the last day of the statutory registration period at the address given in the notice convening the general meeting. A shorter period for registration expressed in days may be set in the notice of meeting. This period does not include the day of the general meeting and the day of receipt.

At a general meeting of the Company, every shareholder entitled to vote may attend and vote in person, by proxy or, with the approval and provisioning of the Management Board, may exercise their rights in whole or in part via electronic means. The Management Board may also set rules regarding the extent and procedure for participation and voting via electronic means, which are to be announced when the general meeting is convened.

Subject to mandatory legal requirements, resolutions of the general meeting shall be adopted by a simple majority of all votes cast and, if the law stipulates a capital majority in addition to a majority of votes cast, by a simple majority of the share capital represented at the passing of the resolution. In the event of a tie, a resolution shall be deemed to have been rejected.

### 9.2.2.5 Dividends

At the end of a financial year, the Management Board may, with the approval of the Supervisory Board, distribute a dividend advance to shareholders. This dividend is subject to shareholder approval in general meeting.

### 9.2.2.6 Variation to the Constitution

The Constitution may only be amended by resolution of the shareholders. The Supervisory Board has been granted the authority to make non-substantive amendments to the drafting of the Constitution.

### 9.2.2.7 Annual financial statements

The Management Board will prepare the annual financial statements and a management report, and, where required by applicable law, the consolidated financial statements and the group management report for the preceding fiscal year. The Management Board will submit these documents to the Supervisory Board and the Company's auditors. In addition, the Management Board will contemporaneously submit to the Supervisory Board a proposal for the appropriation of the distributable profit that shall be brought forward to the general meeting.

## 9.3 CERTAIN DIFFERENCES BETWEEN AUSTRALIAN AND GERMAN COMPANY LAW

The Company was incorporated in Germany, and its corporate affairs are governed by (amongst other things) the Constitution and German company law, in particular the provisions of the German Stock Corporation Act (Aktengesetz, AktG). As the Company is not incorporated in Australia, it is not subject to certain aspects of Australian company law, such as takeover law or laws related to substantial holdings disclosure. Set out below is a table summarising some of the key differences between Australian and German company laws as they apply to the Company. It is important to note that this summary does not purport to:

- be a complete review of all matters of German company law and taxation; or
- highlight all provisions that may differ from equivalent provisions in Australia, or contain all applicable qualifications or exceptions.

Unless otherwise stated, the Corporations Act provisions referred to below do not apply to the Company as a foreign company.

	GERMAN LAW	AUSTRALIAN LAW
Takeovers	<p>The Shares of Marley Spoon are not admitted for trading on an organized market in Germany or another member state of the European Economic Area (EEA), and so the provisions regarding takeovers according to the German Securities Acquisition and Takeover Act (<i>Wertpapiererwerbs- und Übernahmegesetz, WpÜG</i>) do not apply to Marley Spoon. Accordingly, there are no provisions regarding takeovers that are applicable to Marley Spoon.</p> <p>Further, Marley Spoon is not able to incorporate into its Constitution a provision according to which the German Securities Acquisition and Takeover Act (<i>Wertpapiererwerbs- und Übernahmegesetz, WpÜG</i>) would apply, given that German corporate law only allows for a very limited set of amendments or specific rules to be inserted into the Constitution.</p> <p>With the approval of at least 75% of votes cast at a shareholders' meeting, a company (the controlled company) may enter into domination and profit and loss transfer agreement with its parent company. Once effective, the controlled company must follow binding instructions from the parent company and transfer any profits to the parent (with the parent required to equalize any controlled company losses). In return, minority shareholders must receive a reasonable "guaranteed dividend" (consisting of an annual share of profits) and may request, for a certain time after entry into the agreement, to be bought out of the controlled company for a reasonable cash consideration as set out in the agreement (with such amounts determined by an expert in accordance with standard evaluation rules).</p>	<p>The Australian takeovers regime in the Corporations Act does not apply to Marley Spoon because Marley Spoon is incorporated in Germany and is not able to incorporate, into its Constitution, a regime equivalent to the Australian Corporations Act takeovers laws.</p> <p>The Corporations Act takeover laws prohibit a person from acquiring a relevant interest in issued voting shares in a listed company if any person's voting power in the company will increase from 20% or below to more than 20%, or from a starting point that is above 20% and below 90%.</p> <p>Exceptions to the prohibition apply (eg. acquisitions with shareholder approval, 3% creep over 6 months and rights issues that satisfy prescribed conditions).</p> <p>Substantial holder notice requirements apply (as discussed below under the heading "Disclosure of substantial holdings").</p>

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## 9. ADDITIONAL INFORMATION Continued

	GERMAN LAW	AUSTRALIAN LAW
Compulsory acquisitions	<p>Compulsory acquisitions are permitted by persons who hold 95% or more of the company's share capital, with minority shareholders entitled to receive cash compensation (<i>Barabfindung</i>) determined on the basis of an expert company evaluation in accordance with standard evaluation rules.</p> <p>Compulsory acquisitions are also permitted by persons who hold 90% or more of the company's share capital as part of an upstream merger of the company into another stock corporation, partnership limited by shares or a European company (SE), with minority shareholders entitled to receive cash compensation on a similar basis as described above.</p>	<p>Compulsory acquisitions are permitted by persons who hold 90% or more of securities or voting rights in a company.</p>
Transactions that require shareholder approval	<p>Under the German Stock Corporation Act, (<i>Aktiengesetz, AktG</i>), transactions of principal importance to a company require shareholder approval, such as:</p> <ul style="list-style-type: none"> <li>• adopting or altering the constitution of the company;</li> <li>• election of the auditor;</li> <li>• dissolving the company;</li> <li>• conclusion of domination agreements or profit and loss transfer agreements between the company and its subsidiary, or between the company and its dominating entity;</li> <li>• transactions according to the German Transformation Act (<i>Umwandlungsgesetz, UmwG</i>) (which deals, inter alia, with mergers and amalgamations of companies);</li> <li>• transferring all of the assets of the company;</li> <li>• granting the authorisation to the company to acquire its own shares; and</li> <li>• measures to increase or reduce the share capital.</li> </ul> <p>Refer also to Section 9.4.1.9.</p>	<p>Under the Corporations Act, the principal transactions or actions requiring shareholder approval include:</p> <ul style="list-style-type: none"> <li>• adopting or altering the constitution of the company;</li> <li>• appointing or removing a director or auditor;</li> <li>• certain transactions with related parties of the company;</li> <li>• putting the company into liquidation; and</li> <li>• changes to the rights attached to shares.</li> </ul> <p>Shareholder approval is also required for certain transactions affecting share capital (e.g. share buybacks and share capital reductions).</p> <p>Under the ASX Listing Rules (which will apply to the Company) shareholder approval is required for matters including:</p> <ul style="list-style-type: none"> <li>• increases in the total amount of directors' fees;</li> <li>• directors' termination benefits in certain circumstances;</li> <li>• certain transactions with related parties;</li> <li>• certain issues of shares; and</li> <li>• if a company proposes to make a significant change to the nature; or scale of its activities or proposes to dispose of its main undertaking.</li> </ul>

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	GERMAN LAW	AUSTRALIAN LAW
Notice of meetings	The German Stock Corporation Act ( <i>Aktiengesetz, AktG</i> ) requires up to 36 days' notice of the general meeting.	The Corporations Act requires at least 28 days' notice of a general meeting of a listed company.
Shareholders' right to request or requisition a general meeting	<p>The German Stock Corporation Act (<i>Aktiengesetz, AktG</i>) requires the Management Board to call a general meeting on the written request of shareholders whose holding in aggregate amounts to at least 5% of the company's issued share capital.</p> <p>Shareholders whose holding amounts in aggregate to at least 5% of the company's issued share capital or represent an amount of the share capital corresponding to € 500,000, may demand that items are included on the agenda of a shareholder meeting.</p>	<p>The Corporations Act requires the directors to call a general meeting on the request of members with at least 5% of the vote that may be cast at the general meeting or at least 100 shareholders who are entitled to vote at a general meeting.</p> <p>Shareholders with at least 5% of the votes that may be cast at the general meeting may also call and arrange to hold a general meeting at their own expense.</p>
Shareholders' right to appoint proxies to attend and vote at meetings on their behalf	<p>According to the German Stock Corporation Act (<i>Aktiengesetz, AktG</i>), the voting rights of a shareholder may be exercised by a proxy.</p> <p>The proxy appointment must be in text (including email) form and comply with any further requirements specified by the Company in the notice of general meeting.</p> <p>According to the German Stock Corporation Act (<i>Aktiengesetz, AktG</i>), no person may exercise voting rights on his own behalf or on behalf of any other person, or grant proxy rights, in respect of a resolution concerning the ratification of his acts, his discharge from a liability, or enforcement by the company of a claim against him.</p>	<p>Shareholders may appoint a person as their proxy to attend and vote for them at a general meeting on their behalf.</p> <p>A proxy may be an individual who is not a shareholder in the company.</p>
Related party transactions	Under the German Stock Corporation Act ( <i>Aktiengesetz, AktG</i> ), contracts by the Company with a member of the Supervisory Board for the provision of professional services (other than as employee), or to undertake a special assignment, and the granting of a loan, require the consent of the Supervisory Board to be valid. In addition, contracts with (and loans to) members of the Management Board also require the approval of the Supervisory Board.	The Corporations Act regulates the provision of financial benefits to related parties of 'public companies'.

## 9. ADDITIONAL INFORMATION Continued

	GERMAN LAW	AUSTRALIAN LAW
Changes in the rights attaching to shares	<p>Certain rights attached to the shares, such as the right to a dividend, cannot be changed. The subscription right (being the right to participate in further issues of share capital) may be excluded by way of a resolution of the shareholders' meeting which requires 75% of the share capital represented at the passing of the resolution.</p> <p>If shares are issued with specific rights, a change of those rights also requires the same manner of shareholder approval and the consent of the owners of these shares by way of a separate resolution.</p>	<p>The Corporations Act allows a company to set out in its constitution the procedure for varying or cancelling rights attached to shares or a class of shares.</p> <p>If a company does not have a constitution, or has a constitution that does not set out a procedure, such rights may only be varied or cancelled by:</p> <ul style="list-style-type: none"> <li>• a special resolution passed at a meeting for a company with a share capital of the class of members holding shares in the class; or</li> <li>• a written consent of members with at least 75% of the votes in the class.</li> </ul>
Protection of minorities	<p>The German Stock Corporation Act (<i>Aktiengesetz, AktG</i>) has various provisions regarding the protection of minority shareholders, such as:</p> <ul style="list-style-type: none"> <li>• the ability to call general meetings, if the required minimum holdings are met (see above);</li> <li>• the ability to propose to the general meeting persons for appointment of members to the Supervisory Board; and</li> <li>• filing a petition to court for a right to assert damage claims against members of the Management Board or the Supervisory Board relating to the management of the company.</li> </ul> <p>Refer also to Section 9.4.1.11.</p>	<p>The Corporations Act has various provisions allowing for application for a court order for oppressive conduct of a company's affairs, allowing for derivative actions and permitting the inspection of a company's books. A winding up order may also be sought on just and equitable grounds.</p>

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	GERMAN LAW	AUSTRALIAN LAW
Shareholders' rights to bring or intervene in legal proceedings on behalf of the company	<p>Under the German Stock Corporation Act (<i>Aktiengesetz, AktG</i>), the Supervisory Board may assert damage claims of the company against members of the Management Board relating to their management of the company and the Management Board against members of the Supervisory Board relating to the execution of their supervisory and advisory task.</p> <p>Further, shareholders whose aggregate holdings at the time of the petition are at least 1% of the company's share capital or represent an amount of at least €100,000 may file a petition to court for the right to assert the above damage claims of the company in their own name. The court shall allow such petition if:</p> <ul style="list-style-type: none"> <li>• the shareholders provide evidence that they acquired the shares before learning about the alleged breaches of duty or alleged damage;</li> <li>• the shareholders provide evidence that they unsuccessfully filed a petition to the company requesting from the company to institute the necessary legal proceedings itself within an appropriate period of time;</li> <li>• facts exist which give reasons to suspect that the company has suffered a loss as a result of improprieties or gross breaches of the law or of the company's constitution; and</li> <li>• no overriding interests of the company exist which would prevent the assertion of such damage claim.</li> </ul> <p>Shareholders must again request the company to institute the necessary legal proceedings itself before formal court action can be taken.</p>	<p>The Corporations Act permits a shareholder to apply to the court for leave to bring proceedings on behalf of the company, or to intervene in proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for those proceedings, or for a particular step in those proceedings.</p> <p>The court must grant the application if it is satisfied that:</p> <ul style="list-style-type: none"> <li>• it is probable that the company will not itself bring the proceedings, or</li> <li>• properly take responsibility for them, or for the steps in them;</li> <li>• the applicant is acting in good faith;</li> <li>• it is in the best interests of the company that the applicant be granted leave;</li> <li>• if the applicant is applying for leave to bring proceedings, there is a serious question to be tried; and</li> <li>• either at least 14 days before making the application, the applicant gave written notice to the company of the intention to apply for leave and of the reasons for applying, or the court considers it appropriate to grant leave.</li> </ul> <p>The Corporations Act provides that proceedings brought or intervened in with leave must not be discontinued, compromised or settled without the leave of the court.</p>

## 9. ADDITIONAL INFORMATION Continued

	GERMAN LAW	AUSTRALIAN LAW
Remuneration reports	<p>The German Commercial Code (<i>Handelsgesetzbuch, HGB</i>) requires that a company's annual report include the total remuneration of the members of the Management Board and of the Supervisory Board.</p> <p>Shareholders do not have the right to vote on or approve the remuneration of the Management Board. The remuneration of the members of the Supervisory Board is either determined in the constitution or set by the shareholders' meeting.</p>	<p>The Corporations Act requires that a company's annual report include a report by the directors on the company's remuneration framework (called a remuneration report).</p> <p>A resolution must be put to shareholders at each annual general meeting of the company's shareholders (AGM) seeking approval for the remuneration report.</p> <p>Under the Corporations Act, if 25% of the shareholders at a company's annual general meeting vote against the company's remuneration report, the company will receive a 'first strike'.</p> <p>If the company's remuneration report at the next annual general meeting is also voted against by 25% or more of the company's shareholders, the shareholders will vote at the same annual general meeting to determine whether all the directors will need to stand for re-election.</p> <p>If at least 50% of the shareholders present at the meeting vote in favour of a 'spill' resolution, then a 'spill meeting' at which the directors will face re-election, must be held within 90 days.</p>
Disclosure of substantial holdings	<p>As the shares of the company are not listed on organized market in Germany or another member state of the European Economic Area (EEA), the provisions regarding the disclosure of substantial holdings according to the German Securities Trading Act (<i>Wertpapierhandelsgesetz, WpHG</i>) do not apply to the Company.</p> <p>However, an enterprise holding more than 25% of or a majority (more than 50%) in the shares of the company, must still inform the company of that holding. The company has to publish such holding immediately in the German Federal Gazette (<i>Bundesanzeiger</i>).</p>	<p>The Corporations Act requires every person who is a substantial holder to notify the listed company and the ASX that they are substantial holder and to give prescribed information in relation to their holding if:</p> <ul style="list-style-type: none"> <li>the person begins to have, or ceases to have, a substantial holding in the company or scheme;</li> <li>the person has a substantial holding in the company or scheme and there is a movement of at least 1% in their holding; or</li> <li>the person makes a takeover bid for securities of the company.</li> </ul> <p>Under the Corporations Act a person has a substantial holding if the total votes attached to voting shares in the company in which they or their associates have relevant interests is 5% or more of the total number of votes attached to voting shares in the company, or the person has made a takeover bid for voting shares in the company and the bid period has started and not yet ended.</p> <p>Because Marley Spoon is incorporated in Germany, certain provisions of the Corporations Act, including in relation to substantial holdings, do not apply. However, Marley Spoon will be required to release to the ASX any substantial holder notices that are filed in Germany.</p>

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	GERMAN LAW	AUSTRALIAN LAW
Financial assistance/ self-acquisition	<p>The acquisition of shares in the company by the company itself or its subsidiaries is prohibited, subject to limited exceptions.</p> <p>Equally, financial assistance (i.e. namely the grant of an advance or loan or the provisions of security by the company to another person for the purpose of acquiring shares in the company) is prohibited, subject to limited exceptions.</p>	Financial assistance and self-acquisition of shares in the company are prohibited, subject to limited exceptions.
Directors duties	Under German law, the directors of a stock corporation (which includes the members of the Management Board and the Supervisory Board) shall employ the care of a diligent and conscientious manager or, as regards the Supervisory Board, a diligent and conscientious advisor and supervisor. They shall not be deemed to have breached this duty if, at the time of taking the decision, they had good reason to assume that they were acting on the basis of adequate information for the benefit of the company ("business judgment rule").	The Corporations Act contains a number of statutory duties which are imposed on directors, including the duty of due care and diligence, good faith and avoidance of improper use of position or information.
Removal of directors	Under the German Stock Corporation Act, the Supervisory Board of a stock corporation may revoke the appointment of a member of the Management Board only for cause, which includes a gross breach of duties, inability to manage the company properly, or a vote of no confidence by the general meeting. Such revocation shall be enforceable unless and until a court finally decides otherwise.	<p>The Corporations Act contains various provisions regarding resignation, removal and retirement of directors.</p> <p>The Corporations Act provides that a director may be removed by resolution at a general meeting, subject to a company receiving at least two months' notice of the intention to move the resolution and the company notifying the relevant director as soon as possible after receiving notice of that intention.</p>
Filing of documents/ access to information	<p>The German Commercial Code (<i>Handelsgesetzbuch, HGB</i>) requires the company to file its financial statements with the German Federal Gazette. The German Stock Corporation Act requires the company to publish various documents prior to the shareholders' meetings. All those documents are in general available to the public.</p> <p>The German Stock Corporation Act provides that each shareholder shall upon request be provided with information at the shareholders' meeting by the Management Board, to the extent that such information is necessary to permit a proper evaluation of the relevant item on the agenda. The information is generally given orally. There is no right permitting the shareholder to inspect the books of the Company.</p>	<p>The Corporations Act requires a corporation to file various documents with ASIC, including its accounts and notification of changes to its constitution. Documents filed with ASIC are available to the public.</p> <p>The Corporations Act also provides for a statutory right to apply to a court for an order permitting the shareholder to inspect the books of a company.</p>

It is emphasised that the summary table only attempts to provide general guidance, and that the detailed provisions may contain differences (including as to the availability of the cause of action), and may also be subject to differing interpretation by Australian and German courts.

## 9. ADDITIONAL INFORMATION Continued

### 9.4 APPLICABLE COMPANY LAW

As the Company is not established in Australia, its general corporate activities (apart from any offering of securities in Australia) are not regulated by the Corporations Act or by ASIC but instead are regulated by the German Stock Corporation Act (*Aktiengesetz, AktG*) generally.

German stock corporations are principally governed by the German Stock Corporation Act (*Aktiengesetz, AktG*). The German civil law further supplements the German Stock Corporation Act (*Aktiengesetz, AktG*). In addition, there are numerous legislative provisions and enactments which will have application to the activities of the Company, such as, e.g., employment law, tax law, environmental law and health and safety legislation.

In addition to the information on German law set out in Section 9.3 above, set out below is a summary of certain provisions of German company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of German company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be familiar.

#### 9.4.1.1 Constitutional documents

A summary of the Marley Spoon Constitution is set out in Section 9.2.

#### 9.4.1.2 Management of the Company

Under German law, Marley Spoon is required to have both a Supervisory Board and a Management Board. Refer to Sections 6.1.2 and 6.1.3 for a description of the roles of those boards.

#### 9.4.1.3 Share capital

From Completion, all Shares in the Company will be ordinary no-par-value registered shares, with the part of the registered share capital attributable to one individual Share (i.e. the respective fractional amount) being EUR 1.00. The rights arising from the Shares encompass, *inter alia*, the right to attend and to speak at the general meeting, to receive certain information at the general meeting and the right to vote at the general meeting (with one Share representing one vote), as well as the right to receive dividends, the right to subscribe (on a pro rata basis) to new shares in the case of a capital increase (unless such mandatory subscription right is excluded in accordance with the applicable provisions) and the right to participate in proceeds in the case of a liquidation of the Company. Given that all Shares are ordinary shares (i.e. shares of the same class), all Shares provide for the same rights to the respective shareholder.

1,983 Shares in the Company are held by MSSA in trust for the Company. Against this background, those 1,983 Shares are qualified as "own shares" of the Company, with the consequence that no rights are arising from those shares. In particular, the Company may not exercise the voting rights arising from those Shares and is not entitled to dividends in respect of those Shares.

The German Stock Corporation Act provides that the share capital of a stock corporation may be increased by a resolution directly passed by the general meeting of shareholders (refer to Section 9.4.1.4). In addition, the share capital may be increased by the Management Board, with the consent of the Supervisory Board, using existing authorised capital or in certain cases using conditional capital (refer to Sections 9.4.1.6 and 9.4.1.7).

#### 9.4.1.4 Capital raisings

There are a number of ways the Company may undertake a capital raising subject applicable laws (and the ASX Listing Rules). For example, the Company may offer to issue new shares for cash using, and to the extent of, its available authorised capital. On Completion, the Company will have an authorised capital of EUR 41,042.00 equating to 41,042 Shares (assuming that authorised capital is not used for the Offer, which is not intended). The Company's available authorised capital may be "refreshed" by shareholder approval subject to applicable German laws - refer to Section 9.4.1.6.

Shareholder approval is not required to issue new shares for cash from available authorised capital under a pro rata rights offer (as this satisfies shareholders' statutory subscription rights).

Further, a non-pro rata offer for cash (ie an offer that excludes shareholders' subscription rights, for example a placement to new and/or existing institutional investors) may be undertaken with shareholder approval (by at least 75% of the registered share capital represented at the adoption of the resolution) with the maximum amount only limited by the extent of that shareholder approval.

The Company may also use its authorised capital to issue shares for mergers and acquisitions (including indirect acquisitions of companies, businesses, parts of businesses or participations, i.e. scrip deals). Shareholder approval is not required under German law in this case for issuances up to 15% of the current share capital (i.e. on Completion 12,313 new Shares) but is required for larger issuances. An acquisition could also be part funded in scrip as described above, and in part in cash which is raised, for example, through a pro rata rights issue using available authorised capital.



The Company may also use conditional capital to issue shares as described in Section 9.4.1.7.

Capital raisings will be subject to the customary requirements of the ASX Listing Rules (unless waived by ASX.)

#### 9.4.1.5 Capital increase directly by the shareholders

Where a capital increase is resolved upon directly by the general meeting of shareholders, approval is required by:

- a simple majority (50%) of the share capital represented at the time of the passing of the resolution (unless preference shares without voting rights are issued); or
- at least 75% of the share capital represented at the time of the passing of the resolution where subscription rights of shareholders (refer to Section 9.4.1.8 are excluded, for example in the case of a proposed non-pro rata placement of shares.

#### 9.4.1.6 Capital increase from authorised capital

The shareholders in a general meeting may create authorised capital, which requires the approval of at least 75% of the share capital represented at the time of the passing of the resolution. Once approved, the Management Board is authorised to issue, with the consent of the Supervisory Board, share capital up to the approved amount within a period of up to five years. The nominal amount of the aggregate authorised capital may not exceed 50% of the issued share capital at the time when the authorisation is entered into the Commercial Register. For the authorised capital existing at Marley Spoon, refer to Section 9.5.

#### 9.4.1.7 Conditional capital

Shareholders may resolve to create conditional capital for the purpose of issuing shares:

- to holders of convertible bonds or other securities convertible into shares;
- as consideration in connection with a merger, or other combination, of Marley Spoon with another company; or
- to executives and employees of Marley Spoon or its subsidiaries within an option program of Marley Spoon.

A resolution to create conditional capital must be passed by at least 75% of the issued share capital represented at the time of the passing of the resolution.

The nominal amount of the conditional capital created for the purpose of share issues to executives and employees within an option program must not exceed 10% of the issued share capital at the time the resolution is passed. The total of all conditional capital must not exceed 50% of the issued share capital at the time the resolution is passed. For the conditional capital existing at Marley Spoon, refer to Section 9.5.

#### 9.4.1.8 Increases in share capital - subscription rights

Pursuant to the German Stock Corporation Act (*Aktiengesetz, AktG*), shareholders are generally entitled to "subscription rights" to any new Marley Spoon Shares that are issued in a capital increase (including any issuance of convertible bonds, warrant-linked bonds, profit-sharing rights or participating bonds). A subscription right is the right of a shareholder to obtain new shares in the event of a capital increase on a pro rata basis in relation to its previous participation in the share capital. Such subscription rights are freely transferable. The general shareholders' meeting may exclude subscription rights by a resolution passed by at least 75% of the issued share capital represented at the time of the passing of such resolution (refer to Section 9.4.1.4). To exclude subscription rights, the Management Board must make a report available to the shareholders justifying the exclusion and demonstrating that the company's interest in excluding the subscription rights outweighs the shareholders' interest in such rights.

In case of a conditional capital created for the purpose of share issues to executives and employees within an option program, as well as in all other cases of a conditional capital (refer to Section 9.4.1.7), subscription rights do not apply.

#### 9.4.1.9 Purchase of securities by a company and its subsidiaries

The acquisition of shares in the Company by the Company itself or its subsidiaries is generally prohibited. However, some exemptions apply, for example if the acquisition is necessary to avert severe and imminent damage to the Company, or if the shares are to be offered for purchase to the employees or former employees of the Company or of an affiliated enterprise (if the acquisition is made without consideration or on the basis of a resolution of the shareholders' meeting to redeem shares by way of a reduction of the share capital).

Further, the Company (or its subsidiary) may acquire its shares in the Company itself (up to 10% of the aggregate share capital of the Company) on the basis of an authorisation from the shareholders' meeting, lasting no more than five years, that sets the lowest and highest purchase price for the shares.

## 9. ADDITIONAL INFORMATION Continued

### 9.4.1.10 Shareholder meetings

Pursuant to German stock corporation law, general shareholders' meetings are convened by the Management Board or, in certain instances, by the Supervisory Board. Depending on the choice of the convening body, general shareholders' meetings will take place at the seat of Marley Spoon's registered office or at the seat of a German stock exchange. Each of the Shares carries one vote at Marley Spoon's general shareholders' meeting. There are no restrictions on voting rights of the Shares of Marley Spoon.

Unless mandatory provisions of the German Stock Corporation Act (*Aktiengesetz, AktG*) or provisions of Marley Spoon's Constitution state otherwise (which they currently do not), general shareholders' meeting resolutions are passed with a simple majority of the votes cast. In accordance with the German Stock Corporation Act, resolutions of fundamental importance require a majority of at least three quarters of the share capital represented at the meeting in order to pass. Such resolutions of fundamental importance include in particular:

- changes in the corporate purpose;
- share capital increases with the exclusion of subscription rights;
- share capital decreases;
- the creation of authorised or conditional capital;
- divisions or split-offs as well as transfers of the entire assets of Marley Spoon;
- conclusions of inter-company agreements (in particular, domination agreements and profit and loss transfer agreements);
- changes in the legal form of Marley Spoon; and
- liquidation of Marley Spoon.

The general shareholders' meeting can also be convened at the request of shareholders whose Shares together total at least 5% of the share capital. If it is in the best interests of Marley Spoon, then the Supervisory Board must call a general shareholders' meeting.

The annual ordinary general shareholders' meeting shall take place within the first eight months of every financial year. In accordance with the Constitution, shareholders are permitted to take part in the general shareholders' meeting and to exercise voting rights at such meeting if they are entered in the share register by the relevant statutory registration date (or such shorter period for registration as may be set in the notice of meeting).

Neither German law nor the Constitution restrict the right to own Shares or to exercise the associated voting rights for German non-residents or for foreign owners of Shares.

### 9.4.1.11 Protection of minorities

The German Stock Corporation Act (*Aktiengesetz, AktG*) has various provisions regarding the protection of minority shareholders, such as:

- the ability to call general meetings, if the required minimum holdings are met (see above);
- the ability to propose to the shareholder meeting persons for appointment as members to the Supervisory Board; and
- filing a petition to court for a right to assert damage claims against members of the Management Board or the Supervisory Board relating to the management of the company.

Other minority rights comprise of, inter alia:

- each shareholder's right to challenge resolutions adopted by the shareholder meeting by way of a voidance or nullity claim;
- the right of shareholders having an aggregate holding of at least 5% of the share capital or a nominal value of €500,000.00 to request that items are announced as agenda items for a resolution by the shareholder meeting;
- the right of shareholders having an aggregate holding of at least 1% of the share capital or a nominal value of €100,000.00 to file a petition to court for the appointment of a special auditor, in order to audit any matter relating to the formation of the company or the management of the company's business affairs within the last five years, provided that facts exist which give reason to suspect that improprieties or gross breaches of the law or of the constitution have occurred in connection with such matter; and
- the right to receive information at the shareholder meeting to the extent that such information is necessary to permit a proper evaluation of the relevant item on the agenda.

#### 9.4.1.12 Dividends and distributions

Whether or not Marley Spoon will have the ability to issue dividends will depend on its ability to generate a distributable profit. If and to the extent Marley Spoon is able to generate a distributable profit, the annual ordinary shareholder meeting of Marley Spoon will approve the amount of the dividend payment (as proposed by the Management Board and the Supervisory Board or such other amount as resolved by the shareholders at general meeting), provided that such payment does not exceed the balance sheet profit according to the approved full year accounts. To date, Marley Spoon has not issued any dividends. Under the Constitution, the Management Board and the Supervisory Board of Marley Spoon are entitled to transfer the whole net profit of Marley Spoon to other revenue reserves (provided such reserves do not and will not following the transfer exceed 50% of the share capital of Marley Spoon).

#### 9.4.1.13 Winding up

Pursuant to German stock corporation law, a German stock corporation can, inter alia, be dissolved:

- upon expiration of the term of the company set in its constitution;
- upon resolution of the general meeting of the company, whereby such resolution requires a majority of not less than 75% of the share capital represented at the meeting (the constitution may provide for a larger capital majority and additional requirements);
- upon the opening of insolvency proceedings over the company's assets; and
- upon a decision which is final and not subject to appeal, denying the opening of insolvency proceedings due to a lack of assets sufficient to cover the costs of the proceedings.

Except in cases where a court is required to do so, the Management Board of the Company has to file the dissolution of the company for registration in the Commercial Register.

Upon the dissolution of the company, the liquidation takes place unless insolvency proceedings have been opened over the company's assets. If the company has been dissolved by cancellation due to lack of assets, liquidation shall only take place if it becomes apparent after the cancellation that there are assets subject to distribution.

During a liquidation, the rights of the shareholders remain unchanged. The liquidators shall wind up all current transactions, collect claims, convert the remaining assets to cash and provide satisfaction to the creditors. The assets remaining after the fulfilment of all liabilities of the company are distributed among the shareholders. According to the German Stock Corporation Act, however, the assets may only be distributed after the lapse of one year from the date the liquidator has notified the creditors of the company to file their claims.

In the event of insolvency proceedings over the assets of the company, the shareholders are not considered creditors of the company and therefore do not take part in the distribution of the insolvency proceeds to the creditors of the company. The insolvency proceeds are only distributed to the shareholders, according to the German Insolvency Code, if all insolvency creditors have been satisfied in full.

#### 9.4.1.14 Accounting and auditing requirements

A German Stock Corporation is generally subject to bookkeeping and accounting requirements pursuant to the German Commercial Code (*Handelsgesetzbuch, HGB*), with certain special provisions stipulated in the German Stock Corporation Act (*Aktengesetz, AktG*) applying in addition to the general provisions of the Commercial Code (*Handelsgesetzbuch, HGB*). Except for so-called "small" and "tiny" corporations (*Klein- und Kleinstkapitalgesellschaften*), which does not currently include Marley Spoon, the annual financial statements of a German Stock Corporation are to be audited by an auditor and verified by the Supervisory Board.

The annual financial statements of a German Stock Corporation consist of the balance sheet, the profit and loss statement and the notes. The Management Board report provides information concerning the course of business of the company and also includes prognoses for the future.

The Management Board is responsible for drawing up the annual financial statements and the management report. It then submits the annual financial statements and the management report to the Supervisory Board without undue delay. At the same time, it also provides the Supervisory Board with a proposal for the appropriation of the balance sheet profit, which must be resolved upon by the general meeting. The Supervisory Board then has to inspect the annual financial statements, the management report and the proposal for the appropriation of profits. Following conclusion of its inspection, the Supervisory Board has to provide the general meeting with a written report on the results of its inspection. The report must namely state in which manner and to what extent the management of the company has been inspected during the respective last fiscal year, include a comment on the results of the audit of the annual financial statements conducted by the auditor and give a final declaration as to whether or not the Supervisory Board approves the annual financial statements.

## 9. ADDITIONAL INFORMATION Continued

Formal approval of the annual financial statements by the Supervisory Board is the rule. Once the Supervisory Board has approved the annual financial statements by way of a resolution, the annual financial statements are formally adopted. The shareholder meeting is only responsible for granting formal adoption of the annual financial statements in exceptional cases, namely if the Management Board and the Supervisory Board have decided to seek formal approval from the general meeting. The annual financial statements, the management report and the proposal for the appropriation of profits must be submitted to the German Federal Gazette (*Bundesanzeiger*) without undue delay for publication.

An obligation to draw up consolidated financial statements generally applies with respect to a (German) parent entity of a group of companies.

The consolidated financial statements consist of a consolidated balance sheet, a consolidated profit and loss statement, consolidated notes, a capital flow calculation and an equity statement. Further, a consolidated Management Board report has to be drawn up; the report corresponds to the Management Board report as set out above, but refers to the situation of the overall group.

Also the consolidated financial statements have to be audited by an auditor. Together with the (individual) annual financial statements of the Company, the consolidated financial statements are examined by the Supervisory Board. If there are no objections, the Supervisory Board approves the consolidated financial statements. The consolidated financial statements must be submitted to the German Federal Gazette for publication without undue delay.

In addition to the annual financial statements referred to above, the Company will prepare financial statements for the half year and quarterly cash flow reports in accordance with the requirements of the ASX Listing Rules.

### 9.4.1.15 Statutory auditors

As set out above, except for so-called "small" and "tiny" corporations (*Klein- und Kleinstkapitalgesellschaften*) which does not include Marley Spoon, the annual financial statements of a German Stock Corporation, as well as, if applicable, the consolidated financial statements are to be audited by an auditor. The auditor for the respective financial year is appointed by the general meeting, based on a resolution proposal of the Supervisory Board. For example, the ordinary general meeting of 2019 will appoint the auditor for the financial year 2019. It is the Supervisory Board which effectively commissions the audit.

The auditor, following consummation of the audit, forwards the financial statements to the Supervisory Board for verification, after having given the Management Board the opportunity to comment. The auditor shall be present at the Supervisory Board's (or the audit committee's) deliberations regarding the financial statements prior to their approval by the Supervisory Board, and shall report on material results of its audit, in particular - if any - on major weaknesses in the internal control and risk management system with regard to the accounting process. The auditor shall inform on circumstances which might give rise to concerns as to his impartiality and on services he provided in addition to those provided in connection with the audit.

## 9.5 AUTHORISED CAPITAL AND CONDITIONAL CAPITAL

As at the Prospectus Date, the registered share capital of the Company amounts to €82,084 and is divided into 82,084 registered Shares representing a notional amount of the share capital of €1.00 each. The share capital is fully paid up. In addition to the existing securities described above, the Company will have upon Completion:

- a "Conditional Capital 2018/I" by which the share capital of the Company is conditionally increased by up to €7,500.00 by the issuance of up to 7,500 new Shares. This Conditional Capital shall only be used to satisfy the issuance of new Shares on conversion of the 2018 Convertible Bonds currently on issue;
- a "Conditional Capital 2018/II" by which the share capital of the Company is conditionally increased by up to €4,105 by the issuance of up to 4,105 new Shares. This Conditional Capital shall only be used to the extent the holders of Options issued under the New Option Plan exercise their subscription rights and the Company does not fulfil those rights in cash or with its own existing Shares or CDIs;
- an "Authorised Capital 2018/IV" according to which the Management Board may, with the approval of the Supervisory Board, until 4 June, 2023, increase the share capital of the Company on one or more occasions by a total of up to €41,042.00 by issuing up to 41,042 no-par-value registered shares. The Shares are generally to be offered to the shareholders of the Company. However, the Management Board is authorized to exclude the shareholders' subscription rights with the approval of the Supervisory Board, or the Subscription rights are excluded for certain defined measures which include the following:
  - » The shareholders' subscription rights are excluded for up to 30,000 new Shares for the purpose of the Offer being made under this Prospectus.

- » The shareholders' subscription rights are excluded for the purpose of serving subscription rights which have been issued to Kreos in respect of the Kreos Warrant agreement referred to in Section 9.8.2. The capital increase shall only be carried out to the extent Kreos makes use of its subscription rights.
- » The shareholders' subscription rights are excluded for the purpose of serving subscription rights which have been issued to MSLO in respect of the Martha Stewart Warrant Agreement dated 11 April 2016. The capital increase shall only be carried out to the extent MSLO makes use of its subscription rights.
- » The Management Board is authorized to exclude the shareholders' subscription rights with the approval of the Supervisory Board for the purpose of serving subscription rights which have been issued in the context of the financing of the Company to various lenders and further beneficiaries. The capital increase shall only be carried out to the extent the respective lenders or further beneficiaries make use of their subscription rights.

On 5 June 2018, the shareholders' meeting of the Company has resolved to increase the share capital of the Company of currently €82,084 by up to €49,296 to up to €131,380 by the issuance of up to 49,296 new Shares against contributions in cash. Shareholders subscription rights were excluded. Pursuant to the resolution, the Management Board was authorised to determine, with the consent of the Supervisory Board, the Offer Price and the final number of new Shares to be issued under the Offer.

## 9.6 DEBT FACILITIES

As at the Prospectus Date, the Company has outstanding the debt facilities described in Section 4.4.2. Of these facilities, the following are expected to remain outstanding (and not repaid on or shortly following) Completion.

### 9.6.1 Moneda loan

Pursuant to a loan agreement dated 14 September 2017 (as amended by the side letter dated 24 January 2018) (**Moneda Loan Agreement**) an unsecured, subordinated term loan facility in the amount of €6,000,000.00 plus interest was granted from Moneda Top-Holding S.à r.l. (**Moneda**) as junior lender to the Company as borrower (**Moneda Loan**). On the same date, Moneda as junior lender, Kreos as senior lender and the Company entered an intercreditor agreement under which Kreos consented to the creation of the Moneda Loan and the parties agreed that the Kreos Loan shall rank senior to the Moneda Loan in all respects and the Moneda Loan shall be subordinated to the Kreos Loan.

The Moneda Loan is due for repayment on 15 January 2019 (provided that the Kreos Loan has been repaid at the relevant time or Kreos has granted its consent to the repayment of the Moneda Loan). As described in Section 4.4.2, the Company proposes to repay the Kreos Loan shortly after Completion. Prepayments are generally permitted under the Moneda Loan Agreement, however, in the event of an early repayment of the Moneda Loan, a prepayment fee/non-utilization fee in the amount of all interest that would otherwise have accrued until the end of a twelve months' term of the Moneda Loan shall be payable by the Company.

The Company has accepted a number of undertakings under the Moneda Loan Agreement, for example the Company: (i) may not incur or allow to remain outstanding any financial indebtedness of the Company, (ii) may not sell, assign, transfer, encumber or otherwise dispose of its assets, (iii) may not declare and/or make or agree to make any distribution by way of dividend or otherwise, (iv) may not make any payments to any shareholder whatsoever, (v) may not create any security interests (other than the securities granted to Kreos under the Kreos Loan) over any of its assets, (vi) may not transfer by way of intercompany loan or otherwise any cash proceeds or cash equivalents to any shareholder and (vii) may not make any payments under or in connection with convertible loans and similar loans and bonds. The Company has certain reporting obligations to Moneda (for example the provision of details of changes of the management, its incorporation, an increase/decrease in shareholding, information relating to the business of the Company, and provision of audit reports and management accounts, etc.). A failure to comply with the undertakings constitutes an event of default.

### 9.6.2 BNP Paribas

On 20 July 2017, the Company has entered into a finance lease agreement with Microsoft Financing, a division of BNP Paribas Lease Group S.A., Zweigniederlassung Deutschland (**BNP Paribas**) regarding the financing for the acquisition of a Microsoft license in connection with the implementation of an ERP system. BNP Paribas has acquired the Microsoft license from Microsoft Ireland Operations Limited at a purchase price of € 157.500,00. Under the financing lease agreement, BNP Paribas leases the Microsoft license to the Company at a monthly rate of €4,834.00 (purchase price for the Microsoft license plus interest) for a term of 36 months.

## 9. ADDITIONAL INFORMATION Continued

### 9.7 KREOS LOAN SECURITIES

On 16 March 2016 the Company as borrower entered into a fully secured, senior loan facility agreement with Kreos, as lender (**Kreos Loan Agreement**) for an aggregate loan amount of up to €5,000,000.00 (**Kreos Loan**). All major assets of the Group serve as collateral under the Kreos Loan, including the Company's shares in its subsidiaries, bank accounts, accounts receivables, IP rights and moveable assets. The Company intends to fully repay the Kreos Loan shortly after Completion. On repayment of the Kreos Loan, a prepayment fee/non-utilization fee will be paid by the Company. As part of this repayment, the collateral granted to Kreos will be fully released.

### 9.8 CONVERTIBLE SECURITIES, WARRANTS AND RIGHTS

#### 9.8.1 2018 Convertible Bonds

As at the Prospectus Date, there are 15 2018 convertible bonds issued to Australian investors (aggregate principal amount of A\$3,750,000), and one convertible bond issued to Lakestar (principal amount of €1,000,000 (A\$1,600,000), i.e. with an aggregate principal amount of A\$5,350,000 and key terms including the below (**2018 Convertible Bonds**):

KEY TERM	DESCRIPTION
<b>2018 Convertible Bonds issued to Australian investors</b>	
Nominal Amount (face value)	Principal amount of A\$250,000 per 2018 Convertible Bond.
Term	Mature 18 months after the closing date in respect of their issue (being 27 February 2018 and 30 March 2018).
Conversion	Mandatorily convert into Shares upon the occurrence of an IPO of Marley Spoon (amongst other events).
Conversion Ratio	The number of Shares to be issued on conversion will be calculated by dividing: (a) the principal amount of these 2018 Convertible Bonds by; (b) the IPO conversion price, being the lower of: (i) the Offer Price multiplied with a discount factor of 0.8; or (ii) the valuation cap (being an amount of €200 million (converted into AUD at the then prevailing spot rate determined by MarleySpoon Pty Ltd), divided by the total number of shares on issue in the Company on a fully diluted basis, including any shares issued on conversion of the 2018 Convertible Bonds.
<b>2018 Convertible Bond issued to Lakestar</b>	
Nominal Amount (face value)	Principal amount of €1,000,000.
Term	The loan is granted for a fixed term of 18 months.
Conversion	Mandatorily converts into Shares upon the occurrence of an IPO of Marley Spoon (amongst other events).
Conversion Ratio	The number of Shares to be issued on conversion is calculated by dividing: (a) the principal amount of this 2018 Convertible Bond by; (b) the price per share for the given conversion event (ie in this case the Offer Price) multiplied with a discount factor of 0.8; or the valuation cap (being an amount of €200 million divided by the total number of Shares on issue in the Company on a fully diluted basis.

All the 2018 Convertible Bonds will convert into Shares on Completion. Following Completion, no 2018 Convertible Bonds will be on issue.



At an Offer Price of A\$1.42 per CDI (representing A\$1,420 per Share), 4,708 Shares are expected to be issued to holders of the 2018 Convertible Bonds on Completion.

On Completion, the Company will have sufficient conditional capital to enable the issue of new Shares on conversion of the 2018 Convertible Bonds.

## 9.8.2 Kreos Warrants

### Overview

On 16 March 2016 the Company, as borrower, entered into a fully secured, senior loan facility agreement with Kreos, as lender, for an aggregate loan amount of up to €5,000,000.00. Refer also to Section 4.4.2. The Company will use the Offer proceeds to repay this loan in full.

Agreements were also entered into on 16 March 2016 and 12 April 2018 between the Company and its shareholders at that time and Kreos pursuant to which Kreos received warrants over shares (**Kreos Warrants**).

### Conversion

The number of shares to be granted to Kreos on exercise of the Kreos Warrants granted on 16 March 2016 (**Kreos Warrants I**) will be (i) €575,000.00 divided by €1,018.74 or, (ii) in the event of a financing round having taken place at a lower share price than €1,018.74, €575,000.00 divided by the effective price per new share in that future financing round (in particular considering any effects from discounts, accrued and or other interest on potential investor loans when determining the issue price or other compensations and adjustments). The amount payable to the Company by Kreos to exercise these Kreos Warrants is €575,000.

Pursuant to warrant agreement entered on 12 April 2018, the Company agreed to grant Kreos additional Kreos Warrants (**Kreos Warrants II**) in consideration for Kreos agreeing to vary the Company's repayment obligations under the Kreos loan agreement.

The number of shares to be granted to Kreos on exercise of the Kreos Warrants II will be (i) €165,000.00 divided by €2,012.94 or, (ii) in the event of a financing round having taken place at a lower share price than €2,012.94, €165,000.00 divided by the effective price per new share in that future financing round (in particular considering, any effects from discounts, including primary and secondary transactions, blended price per share across sub-rounds, interest accumulated in relation to the conversion of potential investor loans and/or other compensations or adjustments). The amount payable to the Company by Kreos to exercise these Kreos Warrants is €165,000.00.

In respect of both the Kreos Warrants I and the Kreos Warrants II, Kreos has an option for a "cashless exercise", under which in lieu of cash payment in respect of the aggregate subscription price, it may elect to receive a reduced number of shares, the number of which will be calculated according to the formula  $Y \times (A-B)/A$ , where Y is the number of shares which may be subscribed in a cash exercise, A is the fair market value of one share, and B is the subscription price for one share (in a cash exercise) less the nominal contribution in respect of such share.

### Adjustments

The number of shares to be granted to Kreos on exercise of the Kreos Warrants will be increased to account for capital increases from corporate funds (stock split) and the subscription price be adjusted downwards considering the increased fully diluted capital of the Company, and in the event of any cancellation, redemption or re-purchase of shares or any reduction or repayment or other return of share capital or reserves.

On exercise of Kreos Warrants, Kreos will be issued with Shares (or shares in the same class as the shares granted in a future financing round, if such financing round takes place along with the issue of Shares on exercise of Kreos Warrants).

In the event of a capital increase at the Company (including an IPO), Kreos is entitled to participate in the issuance of such new shares on the same terms as any other participant and in the same proportion as the number of warrant shares to the fully diluted share capital of the company, i.e. in relation to subscription rights in the event of a capital increase, Kreos is treated as if the warrant shares had already been issued.

### Exercise, term and escrow

The Kreos Warrants will not be exercised before Completion. Refer to Sections 4.4.1 and 9.7.

The Kreos Warrants have a term until the earlier of (i) the tenth annual anniversary of the grant date, (ii) the acceptance by the Company's shareholders of an offer to sell and/or transfer all outstanding shares, in a single transaction or series of related transactions, to a bona fide third party or (iii) the fifth annual anniversary of an IPO. Consequently, if Completion occurs, the Kreos Warrants are expected to have a term of five years from that time. The Kreos Warrants are exercisable by Kreos at any time.

## 9. ADDITIONAL INFORMATION Continued

For the period of 12 months from Completion, Kreos may not dispose of any Kreos Warrants, or any shares or CDIs issued on exercise of those warrants within that period, pursuant to a voluntary escrow deed between the Company and Kreos. Kreos has also given an undertaking not to dispose of Kreos Warrants II (and, if it exercises Kreos Warrants II, to enter into a mandatory escrow deed over CDIs in respect of shares issued following that exercise) for the period until 29 March 2019. Those deeds are on equivalent terms to the Voluntary Escrow Deeds and Mandatory Escrow Deeds referred to in Section 6.5.

### Further covenants

The Kreos Warrant agreement contains certain covenants on the Company during the term of the Kreos Warrants, including that the Company will not (i) alter the Company's Constitution in any way which would adversely affect the rights of the warrant shares upon assumed execution of the warrants, (ii) effect any reduction or redemption (*Einziehung*) or purchase of share capital (*Rückkauf von Geschäftsanteilen*) or any reduction of any uncalled liability (*ausstehende Einlagen*) thereon or any reduction of capital redemption reserve (*Kapital und Gewinnrücklagen*), or of share premium account (*sonstige Rücklagen*), and (iii) make any distribution to its shareholders save for distributions out of its distributable profits and make any distribution to its shareholders of a capital nature including any distribution out of capital profits or capital reserves or out of profits or reserves arising from a distribution of capital profits or capital reserves by any subsidiary of the Company.

### 9.8.3 Moneda Warrants

In connection with the January 2018 Loans referred to in Section 9.8.4, the Company granted Moneda 1,369 warrants each over 1 Share (1,369 Shares in aggregate) under a warrant agreement entered into in January 2018, between the Company, its existing shareholders and Moneda (**Moneda Warrants**). The amount payable to the Company by Moneda to exercise these Moneda Warrants is €1 per Share.

Moneda is expected to exercise the Moneda Warrants prior to Completion (since they would otherwise forfeit those Warrants upon occurrence of an IPO), and would in such case be issued with 1,369 Shares (1,369,000 CDIs) on Completion. Following Completion, no Moneda Warrants would therefore be on issue.

In the event of a capital increase at the Company (including an IPO), Moneda is entitled to participate in the issuance of such new shares on the same terms as any other participant and in the same proportion as the number of warrant shares to the fully diluted share capital of the Company, i.e. regarding subscription rights in the event of a capital increase, Moneda is treated as if the warrant shares had already been issued. Moneda should only have a right to subscribe for shares if and when existing shareholders participate.

Prior to the Prospectus Date, the shareholders' of the Company have resolved upon the implementation of an authorized capital (*genehmigtes Kapital iSv § 55a GmbHG*) in the amount of EUR 1,369 with the maximum legally possible term of five (5) years to cover the Shares to be issued under the Moneda Warrants (meaning that shareholder approval will not be required to issue such Shares).

### 9.8.4 January 2018 Warrants

On 15 January 2018, the Company borrowed €5.5 million from 6 lenders for a fixed term of 12 months at an interest rate of 20% p.a. (**January 2018 Loans**). The Company will use proceeds of the Offer to repay the January 2018 Loans. Refer to Section 4.4.2.

In connection with the January 2018 Loans, the Company granted the lenders (or affiliated parties to the lenders) 1,369 warrants each over 1 Share (1,369 Shares in aggregate) (**January 2018 Warrants**). (One of the lenders and warrant holders is AKW on behalf of Fabian Siegel as referred to in Section 6.3.2.)

The January 2018 Warrants have a term until (i) January 16, 2019, (ii) the acceptance by the shareholders of an offer to sell and/or transfer all outstanding Shares, in a single transaction or series of related transactions, to a bona fide third party or (iii) an IPO. The amount payable to the Company by holders to exercise these January 2018 Warrants is €1 per Share.

All holders of the January 2018 Warrants are expected to exercise their warrants (since they would otherwise forfeit upon occurrence of an IPO), and would in such case be issued with 1,369 Shares (1,369,000 CDIs) on Completion. Following Completion, no January 2018 Warrants would therefore be on issue.

Shareholders' of the Company have resolved upon the implementation of an authorized capital (*genehmigtes Kapital iSv § 55a GmbHG*) in the amount of EUR 1,369 with the maximum legally possible term of five (5) years to cover Shares issued on exercise of the January 2018 Warrants (meaning that shareholder approval will not be required to issue such Shares).

### 9.8.5 MSLO Warrants

On 11 April 2016, MSLO was granted warrants in connection with a licence and promotion agreement (described further in Section 3.9.2.3) pursuant to a warrant agreement between the Company and its shareholders at the time (**MSLO Warrants**).

Under the MSLO Warrants, MSLO is entitled to subscribe (at the option of the Company indirectly through a special purpose vehicle or a trust structure) for such number and class of shares for a nominal amount depending on the amount of net sales generated under the licence and promotion agreement.

Prior to the Prospectus Date, 154 Shares were issued to MSSB (as SPV) for the benefit of MSLO pursuant to conversion of MSLO Warrants. On Completion, MSLO is expected to receive a further 113 Shares (113,000 CDIs) for a nominal amount pursuant to conversion of MSLO Warrants.

The MSLO Warrants ceases on an IPO.

### 9.8.6 Media Service Agreement rights

In December 2015, the Company and the shareholders of the Company at that time, entered into a media services agreement with GMPVC German Media Pool GmbH (**GMPVC**) (**Media Service Agreement**).

Pursuant to the Media Services Agreement, GMPVC agreed to provide media services to the Company and in return would be (at the option of the Company indirectly through a special purpose vehicle or a trust structure) entitled to subscribe for new shares in the Company in a future series C financing round against the payment of the nominal amount of such shares. The number of new shares is calculated by dividing the investment value by the valuation of new shares in series C financing round multiplied with 0.8 (minus €1.00). As at the Prospectus Date, the investment value amounts to €806,679.

As at the Prospectus Date, no shares have been issued to GMPVC under the Media Service Agreement. The Offer shall constitute a future series C financing round within the meaning of the Media Services Agreement. As a consequence, GMPVC will subscribe for 1,136 new Shares (1,136,000 CDIs) in the Company on Completion against payment of the nominal amount of such Shares.

Following Completion, GMPVC will have no further rights to subscribe for shares under the Media Service Agreement.

## 9.9 UNDERWRITING AGREEMENT

The Offer is being underwritten by the Joint Lead Managers (Macquarie Capital (Australia) Limited ABN 79 123 199 548 (MCAL) and Canaccord Genuity (Australia) Limited (Canaccord) ABN 19 075 071 466) pursuant to an underwriting agreement, dated on or about the date of this Prospectus between the Company and the Joint Lead Managers (Underwriting Agreement). Under the Underwriting Agreement, the Joint Lead Managers have agreed to arrange, manage and underwrite the Offer.

### 9.9.1 Commissions, fees and expenses

Subject to the provisions of the Underwriting Agreement, on the Settlement Date, the Company must pay out of the Offer Proceeds:

- (a) MCAL a management and underwriting fee of 2.5% of the Offer Proceeds; and
  - (b) to Canaccord, a management and underwriting fee of 1.0% of the Offer Proceeds,
- in immediately available funds.

The Company has agreed to reimburse the Joint Lead Managers for reasonable costs and expenses incurred by the Joint Lead Managers in relation to the Offer. The Company has authorised the Joint Lead Managers to pay any fees or expenses of Brokers out of fees payable to them (and such fees will not be borne by the Company).

The Company may also pay to the Joint Lead Managers in equal proportions an incentive fee in its absolute discretion of up to 1.25% of the Offer Proceeds on the Settlement Date.

## 9. ADDITIONAL INFORMATION Continued

### 9.9.2 Termination events

If any of the following events occur at any time from the date of the Underwriting Agreement until Completion (as defined under the Underwriting Agreement), or at any other time earlier as specified below, any Joint Lead Manager may terminate without cost or liability to that Joint Lead Manager by notice to the Company and the other Joint Lead Manager:

- (a) in the relevant Joint Lead Manager's reasonable opinion, a statement in the Prospectus is or becomes misleading or deceptive or is likely to mislead or deceive, or a matter required to be included under the Corporations Act is omitted from the Prospectus, in each case, having regard to the Corporations Act;
- (b) the Company issues or, in the reasonable opinion of the terminating Joint Lead Manager is required to issue, a Supplementary Prospectus because of the operation of section 719(1) or lodges a Supplementary Prospectus with ASIC in a form and substance that has not been approved by the Joint Lead Managers in compliance with the Underwriting Agreement;
- (c) any financial forecast that appears in the Prospectus is or becomes incapable of being met in the projected timeframe;
- (d) any of the Mandatory Escrow Agreements are withdrawn, varied, terminated, rescinded, altered or amended, breached or failed to be complied with;
- (e) any of the Voluntary Escrow Agreements are withdrawn, varied, terminated, rescinded, altered or amended, breached or failed to be complied with;
- (f) at any time before the Settlement Date, the S&P/ASX 200 Index falls to a level that is 87.5% or less of the level as at the close of trading on the business day immediately prior to the date of this agreement and closes at or below that 87.5% level on 2 consecutive business days or it falls below that 87.5% level on the business day before the Settlement Date;
- (g) the Company is refused listing and quotation approval prior to the Settlement Date, or approval is granted subject to conditions other than customary conditions, to admission to the official ASX list or the quotation of the Offer CDIs and all other CDIs that are not the subject of a Mandatory Escrow Agreement on ASX, or if granted, approval is subsequently withdrawn, qualified (other than by customer conditions) or withheld;
- (h) the Company does not provide a closing certificate as and when required by this agreement;
- (i) any of the following notifications are made in respect of the Offer: (i) ASIC issues an order (including an interim order) under section 739 or section 1324B of the Corporations Act; (ii) ASIC holds a hearing under section 739(2) of the Corporations Act; (iii) an application is made by ASIC for an order under Part 9.5 in relation to the Offer or an Offer Document or ASIC commences any investigation or hearing under Part 3 of the ASIC Act in relation to the Offer or any offer document; (iv) any other governmental agency commencing any investigation or hearing in relation to the Offer, the Pathfinder, the Prospectus, any supplementary prospectus or any other offer document; (v) any person (other than the terminating Joint Lead Manager) who has previously consented to the inclusion of its name in the Prospectus withdraws that consent; or (vi) any person (other than the terminating Joint Lead Manager) gives a notice under section 730 of the Corporations Act in relation to the Prospectus;
- (j) the Company withdraws the Prospectus or the Offer or indicates that it does not intend to proceed with the Offer or any part of the Offer;
- (k) the Company is prevented from allotting and issuing New Offer CDIs or corresponding Shares by applicable laws, an order of a court of competent jurisdiction or a governmental authority, within the time required by the Listing Rules;
- (l) the MSLO contract is terminated, withdrawn, rescinded, avoided or repudiated, or ceases to have effect, otherwise in accordance with its terms, or is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or capable of being terminated, withdrawn, rescinded, avoided or withdrawn or of limited force and effect, or its performance is or becomes illegal;
- (m) if any approvals from relevant regulatory authorities that are required for the Company to perform its obligations under this agreement are not obtained prior to the date by which the German registry to have approved the capital increase in the Company (or within 2 business days after that date), or are obtained subject to conditions that are not customary conditions;
- (n) if a regulatory body withdraws, revokes or amends any regulatory approvals, including an ASX Waiver and ASIC Modification, required for the Company to perform its obligations under this agreement, such that the Company is rendered unable to perform its obligations under this agreement;

- For personal use only
- (o) in the reasonable opinion of the Joint Lead Manager the Company is or will be prevented from ensuring, or will otherwise be unable to ensure, that the Company's capital structure on the date that trading of the Company's CDIs commences on a deferred settlement basis will reflect the expected capital structure on completion disclosed at Table 5 in Section 6.4 of the Prospectus;
  - (p) an event specified in the Timetable is delayed by more than 2 business days (other than any delay agreed between the Company and the Joint Lead Managers (acting reasonably), caused solely by any one of the Joint Lead Managers (acting reasonably) or as a result of the extension of the exposure period by ASIC);
  - (q) any member of the Group becomes Insolvent, or there is an act or omission which is likely to result in a member of the Group becoming Insolvent;
  - (r) a change in the members of the Management Board or the Supervisory Board, chief executive officer, chief financial officer or general counsel of the Company, or any such person dies or becomes permanently incapacitated;
  - (s) any of the following occur: (i) a member or proposed member of the Management Board or the Supervisory Board or chief executive officer or chief financial officer or general counsel or other senior member of management of the Company or Group is charged with an indictable offence; (ii) any governmental agency commences any public action against a member of the Management Board or the Supervisory Board or chief executive officer or chief financial officer or general counsel or other senior member of management of the Company or Group; (iii) any member of the Management Board or the Supervisory Board or executive officer or chief financial officer or general counsel or other senior member of management of the Company or Group is disqualified from managing a corporation under Part 2D.6; (iv) the Company, a member of the Group or any member of their Management Board or Supervisory Board (or equivalent) or the chief executive officer or chief financial officer or general counsel or other senior member of management engages in any fraudulent conduct or activity;
  - (t) without the prior written consent of the Joint Lead Managers (acting reasonably), the Company: (i) disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property other than as contemplated in the Prospectus; (ii) ceases or threatens to cease to carry on business; (iii) alters its capital structure, other than as contemplated in the Prospectus; or (iv) amends its constitution or any other constituent document of the Company or the terms of issue of the Offer CDIs or corresponding Shares; or
  - (u) other than as disclosed in the Prospectus, the Company creates or agrees to create an Encumbrance over the whole or a substantial part of its business or property.

### 9.9.3 Termination subject to materiality

A Joint Lead Manager may terminate without cost or liability to that Joint Lead Manager by notice to the Company and the other Joint Lead Manager, at any time on or before Completion (as defined in the Underwriting Agreement) or at any other time as specified below, if any of the following events has occurred or occurs and the terminating Joint Lead Manager has reasonable grounds to believe that the event: (1) has, or is likely to have, a materially adverse effect on the success, settlement, marketing of the Offer, the ability of the Joint Lead Managers to market, promote or settle the Offer or on the likely price at which the Offer CDIs will trade on ASX; or (2) will, or is likely to, give rise to a contravention by that Joint Lead Manager of, or the Joint Lead Manager being involved in a contravention of, any applicable law or regulation, including the Corporations Act, or a liability of the Joint Lead Manager under any applicable law or regulation:

- (a) in the relevant Joint Lead Manager's reasonable opinion, a statement in any of the offer documents (other than the Prospectus) is or becomes misleading or deceptive or likely to mislead or deceive, or a matter required to be included is omitted from an offer document (other than the Prospectus);
- (b) a new circumstance arises after the Prospectus is lodged, that would have been required to be included in the Prospectus if it had arisen before lodgement (as applicable);
- (c) any of the offer documents, the Pathfinder or the Information Booklet or any aspect of the Offer does not comply with the Corporations Act as it applies to the Company, the Listing Rules (as required by ASX), or any other applicable law or regulation;
- (d) a statement in the Public Information is or becomes misleading or deceptive or likely to mislead or deceive except a statement that is rectified, with the prior written consent of the Joint Lead Managers, in the Prospectus;



## 9. ADDITIONAL INFORMATION Continued

- (e) the Due Diligence Report or any other information supplied by or on behalf of the Company to the Joint Lead Managers in relation to the Offer CDIs, the Company or the Offer is, or becomes misleading or deceptive, including by way of omission;
- (f) if any of the obligations of the relevant parties under the MSLO contract are not capable of being performed in accordance with their terms (in the reasonable opinion of the terminating Joint Lead Manager) or if all or any part of any of the MSLO contract: (1) is altered, amended or varied without the consent of the Joint Lead Managers (acting reasonably); or (2) is breached, or there is a failure by a party to comply;
- (g) an event occurs which is, or is likely to give rise to: (1) an material adverse change in the assets, liabilities, financial position or performance, profits, losses, earnings or prospects of the Group from those disclosed in the Prospectus lodged with ASIC on the Lodgement Date; or (2) an adverse change in the nature of the business conducted by the Group as disclosed in the Prospectus lodged with ASIC on the Lodgement Date;
- (h) a statement in any closing certificate is false, misleading, inaccurate or untrue or incorrect;
- (i) in respect of any one or more of Australia, New Zealand, the United States, the United Kingdom, North Korea, South Korea, Russia or any member state of the European Union, or involving any diplomatic, military commercial or political establishment of any of those countries in the world: (1) hostilities not presently existing commence (whether or not war or a national emergency has been declared); (2) a major escalation in existing hostilities occurs (whether or not war or a national emergency has been declared); (3) or a major terrorist act is perpetrated;
- (j) there is introduced, or there is a public announcement of a proposal to introduce, a new law (including any tax laws) or regulation or policy in Australia or any State or Territory of Australia (including a policy of the Reserve Bank of Australia) or any Permitted Jurisdiction in which the business of the Company operates and the United States;
- (k) there is a contravention by the Company or any entity in the Group of its constitution or other constituent document, an Encumbrance or any applicable law, regulation, authorisation, ruling, consent, judgment, order or decree of any government authority (including the Corporations Act 2001 (Cth), the Competition and Consumer Act 2010 (Cth), the Australian Securities and Investments Commission Act 2001 (Cth) and the ASX Listing Rules (as required by ASX) as those laws apply to the Company);
- (l) a representation or warranty contained in this agreement on the part of the Company is breached, becomes not true or correct or is not performed except in relation to clause 8.1(f) of the underwriting agreement, where certain other publications by the Company contains a statement that is not true or correct and this is rectified, with the prior written consent of the Joint Lead Managers, in the Prospectus;
- (m) the Company defaults on 1 or more of its undertakings or obligations under the underwriting agreement;
- (n) any of the following occurs: (1) the commencement of material legal proceedings against the Company, any member of the Group or against any member of the Management Board or Supervisory Board of the Company or any member of the Group in a director capacity; or (2) any Governmental Agency or regulatory body commences any Inquiry or public action against a member of the Group;
- (o) any of the following occurs: (1) a general moratorium on commercial banking activities in Australia, the United Kingdom, the United States, Hong Kong or any member state of the European Union is declared by the relevant central banking authority in those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries; or (2) trading in all securities quoted or listed on ASX, the London Stock Exchange or the New York Stock Exchange is suspended for at least 1 day on which that exchange is open for trading; (3) any adverse change or disruption to the existing financial markets, political or economic conditions of, or currency exchange rates or controls in Australia, Japan, Hong Kong, Singapore, South Korea, the Peoples' Republic of China, any member state of the European Union, the United States or the United Kingdom, or the international financial markets or any adverse change in national or international political, financial or economic conditions.

### 9.9.4 Indemnity

Subject to certain exclusions relating to, among other things, gross negligence, recklessness, fraud or wilful misconduct by an indemnified party, the Company agrees to keep the Joint Lead Managers and certain affiliated parties indemnified from losses suffered in connection with the Offer.



### 9.9.5 Conditions, warranties, undertakings and other terms

The Underwriting Agreement contains certain standard representations, warranties and undertakings by the Company to the Joint Lead Managers (as well as common conditions precedent), including the entry into Mandatory Escrow Deeds.

The representations and warranties given by the Company include but are not limited to matters such as power and authorisations, compliance with applicable laws and ASX Listing Rules, financial information, information contained in the Prospectus, the conduct of the Offer, the due diligence report and the due diligence process, litigation, CDI offers, material contracts, encumbrances, disclosures, licences, intangible property, insurance, entitlements, working capital, dividends and distributions, internal controls and tax.

The Company provides undertakings under the Underwriting Agreement which include but are not limited to notifications of breach of any obligation, representation or warranty or undertaking or non-satisfaction of any condition given by it under the Underwriting Agreement and that it will not, during the period following the date of the Underwriting Agreement until 90 days after CDIs have been issued under the Offer, issue or agree to issue any Shares or securities without the consent of the Lead Manager, subject to certain exceptions.

### 9.10 RELATED PARTY TRANSACTIONS AND OTHER ARRANGEMENTS

Except as described in this Prospectus, there are no material related party transactions between members of the Supervisory Board or Management Board and any Marley Spoon group company.

#### 9.10.1 Shareholders controlled by Fabian Siegel

As noted in Section 6.3.2, Fabian Siegel controls AKW, MSSA, MSSB and MSET. Below are details about the structure and roles of these entities and Fabian's relationship with them (including the nature of his control and the rights he holds in relation to them, and his current or potential interests in Shares held by them).

##### 9.10.1.1 AKW

Fabian Siegel holds all shares in AKW, a corporation established under German law. Fabian Siegel is the sole managing director of AKW. Fabian Siegel holds his participation in the Company through AKW. AKW also acts as trustor to hold shares in the Company in trust and for the economic ownership of various trustors. AKW also granted a loan (being one of the January 2018 Loans) to the Company in the amount of €100,000 on arm's length terms (see above Section 9.8.4). This loan will be repaid on or shortly following Completion.

As at the Prospectus Date, Fabian Siegel is entitled to exercise the voting rights of 15,723 Shares and to receive dividends on such 15,723 Shares. This entitlement is expected to increase to 17,156 Shares (17,156,000 CDIs) on Completion as a result of AKW exercising its subscription rights for 25 Shares under the January 2018 Warrants (see above Section 9.8.4) and Fabian's application for 1,408,451 CDIs Shares under the Offer at the Offer Price.

With regard to remaining Shares held by AKW in trust for various investors, Fabian Siegel may only exercise voting rights pursuant to the instructions of the trustees. Any dividends distributed on such remaining Shares are allocated pro rata to the respective trustees under the trust agreements.

##### 9.10.1.2 MSSA

MSSA is a limited partnership established under German law. Fabian Siegel is the sole shareholder of (i) the general partner (AKW Capital II UG (*haftungsbeschränkt*)) and (ii) the special limited partner (MarleySpoon Verwaltungs UG (*haftungsbeschränkt*)) of the partnership. Fabian Siegel is also the managing director of both entities. MSSA is not actively trading but is a shareholder for certain investors in the Series A round.

As at the Prospectus Date, Fabian Siegel is indirectly through the general partner of MSSA entitled to exercise the voting rights of 1,171 Shares. Any dividends distributed on such 1,171 Shares are allocated to the respective investors of MSSA pursuant to their indirect participation in the partnership. The remaining 1,983 Shares held by MSSA as at the Prospectus Date in trust for the Company (to settle claims under the Existing Option Rights Plan (refer to Section 6.6.2)) and are qualified as "own shares" of the Company and therefore are not entitled to receive dividend and do not carry voting rights.

## 9. ADDITIONAL INFORMATION Continued

### 9.10.1.3 MSSB

MSSB is a limited partnership established under German law. Fabian Siegel is the sole shareholder of (i) the general partner (AKW Capital II UG (*haftungsbeschränkt*)) and the special limited partner (MarleySpoon Verwaltungs UG (*haftungsbeschränkt*)) of the partnership. Fabian Siegel is also the managing director of both entities. MSSB is not actively trading but is a shareholder for certain investors in the Series B round.

Fabian Siegel is indirectly through the general partner of MSSB entitled to exercise the voting rights of the 2,954 Shares held by MSSB as at the Prospectus Date (and the additional Shares expected to be issued to it on Completion). Any dividends distributed on such Shares are allocated to the respective investors of MSSB pursuant to their participation in the partnership.

### 9.10.1.4 MSET

Fabian Siegel holds all shares in MSET, a corporation established under German law. Fabian Siegel is the sole managing director of MSET. MSET is not actively trading but is a warehouse entity to hold Shares in the Company (in total: 7,595 Shares) to settle claims under the Existing Option Rights Plan and any future participation program for the Australian employees which will be implemented post-IPO (refer to Section 6.6.2).

Fabian Siegel as sole shareholder and sole managing director is entitled to exercise the voting rights of 7,595 Shares and to receive dividends on such 7,595 Shares. If and to the extent the Shares are transferred to the beneficiaries of the Existing Option Rights Plan after Completion, such beneficiaries will be entitled to dividends and the voting rights on such transferred Shares.

### 9.10.2 Arrangements with minority shareholder in Marley Spoon Inc.

A former employee in the United States of Marley Spoon Inc. currently holds 1.39% of Marley Spoon Inc. (the businesses' operating company in the United States). The provisions of a stock purchase agreement between Marley Spoon Inc. and the employee dated 1 April 2015 include terms to the following effect.

The former employee may not transfer, assign, encumber or otherwise dispose of any of his shares in Marley Spoon Inc. other than by way of a "permitted transfer" (which relevantly comprises a gratuitous transfer to family members or a family trust (with prior written consent by Marley Spoon Inc.) or a transfer of title to the shares pursuant to a will or inheritance laws (and subject to the permitted transferee first agreeing to these transfer restrictions) or in connection with certain changes of control in either Marley Spoon Inc. or the Company approved by Marley Spoon Inc.

Further, under the agreement, Marley Spoon Inc. is granted a call right to repurchase, exchange or substitute any or all of the former employee's shares in exchange for shares of the Company (for a repurchase price, exchange rate or subscription rate determined by the board of Marley Spoon Inc., or a committee of the board, acting as administrator of the relevant stock option plan which the former employee's shares were issued under) exercisable upon certain change of control events with respect to the Company (excluding the Offer).

## 9.11 TAXATION IMPLICATIONS OF INVESTING UNDER THE OFFER

### 9.11.1 Introduction

The taxation information provided below is a summary of certain relevant Australian income tax, goods & services tax and stamp duty considerations. The summary is general in nature and is not intended to be a complete statement of all potential tax implications for each investor or relied upon as tax advice. The precise implications of ownership or disposal of the CDIs will depend upon each investor's specific circumstances. Investors should seek their own independent professional tax advice on the taxation implications of holding and disposing of the CDIs, taking into account their specific circumstances.

The information in this taxation summary has been prepared on the basis that investors are Australian tax resident who hold their CDIs on capital account. The information does not address the tax consequences that arise if an investor holds their CDIs on revenue account or as trading stock. This Section does not comment on the foreign tax implications for any investor.

The following summary is based on the relevant Australian taxation laws as at the Prospectus Date. These laws, and their interpretation by the Courts, are subject to change from time to time. To the maximum extent permitted by law, Marley Spoon, its officers, and each of their respective advisers accept no liability or responsibility with respect to the taxation consequences of acquiring or disposing of CDIs issued under this Prospectus.

For completeness, it is noted that this Section 9.14 does not constitute financial product advice as defined in the Corporations Act and is confined to Australian taxation issues only. Taxation is only one of the matters you need to consider when making a decision about your investments. You should consider taking advice from a licensed adviser, before making a decision about your investments.

### 9.11.2 Tax residency of Marley Spoon

The Company is incorporated in Germany and registered as a foreign company in Australia. On the basis that the Company does not have its central management and control in Australia and does not carry on business in Australia, it should not be an Australian resident company for Australian taxation purposes. Marley Spoon's financial year ends on 31 December, annually.

### 9.11.3 Dividends

#### 9.10.3.1 Australian resident individuals and complying superannuation entities

Dividends paid to Australian tax resident CDI Holders will constitute assessable income of that CDI Holder. Australian tax resident CDI Holders who are individuals or complying superannuation entities are required to include the dividend in their assessable income (some superannuation funds may be exempt in relation to CDIs to the extent they are held to support current pension liabilities) in the year the dividend is paid.

On the basis that the Company is not an Australian tax resident company, dividends paid will be unfranked even if the Company has been subject to tax on any Australian source income. Accordingly, franking credits will not attach to any dividend paid by the Company to Australian resident individuals and complying superannuation entities and such CDI Holders will generally be taxed at their prevailing marginal rate on the dividend received with no tax offset. To the extent dividend withholding tax is withheld on dividend payments to Australian resident CDI Holders and no refund is available, foreign income tax offsets may be available.

Prima facie, the Company will be required to withhold German dividend withholding tax on the payment of dividends to individuals and complying superannuation entities. For Australian income tax purposes the amount of the dividend included in the holder's assessable income is to be grossed up for any withholding tax deducted in Germany. The general German dividend withholding tax at source amounts to 25% plus a solidarity surcharge of 5.5% on the amount of withholding tax (amounting in total to a rate of 26.375%) and church tax (Kirchensteuer), if applicable, and may be reduced/refunded under the applicable a double tax treaty in certain circumstances and subject to the limitations by German law. A corresponding foreign tax offset may be available to the CDI Holder for the withholding tax deducted in relation to the dividend paid.

In the case of complying superannuation entities, the entitlement to reclaim German dividend withholding tax would depend on the legal and tax status of the relevant entity. Specific tax advice would be required to determine whether the entity could be considered a qualifying non-resident under German domestic legislation.

#### 9.11.3.2 Australian corporate investors

Australian tax resident investors who are corporate entities will ordinarily be required to include any dividend income in their assessable income. However, dividends received by an Australian resident company, corporate limited partnership, corporate unit trust or public trading trust that holds at least 10% "participation interest" in a foreign company should not be assessable income for Australian taxation purposes. "Participation interests" for this purpose are, in broad terms, the percentage that the entity holds directly (or, relevantly, indirectly via CDN), or is entitled to acquire, at the time of (i) the paid up share capital of the Company, (ii) the total rights to vote on decisions concerning the making of distributions of capital or profits of the Company, the Company constitution and any variation to the share capital of the Company, or (iii) total rights to distributions of capital or profits of the Company (on a winding-up or otherwise).

Franking credits will not attach to any dividend paid by the Company to the Australian corporate investor. Accordingly, Australian corporate CDI Holders will be taxed at the applicable company income tax rate on the dividend received with no tax offset. To the extent German dividend withholding tax is withheld on dividend payments to Australian CDI Holders and no refund available, foreign income tax offsets may be available.

Prima facie, the Company will be required to withhold German dividend withholding tax on the payment of dividends to Australian tax resident corporate investors. For Australian income tax purposes the amount of the dividend included in the holder's assessable income is to be grossed up for any withholding tax at source amounts to 25% plus a solidarity surcharge of 5.5% on the amount of withholding tax (amounting in total to a rate of 26.375%) and may be reduced/refunded under the applicable a double tax treaty in certain circumstances and subject to the limitations by German law. A corresponding foreign tax offset may be available to the CDI Holder for the withholding tax deducted in relation to the dividend paid.

## 9. ADDITIONAL INFORMATION Continued

### 9.11.3.3 Trusts and partnerships

Investors who are trustees (other than trustees of complying superannuation entities) or partnerships should include the dividend in determining the net income of the trust or partnership. The relevant beneficiary or partner will be required to include in their assessable income the amount of the dividend to which they are presently entitled (for beneficiaries) or that is equal to their share of the dividend income (for partners). Franking credits will not attach to any dividend paid by the Company to an Australian trust or partnership.

Prima facie, the Company will be required to withhold German dividend withholding tax on the payment of dividends to trusts and partnerships. For Australian income tax purposes the amount of the dividend included in the net income of the trust or partnership is to be grossed up for any withholding tax deducted in Germany. The general German dividend withholding tax at source amounts to 25% plus a solidarity surcharge of 5.5% on the amount of withholding tax (amounting in total to a rate of 26.375%) and may be reduced/refunded under the applicable a double tax treaty in certain circumstances and subject to the limitations by German law. A corresponding foreign tax offset may be available to the beneficiary or partner for the withholding tax deducted in relation to their share of the dividend distributed to them.

### 9.11.4 Capital Gains Tax

The disposal of CDI's by a CDI Holder who holds the CDIs on capital account will be a CGT event. A capital gain will arise to the extent the capital proceeds on disposal exceed the cost base of the CDI (broadly, the cost base of the CDI will be the amount paid to acquire the CDI plus any transaction costs incurred in relation to the acquisition or disposal of the CDI). In the case of an arm's length on-market sale, the capital proceeds will generally be the cash proceeds received from the sale of the CDIs.

A CGT discount may be available to reduce the net capital gain where the CDI Holder is an individual, complying superannuation entity or trustee, and the CDIs have been held for more than 12 months prior to the CGT event. Where the CGT discount applies, any capital gain arising to individuals and entities acting as trustee (other than a trust that is a complying superannuation entity) may be reduced by 50% after offsetting any available current year or prior year capital losses. For a complying superannuation entity, any capital gain may be reduced by 33⅓, after offsetting any available current year or prior year capital losses. A capital loss will be realised where the reduced cost base of the CDI exceeds the capital proceeds from disposal. Capital losses may only be offset against capital gains realised by the CDI Holder in the same income year or future income years, subject to certain loss recoupment tests being satisfied. Capital losses cannot be offset against other assessable income.

### 9.11.5 Goods and Services Tax (GST)

GST should not be payable in respect of the issue, acquisition or disposal of the CDIs. However, GST may be payable on brokerage fees.

### 9.11.6 Stamp Duty

Stamp duty should not be payable in any Australian State or Territory on the issue or allotment of the CDIs as part of the offer, nor should stamp duty be payable in respect of the acquisition or disposal of CDIs that are quoted on the Australian Securities Exchange at the time of the transactions.

### 9.11.7 Tax file numbers

An investor is not required to quote their tax file number (TFN) to the Company. However, if an investor does not provide their TFN (or certain exemption details) the Company may be required to withhold from any payment it makes to the investor at the maximum marginal tax rate plus the Medicare levy. An investor who holds CDIs as part of an enterprise may quote its Australian Business Number instead of its TFN.

## 9.12 LITIGATION

As at the date of the Prospectus, so far as the Company is aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental or regulatory prosecutions of a material nature in which Marley Spoon is directly or indirectly concerned which is likely to have a material adverse impact on the business or financial position of Marley Spoon.

## 9.13 CONSENTS

Each of the parties listed in this Section (each a **Consenting Party**), to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

Each of the Consenting Parties has given and has not, at the time of lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named. None of the Consenting Parties referred to below has made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, other than as specified below:

- Canaccord Genuity (Australia) Limited;
- Macquarie Capital (Australia) Limited;
- Clayton Utz;
- GLNS;
- PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft;
- PricewaterhouseCoopers Securities Ltd;
- Sherpa Capital Pty Ltd;
- Link Market Services Limited;
- Euromonitor International Ltd; and
- Packaged Facts – A division of Market Research Group, LLC.

PricewaterhouseCoopers Securities Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named as the Investigating Accountant in the form and context in which it is named and to the inclusion in this Prospectus of its Independent Limited Assurance Report set out in Section 8.

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as auditor to the Company, in the form and context in which it is named.

Euromonitor International Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to the inclusion in this Prospectus of:

- statements specifically attributed to it in the text of this Prospectus at pages 9, 15, 31, 32, 37, 38 and 53 in the form and context in which they are included,

and takes no responsibility for any other statements in this Prospectus. All data statements and other information attributed to Euromonitor International Ltd in this Prospectus is included subject to the Euromonitor International Ltd disclaimer on page 1 of this Prospectus.

None of the Consenting Parties has authorised or caused the issue of this Prospectus, nor do any of the Consenting Parties make any offer of CDIs or Shares.

The Company has included statements in this Prospectus made by, attributed to or based on statements made by the following parties:

- Deloitte Development LLC, Member of Deloitte Touche Tohmatsu Limited
- The Natural Resources Defence Council, Inc.
- Meal kit industry participants referred to in Section 2.4.2.

The inclusion of statements made by, attributed to or based on statements made by these parties has not been consented to by the relevant party for the purpose of section 729 of the Corporations Act and are included in this Prospectus by the Company on the basis of ASIC Corporations (Consent to Statements) Instrument 2016/72 relief from the Corporations Act.

## 9.14 PRIVACY

By submitting an Application Form, you are providing personal information to Marley Spoon and the Registry, which is contracted by Marley Spoon to manage Applications. Marley Spoon, and the Registry on its behalf, may collect, hold, and use that personal information in order to process your Application, service your needs as a securityholder, provide facilities and services that you request, and administer Marley Spoon. If you do not provide the information requested in the Application Form, Marley Spoon and the Registry will not be able to process or accept your Application.

## 9. ADDITIONAL INFORMATION Continued

Marley Spoon may disclose your personal information for purposes related to your Application or shareholding to Marley Spoon's group members, agents, and service providers on the basis that they deal with such information in accordance with applicable laws. The members, agents, and service providers of Marley Spoon may be located outside Australia, including in Germany (**overseas recipients**). When received by overseas recipients, your personal information may not receive the same level of protection as that afforded under Australian law. By submitting an Application Form you expressly consent to the disclosure of your personal information to overseas recipients.

The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared include:

- the Registry for ongoing administration of the securityholder register;
- the Joint Lead Managers in order to assess and process your Application;
- printers and other companies for the purpose of preparation and distribution of holding statements, documents, and for handling mail;
- market research companies for the purpose of analysing the securityholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the securities and for associated actions.

As a German company, the collection, processing and other use of personal data by Marley Spoon is regulated by both European and German legislation. At the European level, data privacy law is currently primarily governed by the European Data Protection Directive and - specifically with respect to electronic communication - the European Directive on Privacy and Electronic Communications. In Germany, general data privacy law is governed by the German Federal Data Protection Act (Bundesdatenschutzgesetz) and, as from 25 May 2018, the EU General Data Protection Regulation. In general, these data privacy laws regulate when and how personal data may be collected, for which purposes they may be processed, for how long they may be stored and to whom and how they may be transferred. The transfer of personal data to entities outside the European Economic Area is subject to specific requirements.

You may request access to your personal information held by, or on behalf of, Marley Spoon by contacting the Registry. You may be required to pay a reasonable charge to the Registry in order to access your personal information. Marley Spoon aims to ensure that the personal information it retains about you is accurate, complete and up to date. To assist with this, please contact the Registry if any of the details you have provided change.

Marley Spoon's privacy policy is available on its website. The privacy policy contains information about how the Company collects and uses personal information. It also contains information about how you can gain access to the personal information that the Company holds about you and how you may withdraw your consent to the collection and use of personal information.

### 9.15 PHOTOGRAPHS AND DIAGRAMS

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents, that the assets shown in them are owned by Marley Spoon. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date.

### 9.16 GOVERNING LAW

This Prospectus and the contracts that arise from the acceptance of the Applications are governed by the laws applicable in New South Wales and each applicant submits to the exclusive jurisdiction of the courts of New South Wales.

### 9.17 STATEMENT OF MEMBERS OF THE SUPERVISORY BOARD AND MANAGEMENT BOARD

The issue of this Prospectus has been authorised by each member of the Supervisory Board and Management Board. Each member of the Supervisory Board and Management Board has consented to lodgement of the Prospectus and issue of the Prospectus and has not withdrawn that consent.



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# APPENDIX A





# APPENDIX A

## 1. IMPACT OF NEW ACCOUNTING PRONOUNCEMENTS

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

### IFRS 9 Financial Instruments

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

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

### IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 (endorsed September 2016) and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a so called full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Contracts with customers, in which the sale and delivery of meal kits is generally the principal performance obligation, are not expected to be impacted by adoption of the new standard. The Group expects revenue recognition to continue to occur at the point in time when control of the asset is transferred to the customer, generally on delivery of the meal kit.

### IFRS 16 Leases

IFRS 16 was issued in January 2016 (endorsed October 2017). It will result in almost all leases being recognized on the Statement of Financial Position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for almost all lease contracts. An optional exemption exists for short-term and low-value leases.

The standard will affect the accounting for the Group's leases based on a high-level impact assessment, the Group does not expect a material impact from its current leases on its net profits/(losses) for the period and its net assets. However, the impact of the new standard could materially impact other financial measures, such as EBITDA, total assets and total liabilities.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16. The standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the group does not intend to adopt the standard before its effective date.

## 2. SIGNIFICANT ACCOUNTING POLICIES

This chapter 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. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

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

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

### 2.2 Principles of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries. 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 including to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

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

### 2.3 Business combinations and goodwill

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

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

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

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquired company are assigned to those units. Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash generating unit retained.

## 2.4 Foreign currency translation

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

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

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

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

## 2.5 Current versus non-current presentation

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

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

All other assets are classified as non-current.

A liability is current when:

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

## 2.6 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

## 2.7 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, are capitalized if the requirements from IAS 38 are met.

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.

## 2.8 Cash and cash equivalents

Cash and cash equivalents includes cash on hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

## 2.9 Trade receivables

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

## 2.10 Inventories

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

## 2.11 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 45 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized at their fair value. If they are long term in nature they are measured at amortized cost using the effective interest method.

## 2.12 Borrowings

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

## 2.13 Provisions

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

## 2.14 Warrants and derivative financial instruments

In the context of various loan agreements, the Group granted warrants, which are classified as derivative financial liabilities at the date of initial recognition and initially recognized at fair value. These are then deducted from the redemption value of the loan along with transaction costs and amortized over the period of the loan using the effective interest method.

Subsequent measurements of the warrants are based on their fair value. An option pricing model (binomial model) is used to determine the fair value of the warrant agreements at the relevant dates. Gains and losses arising from changes in fair value are recognized in the Statement of Comprehensive Income in the period during which they arise.

## 2.15 Share based payments

The Group has share based payments associated with an employee "virtual share program" (the Employee Option Rights Plan from Completion), media-for-equity and brand licensing.

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

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

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

The rights generally vest over a period of 48 months (vesting period) with an initial cliff period of 12 months, no bad-leaver conditions exist after the respective cliff period and the (former) employee is therefore remains entitled to the vested shares.

## 2.16 Recognition of deferred tax assets

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

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

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

## 2.17 Revenue recognition

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

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



### **2.18 Cost of goods sold**

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

### **2.19 Fulfilment expenses**

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

### **2.20 Marketing expenses**

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

### **2.21 General and administrative expenses**

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

# GLOSSARY

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# GLOSSARY

TERM	MEANING
2018 Convertible Bonds	The convertible bonds entered into between the Company and convertible bond holders as described in Section 9.8.1
Accounting Standards	The Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board
Active Customers	Customers at a point in time who have purchased a Marley Spoon or Dinnerly meal kit at least once over the past 90 days. Unless otherwise stated, active Customer numbers in this Prospectus are as at 31 March 2018
AKW	AKW Capital UG ( <i>haftungsbeschränkt</i> ), a German limited liability company as <i>Unternehmergeellschaft</i> , registered with the commercial register of the local court Berlin-Charlottenburg under HRB 131052 B
Application	An application for CDIs under the Offer
Application Form	The application form attached to or accompanying this Prospectus (including the Chairman's List Offer Application Form and any electronic form)
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited ABN 98 008 624 691, or the market operated by ASX Limited, as the context requires
ASX Corporate Governance Principles	The 3rd edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations
ASX Listing Rules	The listing rules of the ASX as amended or waived from time to time
ASX Settlement	ASX Settlement Pty Limited ACN 008 504 532
ASX Settlement Operating Rules	The settlement operating rules of ASX Settlement
Australian Dollars	Authorised currency used in Australia
Authorised Capital	The level of share capital the Management Board is authorised to issue by approval of the shareholders' in general meeting with the approval of the Supervisory Board, as described in Section 9.5 of the Prospectus
BNP Paribas	BNP Paribas Lease Group S.A., Zweigniederlassung Deutschland
BNP Paribas Loan	The finance lease agreement with BNP Paribas described in Section 9.6.2
Broker	Any ASX participating organisation selected by the Company and the Joint Lead Managers to act as a broker to the Offer
Broker Firm Application Form	The Application Form in respect of the Broker Firm Offer
Broker Firm Offer	The offer of CDIs under this Prospectus to Australian resident retail clients and sophisticated investors who have received a firm allocation from their Broker, as described in Section 7.2.2
CAC	Customer acquisition costs, i.e. for Marley Spoon, marketing expenses such as media spend or commissions

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# GLOSSARY Continued

TERM	MEANING
Canaccord Genuity	Canaccord Genuity (Australia) Limited ABN 19 075 071 466
Cash Conversion Ratio	Net free cash flow before financing as a percentage of EBIT
CDIs	CHESS Depository Interests over Shares, as further described in Section 9.1
CDI Holder	A holder of CDIs
CDN	CHESS Depository Nominees Pty Ltd ACN 071 346 506 (Financial Services Licence Number 254514)
CEO	Chief executive officer
CFO	Chief financial officer
CMO	Chief marketing officer
Chairman	The chairman of the Supervisory Board, being Deena Shiff
Chairman's List Offer	The offer of CDIs under this Prospectus to persons who have received a personalised invitation from the Company to participate in the Offer, as described in Section 7.2.4
Chairman's List Offer Application Form	An online application form available on <a href="https://events.miraql.com/Marley-Spoon-IPO">https://events.miraql.com/Marley-Spoon-IPO</a> in respect of the Chairman's List Offer or any application form in respect of the Chairman's List Offer attached to or accompanying this Prospectus
CHESS	The Clearing House Electronic Sub-register System for settlement of shares on the ASX, operated by ASX Settlement
Closing Date	The date of which the Offer is expected to close, being Thursday, 21 June 2018 (this date may be varied without notice)
Company or Marley Spoon	Marley Spoon AG (ARBN 625 684 068) or where context permits, the business carried out by Marley Spoon and its subsidiaries
Commercial Register	The commercial register ( <i>Handelsregister</i> ) of the local court of Berlin (Charlottenburg)
Completion	The completion of the Offer, being the date by which CDIs are issued to successful applicants and the Company is admitted to the official list of ASX, expected to be Monday, 2 July 2018 (this date may be varied without notice)
Conditional Capital	The level of capital conditional upon the exercise of conversion rights or of stock options as described in Section 9.5 of the Prospectus. The purpose of the conditional capital is mainly to grant conversion rights to holders of convertible bonds or of options bonds or to grant stock options to the management and employees of the company and its subsidiaries
Constitution	The constitution of Marley Spoon
Contribution Margin	Has the meaning in Section 4.2.4
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Costs of Goods Sold	The costs of goods sold by Marley Spoon, including food costs, packing expenses and picking costs (but excludes Fulfilment Expenses)
CY	Calendar year ended/ending 31 December (as applicable)

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TERM	MEANING
CY18 Results Date	The date the Company releases its preliminary financial report with respect to the full financial year ending on 31 December 2018
EBIT	Earnings before interest and tax
Escrowed Investors	Those shareholders or holders of convertible securities, warrants and rights over Shares who have entered into a Mandatory Escrow Deed and/or a Voluntary Escrow Deed over CDIs in respect of Shares as described in Section 6.5
EU	European Union
Euromonitor International	Euromonitor International Limited, registered in England at 60-61 Britton Street, London EC1M 5UX, No. 1040587
Existing Investors	A holder of shares or other convertible securities, warrants or rights in the Company at the Prospectus Date
Existing Option Rights Plan	The option rights plan as described in Section 6.6.2
Exposure Period	The period of 7 days commencing on the date of lodgement of this Prospectus with ASIC as extended by up to a further 7 days
Financial Information	Has the meaning in Section 4.1.1
Forecast Financial Information	Has the meaning in Section 4.1.1
Founders	Fabian Siegel and Till Neatby
FTE	Full time equivalent
Fulfilment Expenses	Shipping expenses for customer orders and payment processing fees. Refer to Section 4.2.4
GDPR	General Data Protection Regulation (Regulation 2016/679/EU of the European Parliament and the Council)
Global Founders Capital	Global Founders Capital GmbH & Co. Beteiligungs KG Nr. 1
Gross Profit	Has the meaning in Section 4.2.4
Group	Marley Spoon and its subsidiaries
Historical Financial Information	Has the meaning in Section 4.1.1
IASB	International Accounting Standards Board
IDW	<i>Institut der Wirtschaftsprüfer</i> (Institute of Public Auditors in Germany)
IFRS	International Financial Reporting Standards issued by the International Accounting Standards Board
Institutional Offer	The offer of CDIs under this Prospectus to certain Institutional Investors in Australia and a number of other authorised jurisdictions, as described in Section 7.2.3

# GLOSSARY Continued

TERM	MEANING
Institutional Investor	Investors who are (a) persons in Australia who are wholesale clients under section 761G of the Corporations Act and either “professional investors” or “sophisticated investors” under sections 708(11) and 708(8) of the Corporations Act; or (b) institutional investors in certain other jurisdictions, as agreed by the Company and the Joint Lead Managers, to whom offers of CDIs may lawfully be made without the need for a lodged or registered prospectus or other form of disclosure document or filing with, or approval by, any government agency (except one which the Company is willing in its discretion to comply)
IPO	initial public offer
IT	Information technology
January 2018 Loans	The loans entered into between the Company and various lenders as described in Section 9.8.4
January 2018 Warrants	The warrants granted to the lenders under the January 2018 Loans as described in Section 9.8.4
Joint Lead Managers	Macquarie Capital and Canaccord Genuity
Kreos	Kreos Capital V (UK) Limited as lender under the Kreos loan referred to in Sections 4.4.2 and 9.7 and Kreos Capital V (Expert Fund) LP as holder of the Kreos Warrants as referred to in Section 9.8
Kreos Loan Agreement	The loan facility agreement entered into between Kreos and the Company as described in Section 9.7
Kreos Warrants	The warrants granted to Kreos as described in Section 9.8
Lakestar	Lakestar I LP
Luxor	Luxor Venture Partners, LP
Macquarie Capital	Macquarie Capital (Australia) Limited ABN 79 123 199 548
Management Board	The management board of the Company as described in Section 6.1.1, comprised of the members described in Section 6.1.3
Mandatory Escrow Deed	An escrow deed under Chapter 9 of the ASX Listing Rules as agreed with ASX, entered into between an Escrowed Investor (and any controller) and the Company restricting dealing in CDIs in respect of Shares held by the Escrowed Investor as described in Section 6.5.2
Marley Spoon or Company	Marley Spoon AG (ARBN 625 684 068) or where context permits, the business carried out by Marley Spoon and its subsidiaries
Media Service Agreement	The agreement between the Company and GMPVC German Media Pool GmbH as described in Section 9.8.6
Moneda	Moneda Top-Holding S.à r.l.
Moneda Loan Agreement	The loan facility entered into between Moneda and the Company as described in Section 9.6.1
Moneda Warrants	The warrants granted in favour of Moneda in respect of the Moneda Loan Agreement as described in Section 9.8.3



TERM	MEANING
MSLO	Martha Stewart Living Omnimedia, Inc.
MSLO Warrants	The warrants granted in favour of MSLO as described in Section 9.8.5
MSSA	MSSA UG ( <i>haftungsbeschränkt</i> ) & Co. KG
MSSB	MSSB UG ( <i>haftungsbeschränkt</i> ) & Co. KG
MSET	Marley Spoon Employee Trust UG ( <i>haftungsbeschränkt</i> ) a German limited liability company as Unternehmergeellschaft with its seat in Berlin, registered with the commercial register of the local court Berlin-Charlottenburg under HRB 178136 B
Net Free Cash Flow	Has the meaning in Section 4.2.4
Net Promoter Score	A customer satisfaction measurement system used as a management tool by Marley Spoon to gauge the loyalty of customer relationships
New Option Plan	The option plan approved by the Existing Investors and adopted by the Supervisory Board as described in Section 6.6.3
non-IFRS financial measures	Has the meaning in Section 4.2.4
Offer	The invitation in this Prospectus to subscribe for CDIs in respect of Shares (with 1,000 CDIs equivalent to 1 Shares), comprising the Institutional Offer, Broker Firm Offer and the Chairman's List Offer
Offer Price	A\$1.42
Option Rights	Option rights granted under the Existing Option Rights Plan
Operating EBITDA	Has the meaning in Section 4.2.4
Pro Forma Forecast Financial Information	Has the meaning in Section 4.1.1
Pro Forma Historical Financial Information	Has the meaning in Section 4.1.1
Prospectus	This document, dated 6 June 2018 (including the electronic form of this Prospectus) and any supplementary or replacement prospectus in relation to this document
Prospectus Date	The date on which a copy of this Prospectus was lodged with ASIC, being 6 June 2018
PwC Germany	PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft
PwCs	PricewaterhouseCoopers Securities Ltd.
Registry	Link Market Services Limited ABN 54 083 214 537
Shares	Fully paid ordinary shares in the capital of Marley Spoon
Sherpa Capital	Sherpa Capital Pty Ltd ACN 622 996 329, and where referring to a shareholding includes a nominee of Sherpa Capital

# GLOSSARY Continued

TERM	MEANING
SKU	Stock keeping unit
Statutory Forecast Financial Information	Has the meaning in Section 4.1.1
Supervisory Board	The supervisory board of the Company, as described in Section 6.1.1, comprised of the members described in Section 6.1.2
Supervisory Board Charter	Has the meaning given in Section 6.2.2
Supervisory Board Initial Term	Has the meaning given in Section 6.2.2
Underwriting Agreement	The underwriting agreement between the Joint Lead Managers and the Company, as described in Section 9.8
Voluntary Escrow Deeds	An escrow deed entered into between an Escrowed Investor (and any controller) and the Company restricting dealing in CDIs in respect of Shares held by the Escrowed Investor as described in Section 6.5.3

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# CORPORATE DIRECTORY

## COMPANY'S REGISTERED OFFICE

### Marley Spoon AG

Paul-Lincke-Ufer 39/40  
10999 Berlin  
Germany

## REGISTRY

### Link Market Services Limited

Level 12  
680 George Street  
Sydney NSW 2000  
1300 554 474

## MARLEY SPOON OFFER INFORMATION LINE

1800 647 819 (within Australia)  
Hours of operation: 8:30am to 5:00pm Sydney time,  
Monday to Friday (business days only)

## JOINT LEAD MANAGERS

### Macquarie Capital (Australia) Limited

50 Martin Place  
Sydney NSW 2000 Australia

### Canaccord Genuity (Australia) Limited

Level 4  
60 Collins Street  
Melbourne VIC 3000 Australia

## AUSTRALIAN LEGAL ADVISER

### Clayton Utz

Level 15  
1 Bligh Street  
Sydney NSW 2000 Australia

## GERMAN LEGAL ADVISOR

### GLNS

Rechtsanwälte Steuerberater Partnerschaft mbB  
Karolinen Karree | Karlstraße 10  
München

## INVESTIGATING ACCOUNTANT

### PricewaterhouseCoopers Securities Ltd

One International Towers Sydney  
Watermans Quay  
Barangaroo NSW 2000  
GPO BOX 2650 Sydney NSW 2001

## AUDITOR

### PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft

Kapelle-Ufer 4  
10117 Berlin  
Postfach 040568  
10063 Berlin

## TAX ADVISER

### PricewaterhouseCoopers

One International Towers Sydney  
Watermans Quay  
Barangaroo NSW 2000  
GPO BOX 2650 Sydney NSW 2001

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# MARLEY SPOON

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