HELLOFRESH
GROUP

Annual Report 2021

HelloFresh SE

HelloFresh at a Glance

Key Figures	3 months ended 31-Dec-21	3 months ended 31-Dec-20	YoY growth	12 months ended 31-Dec-21	12 months ended 31-Dec-20	YoY growth
Key Performance Indicators						
Group						
Active customers (in millions)	7.22	5.29	36.5%			
Number of orders (in millions)	29.47	22.00	34.0%	117.32	74.30	57.9%
Orders per customer	4.1	4.2	(2.4%)			
Meals (in millions)	243.9	179.0	36.3%	964.3	601.2	60.4%
Average order value (EUR)	53.4	50.3	6.2%	51.0	50.4	1.2%
Average order value constant currency (EUR)	51.4	50.3	2.2%	51.6	50.4	2.4%
USA						
Active customers (in millions)	3.52	2.61	34.9%			
Number of orders (in millions)	14.45	10.90	32.6%	59.25	38.70	53.1%
Orders per customer	4.1	4.2	(2.4%)			
Meals (in millions)	111.1	80.1	38.7%	451.5	278.0	62.4%
Average order value (EUR)	59.2	53.6	10.4%	55.6	53.5	3.9%
Average order value constant currency (EUR)	56.7	53.6	5.8%	57.7	53.5	7.9%
International						
Active customers (in millions)	3.70	2.68	38.1%			
Number of orders (in millions)	15.02	11.10	35.3%	58.07	35.70	62.7%
Orders per customer	4.1	4.2	(2.4%)			
Meals (in millions)	132.8	98.9	34.3%	512.8	323.2	58.7%
Average order value (EUR)	47.8	47.1	1.5%	46.4	47.0	(1.3%)
Average order value constant currency (EUR)	46.3	47.1	(1.7%)	45.3	47.0	(3.6%)

Key Figures	3 months ended 31-Dec-21	3 months ended 31-Dec-20	YoY growth	12 months ended 31-Dec-21	12 months ended 31-Dec-20	YoY growth
Results of operations						
Group						
Revenue (in MEUR)	1,580.1	1,108.5	42.5%	5,993.4	3,749.9	59.8%
Revenue constant currency (in MEUR)	1,521.7	1,108.5	37.3%	6,057.2	3,749.9	61.5%
Contribution Margin (in MEUR)*	389.9	340.6	14.5%	1,517.7	1,056.0	43.7%
Contribution Margin (in % of Revenue)*	24.7%	30.7%	(6.0 pp)	25.3%	28.2%	(2.9 pp)
AEBITDA (in MEUR)	130.8	173.8	(24.7%)	527.6	505.2	4.4%
AEBITDA (in % of Revenue)	8.3%	15.7%	(7.4 pp)	8.8%	13.5%	(4.7 pp)
USA						
Revenue (in MEUR)	855.4	584.4	46.4%	3,294.1	2,073.3	58.9%
Revenue constant currency (in MEUR)	820.0	584.4	40.3%	3,420.3	2,073.3	65.0%
Contribution Margin (in MEUR)*	216.5	184.9	17.1%	854.8	572.1	49.4%
Contribution Margin (in % of Revenue)*	25.2%	31.5%	(6.3 pp)	25.9%	27.5%	(1.6 pp)
AEBITDA (in MEUR)	77.7	93.4	(16.8%)	310.1	282.5	9.8%
AEBITDA (in % of Revenue)	9.1%	15.9%	(6.8 pp)	9.4%	13.6%	(4.2 pp)
International						
Revenue (in MEUR)	724.6	524.1	38.3%	2,699.0	1,676.3	61.0%
Revenue constant currency (in MEUR)	701.7	524.1	33.9%	2,636.8	1,676.3	57.3 %
Contribution Margin (in MEUR)*	177.8	159.2	11.7%	681.2	496.5	37.2%
Contribution Margin (in % of Revenue)*	24.4%	30.3%	(5.9 pp)	25.1%	29.5%	(4.4 pp)
AEBITDA (in MEUR)	74.0	95.0	(22.1%)	297.5	275.5	8.0%
AEBITDA (in % of Revenue)	10.2%	18.1%	(7.9 pp)	11.0%	16.4%	(5.4 pp)
Group Financial Position						
Net working capital (in MEUR)	(289.5)	(211.2)		(289.5)	(211.2)	
Cash flow from operating activities (in MEUR)	62.0	185.1		458.6	601.5	
Cash and cash equivalents (in MEUR)	827.1	729.0		827.1	729.0	
Free cash flow (in MEUR)	(69.2)	137.3		181.3	499.0	

*Net of share based compensation expenses

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A. To Our Shareholders

Edward Boyes Thomas Griesel Dominik Richter Christian Gaertner

Letter by the Management Board

Dear shareholders,

Marking the 10 year anniversary of our business, 2021 has been another exceptional year for the HelloFresh Group. We close the year with record business performance and robust financial strength.

This year, the world continued to grapple with the challenges brought about by the Covid-19 pandemic. Consumers are rethinking their priorities, while new technologies are transforming traditional routines. Our mission to change the way people eat forever is increasingly resonating with customers seeking convenient, sustainable, healthy and delicious solutions to their everyday food needs.

This year we were able to safely provide almost 1.0 billion healthy and easy to prepare fresh meals to our customers across seventeen markets. The physical fulfilment of this 243.0% increase over just 2 years has required a massive scaling of operational capacity. In 2021, we grew internal headcount 80.0%, and tripled capital investment in physical infrastructure to MEUR 234.5 in order to stabilise our fulfilment operations.

In addition to delivering this ongoing capacity expansion program, we have made significant progress on strategic steps towards our ambition to becoming a world leading integrated food solutions group:

- We further expanded menu choice for customers across our markets:
  - increasing the number of recipes on offer for weekly selection;
  - tactically broadening our menu coverage of culinary preferences, be it cooking time, ingredient type, or flavour profile;
  - refining our market specific feedback and recipe graduation process;
- We refined our insights on the HelloFresh Market test offering in Benelux, whilst also expanding the range to 500 products by the close of the year;
- We launched HelloFresh Market in the US, offering a curated range of 100 products in our largest market;

- We expanded our menu personalisation functionality, allowing customers to add, upgrade and swap ingredients in their meals;
- We launched our service in Norway and Italy, whilst also making our first entry to an Asian market with the test launch in Japan;
- We launched our premium brand, Green Chef, in the UK market;
- We acquired the Australian ready to eat meal company YouFoodz.

Our efforts resulted in the Group achieving constant currency revenue growth of 61.5%, thereby materially exceeding capital markets expectations. From an AEBITDA perspective, we achieved MEUR 527.6, at a margin of 8.8%, continuing to outperform other e-commerce peers. Both operating segments, the US and International, generated similarly strong AEBITDA during the period with MEUR 310.1 and MEUR 297.5 respectively.

The direct supply chain model we use continues to provide our customers with a structurally more sustainable option than traditional grocery alternatives. During the year we have maintained our focus on formalising and improving our sustainability metrics. At our Capital markets day event in December 2021, we announced our decision to begin the process of setting science based targets in the year ahead. We look forward to reporting on our ESG initiatives, progress against our core sustainability KPIs of CO2 and food waste reduction, and further outlining our commitments as a responsible industry leader in our sustainability report to be published in April 2022.

In keeping with the delivery of our mid-term growth and profitability objectives, 2022 will be another year of investment for our business, with our strategic focus centered on:

- Continued expansion of fulfilment infrastructure across both segments, allowing us to:
  - Regain the capacity lead on ongoing revenue growth;
  - Maintain our pace of product innovation towards a fully integrated food solutions offer;
  - Deliver greater operational flexibility and automation to regain productivity across the expanded fulfilment network;
- Investment in our technology capabilities, improving interoperability across operations, optimising for customer experience, and expanding the use of data based analytics in all facets of the Group;
- Increasing household penetration in our existing seventeen markets, including the additional launch of a segment defining brand in one new territory;
- Entering two or more new geographic markets in the calendar year;
- Further increasing customer monetization through the further build out of add-ons, markets, and personalisation offerings; and
- Scaling adjacent verticals outside of meal kits, which includes:
  - the integration and development of the YouFoodz ready to eat business acquired at the end of 2021;
  - the Organic launch of the Factor75 ready to eat offer in one of our international markets.

Global economic uncertainty continues to be a feature for all businesses to navigate in the years ahead. Given the comparative stability of our operating markets, our inherent operational agility, business capabilities, pricing power, and balance sheet strength, we remain confident to perform well in a number of potentially disruptive macro scenarios.

Our diverse team of 21.4k people across the Group continue in their commitment to serving our growing customer base with passion and diligence. We want to thank them for what they have contributed in 10 years to making HelloFresh the business it is today, and thank you as shareholders for your ongoing support of our ambitious goals.

Berlin, 28 February 2022

Dominik Richter	**Thomas Griesel**	**Christian Gaertner**	**Edward Boyes**
Chief Executive Officer	Chief Executive Officer International	Chief Financial Officer	Chief Commercial Officer

Report of the Supervisory Board

Dear Shareholders,
Ladies and Gentlemen,

We look back on the fiscal year 2021 as another very successful year for the HelloFresh Group. In all its operating markets, the Company continues to admirably navigate commercial and operational challenges that have been a result of the COVID-19 pandemic. Through its ongoing financial strength, global reach and environmental leadership, the Company now ranks amongst leading German corporations.

In 2021, we worked closely with the Company to maintain the standards of excellence that are commensurate with its market leading status. This entailed among other matters (i) investing in the Company's production capacity and capabilities, (ii) further investment into tech and data capabilities, (iii) ensuring that the Company's prime financial strength was maintained at all times, (iv) supporting the Company in the evaluation and prioritization of additional strategic initiatives and (v) supporting the company in evaluating a balanced compensation system and in evaluating further the ESG strategy of the company.

Management oversight and other key Supervisory Board activities

The Supervisory Board duly performed its duties in accordance with the statutory requirements, the Articles of Association of HelloFresh SE, the rules of procedure of the Supervisory Board dated 18 December 2020, including the amendments adopted by resolution of the Supervisory Board on 26 May 2021, (the "Supervisory Board Rules of Procedure") and the German Corporate Governance Code. It obtained regular and detailed information, written and oral, about business policy, significant financial investment and personnel planning matters, and the course of business. In particular, the Management Board discussed and agreed on the Company's strategic alignment with the Supervisory Board. Furthermore, the Supervisory Board was directly involved in all fundamental decisions.

Before adopting a resolution, any transactions which, according to the Articles of Association and/or the Management Board Rules of Procedure, require Supervisory Board approval, were explained by the Management Board and discussed by the Supervisory Board and the Management Board. Discussions took place in meetings of the entire Supervisory Board or its committees or in informal communications with the Management Board outside the Supervisory Board meetings. The Chairman of the Audit Committee discussed audit-related topics with the auditor outside the meetings and without the involvement of the Management Board. The Chairman of the Audit Committee was in regular interaction with the CFO and senior financial team on key financial matters.

The Chairman of the Supervisory Board was also in regular contact with the Management Board outside the Supervisory Board meetings.

The Supervisory Board discussed and reviewed the following topics in fiscal year 2021:

- The separate and consolidated financial statements for the fiscal year 2020 and the results for the first half of 2021;
- Ongoing business performance, including the development of the Company's revenue and profitability, liquidity position, market position and business strategy;
- Specific material investments, including the build-out of new fulfilment centers and the expansion of operations to new markets;
- A report by the Audit Committee on the Company's key controls, processes and information security environment;
- The audit planning and quarterly reports of the internal audit department, with strategic considerations on positioning and presence in North America, Australia, and new territories;
- The budget of HelloFresh Group for 2022, including revenue and margin plans for each segment and capex plans per geography;
- The strategic positioning and structure of the Group and the corporate organization, including succession planning;
- The invitation to and agenda for the ordinary Annual General Meeting for 2021 with proposed resolutions;
- Implementation of the new remuneration program for the Management including conclusion of new service agreements with all members of the Management Board;

- The granting of additional virtual stock options and restricted stock units (pursuant to the VSOP 2019, and RSUP 2019) to the Management Board as part of their remuneration package;
- Implementation of a modified equity program for incentivization of key employees as well as acting members of the Management Board (VSOP 2019 and RSUP 2019);
- Acquisition of the YouFoodz business in Australia;
- Rewording of the Management Board Rules of Procedure; and
- Declaration of compliance with the German Corporate Governance Code.

For general and specific further development, the members of the Supervisory Board took part in internal meetings on new legal developments in stock corporation law (ARUG II) and the new German Corporate Governance Code. Insofar as the members of the Supervisory Board attended events on their own responsibility, the Company provided them with support. Lastly, members of the Supervisory Board could meet members of the Board of Management and senior managers with specialist responsibility to exchange views on fundamental issues, and gain an overview of specific Company topics.

Cooperation between Supervisory Board and Management Board

The Management Board and Supervisory Board once again cooperated closely for the benefit of the Company in fiscal year 2021. In an ongoing, intensive dialog between the boards, the Supervisory Board discussed strategy, planning, business development and risk management issues with the Management Board.

The Chairman of the Supervisory Board is immediately notified of important events that the Supervisory Board is required to approve: certain transactions of fundamental importance or materiality; transactions by members of the Management Board and related persons with the Company; and the acceptance of sideline work outside the entity.

In addition to meeting attendance, the Supervisory Board members informally perform the following activities:

- Informal dialogue with, and advice to the Management Board and senior executives;
- Investor outreach and consultation on Company matters;
- Fulfilment operations site visits;
- Internal audit consultation and support;
- Additional 3rd party outreach as necessary, for example with the Company's external auditors and advisors;
- ongoing qualification on regulatory requirements.

The members of the Supervisory Board have frequent bilateral communication between themselves, and meet privately for the discussion of certain matters and sub-committee meetings. For all plenary meetings of the Supervisory Board in fiscal year 2021, the full Management Board was in attendance.

Changes in the Supervisory Board

There were two personnel changes with regard to the composition of the Supervisory Board in the reporting year. At the Annual General Meeting of 26 May 2021, Susanne Schröter-Crossan and Stefan Smalla were elected as new members of the Supervisory Board for a period of 2 years.

New Supervisory Board members were on boarded by way of an internal briefing on their legal obligations and the German Corporate Governance Code. Onboarding sessions were held with the Chairman of the Supervisory Board, and through topic focussed introductions with the members of the Management Board. Lastly, certain members of the Group executive leadership met directly to provide insight on functional topics relevant to that Supervisory Board member's relevant expertise.

Jeffrey Liebermann and Ugo Arzani left the Supervisory Board when their terms of office expired at the Annual General Meeting of 26 May 2021. John H. Rittenhouse was proposed at the Annual General Meeting and elected by the Supervisory Board as the new Chairman of the Supervisory Board.

Composition of the Supervisory Board and committees

According to the Articles of Association of HelloFresh SE, the Supervisory Board currently has five (5) members. All members of the Supervisory Board are elected by the Annual General Meeting as shareholder representatives. The Supervisory Board is not subject to employee co-determination.

The members of the Supervisory Board have comprehensive competencies for effectively monitoring the work of the Company's Management Board. The Chairman and the Supervisory Board members have considered that these competencies accurately reflect the risk and success factors relevant to the business. As of now, the competencies are broken down among the individual members as follows:

	Functional Experience								Sector Exp.			Diversity						Term	
	Accounting	Controlling/Risk Management	Marketing	ESG	Capital Markets/ Investor Relations	Corporate Governance/ Compliance	Managing public companies	US and International Markets	FMCG	Digital and Internet	Food	Age	Gender	Nationality	Work Stage	Independence	Other Mandates	Initial Election	End of Term
John H. Rittenhouse (Chairman)	Y	Y		Y	Y	Y	Y	Y	Y	Y	Y	65	M	US	exec	Y	3	2015	2023
Ursula Radeke-Pietsch (Deputy Chairwoman)	Y	Y		Y	Y	Y	Y	Y	Y	Y		63	F	DE	exec	Y	2	2015	2023
Derek Zissman	Y	Y			Y	Y	Y	Y	Y	Y	Y	77	M	GB	post	Y	4	2015	2023
Stefan Smalla			Y	Y	Y		Y	Y	Y	Y		45	M	DE	exec	Y	1	2021	2023
Susanne Schröter-Crossan	Y	Y		Y	Y	Y	Y	Y				42	F	DE	exec	Y	1	2021	2023

The other board mandates of the Supervisory Board members are as follows:

- John H Rittenhouse: Chairman and CEO, Cavallino Capital, LLC; Vice Chairman Supervisory Board, Jumia Technologies AG; Advisory Board Member, Flaviar Inc.
- Ursula Radeke-Pietsch: Global Head Strategic Projects, Siemens AG; Deputy Chair Supervisory Board, Autodoc AG
- Derek Zissman: Director, Crossroads Partners Ltd., Non-Executive Directory. Sureserve Group Plc.; Non-Executive Director, 600 Group Plc.; Non-Executive Director, Revolution Beauty Plc.
- Stefan Smalla: CEO, Westwing Group AG
- Susanne Schröter-Crossan: CFO, LEG Immobilien SE

Changes in the Management Board

There was no personnel or structural change in the Management Board in the reporting year.

Corporate governance disclosures

Both the Management Board and Supervisory Board are committed to upholding principles of good corporate governance and transparency. In lieu of this report, the Group has published, or will publish supplementary information on its website, www.hellofreshgroup.com, in the Governance sub-section of the Investor Relations pages that includes:

- A declaration by the Supervisory Board and Management Board of conformity for HelloFresh SE in accordance with Sec. 161 German Stock Corporation Act ("AktG") as part of its reporting on fiscal year 2021, whereby exceptions from the German Corporate Governance Code are explained;
- The Corporate Governance Report 2021, which details:

  - the working methods and accountabilities of the Management Board, the Supervisory Board and its Committees;
  - the composition profile of the Management Board and Supervisory Board;
  - an outline of the self-assessment process adopted by the Supervisory Board;

- The Compensation Report; and
- The Group code of ethics.

Meetings of the Supervisory Board and its committees

In the fiscal year 2021, the Supervisory Board met six (6) times and had four sub-committees which met as set forth below.

	Supervisory Board	Committees				Attendance %
		Audit	Remuneration	Executive and Nomination	ESG	
John H. Rittenhouse	6 of 6	7 of 7	2 of 2	3 of 3	2 of 2	100%
Ursula Radeke-Pietsch	6 of 6	7 of 7	2 of 2	n/a	n/a	100%
Derek Zissman	6 of 6	7 of 7	n/a	3 of 3	n/a	100%
Stefan Smalla	4 of 4	n/a	2 of 2	n/a	2 of 2	100%
Susanne Schröter-Crossan	4 of 4	n/a	n/a	3 of 3	2 of 2	100%

The Supervisory Board and its committees conducted its business through video and conference call meetings. Furthermore, the Supervisory Board, the Executive and Nomination Committee and the Remuneration Committee adopted several resolutions by circulation and by e-mail voting.

Audit of the standalone and consolidated financial statements

KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin was elected as auditor for fiscal year 2021 by the Annual General Meeting, and proposed by the Supervisory Board. The Supervisory Board confirmed the terms, audit focus areas and engagement, all of which were negotiated by the Audit Committee. KPMG were first appointed as auditor for fiscal year 2019, and the auditor primarily responsible for the performance of the engagement is Marius Sternberg, having acted in this role for a period of 3 years.

The Supervisory Board has engaged KPMG to audit the annual financial statements for the year ended 31 December 2021, together with the accounting records, the management report, as well as the risk monitoring system. The auditor issued an unqualified audit opinion on both the financial statements and the management report.

The Audit Committee satisfied itself with the auditor’s independence and obtained a written declaration in this respect. The financial statements and the auditor’s long-form reports were sent to the members of the Audit Committee and the Supervisory Board, who reviewed the separate and consolidated financial statements and the combined management report of HelloFresh SE. The results of the review by the Audit Committee and the results of its own review are fully consistent with the results of the auditor’s audit. Having completed its review, the Audit Committee and the Supervisory Board have no reason to raise any objections to the audit of the financial statements. The Supervisory Board has therefore approved the standalone and consolidated financial statements of HelloFresh SE for fiscal year 2021. The financial statements of HelloFresh SE for 2021 are therefore ratified.

The Supervisory Board would like to thank the Management Board and all employees of HelloFresh for their excellent work and their high level of commitment in fiscal year 2021.

Berlin, 28 February 2022

On behalf of the Supervisory Board

Corporate Strategy

Our vision is to build the world's leading integrated food solutions group – being a pioneer as the nascent online food market expands manyfold over the coming years. Our direct-to-consumer value chain allows us to offer superior "product fit" when compared to a traditional grocery shopping experience, and over time we will become relevant for more and more households as we advance our value proposition, expand our product portfolio, and appeal to new customer segments. We have built over time significant capabilities and expertise across: recipe creation, menu development and demand forecasting skills powered by a large volume of proprietary data and software; a highly reliable and direct-to-consumer supply chain of perishable goods in multiple markets; efficient production processes in our fulfilment centers; cost efficient and reliable logistic solutions; a well-known brand and powerful growth marketing & digital platform. These capabilities have allowed us to build a strong competitive position not only in our original meal kit market, but - following our acquisitions of Factor75 and YouFoodz - also now in the direct-to-consumer ready-to-eat meal market, adding another meaningful vertical to our fully integrated food solutions group.

Increase Our Market Penetration

We believe there is significant room for growth in our current countries of operation. During the three months ended 31 December 2021, we had 7.22 million customers, compared to our addressable market of roughly 176 million households in the seventeen countries we operate in. In the US segment we are targeting roughly 77 million households across our HelloFresh, EveryPlate, Green Chef, and Factor75 brands by offering a diverse range of products at different price points. In the International segment we are targeting roughly 99 million households with the HelloFresh, EveryPlate, YouFoodz (Australia), and Chef's Plate (Canada) brands.

Both of our operating segments are currently operating at modest penetration rates, being 4.6% of our addressable market in the US, and 3.7% in our International geographies. Whilst this has increased during the fiscal year, it indicates a significant opportunity remains for expansion in our current markets. In the midterm we are planning to roughly double the current level of penetration. This will primarily be driven by continued expansion of our product and service offering - improving the level of convenience, selection and value we offer customers. For example, in our most advanced markets we have expanded our menu from 6 to 30-40 weekly recipes over the last 5 years. This will continue to expand over time to 50-100 menu options, enabling us to attract, retain and reactivate customers with a wider range of dietary needs or preferences.

Selectively Increase our Geographic Reach

We believe that there are attractive opportunities to selectively expand geographically. We started our operations in Germany, Austria, Australia, the Netherlands and the United Kingdom in 2012; and then expanded to the United States in 2013 and Belgium in 2015. In the second quarter of 2016, we further expanded our operations into Switzerland and Canada. During 2017, we rolled out operations into Luxembourg and expanded into Western Australia. In 2018 we launched our operations in New Zealand and in France. In 2019, we launched our service in Sweden and in 2020 in Denmark. And more recently, in 2021, Norway, Italy and Japan were launched. During 2022, we plan to launch 2 or more new geographic markets.

Increase Customer Monetization

Expansion of our product offering will not only drive higher market penetration, but also improved customer monetization. We can monetize customers on top of their regular subscription plan both within our core meal kit product (via a portfolio of upcharge offerings, such as "premium meals", extra recipes, or additional portions) and also by cross-selling products targeting other meal occasions (via our recent launch of "HelloFresh Market"). "HelloFresh Market" allows customers to purchase products such as salads, quick-prep lunches, desserts, snacks, or breakfast. In our pilot BeNeLux region we now offer customers up to 500 products, and have so far seen strong uptake. Based on these strong results, we will expand "HelloFresh Market" to several of our other major geographies over the course of 2022.

Launch and Scale Adjacent and New Verticals

As part of our vision to become the world's leading food solutions group, we are also planning to enter new verticals, which leverage the strong capabilities we have established whilst building our core meal kit business. The acquisitions of the ready-to-eat meals providers Factor75 and YouFoodz were steps in this direction. This expansion allows us to appeal to an even broader range of households, who are less inclined to cook regularly from scratch, indexing more towards single households and a male audience.

Similar to our successful expansion to the ready-to-eat space, we see many additional opportunities to apply our leading direct-to-consumer food capabilities to serve other large, attractive and incremental customer segments over time.

Scaling our Capabilities and Infrastructure

In order to realize our vision, we continue to invest in building strong internal capabilities. Within our supply chain, this includes capacity expansion, selective investments into our own last mile infrastructure, and further automating our fulfilment centers across our territories. Fulfilment center automation will not only improve our unit economics, but also allow for faster and more efficient product expansion over time. For that purpose, we are in the process of testing and implementing additional automation solutions in our fulfilment centers.

Outside of supply chain, we plan to further invest in building our tech organization, which is responsible for creating bespoke solutions to drive performance enhancements across all key HelloFresh functions. Our tech capabilities not only generate value for our core meal kit businesses, but can be leveraged for other direct-to-consumer verticals which enable us to expand organically or via M&A. Following the successful integration of prior acquisitions (Factor75, Green Chef, and Chef’s Plate) to our tech platform, we have seen significant improvements in customer profitability. As a result, we believe our continued investment into tech capabilities will be a key enabler of further successful expansion to other verticals over time.

B. Combined Management Report

1. Fundamentals of the Group

1.1. Business Model

Since its foundation as a meal kit provider in 2011, HelloFresh continues to be a leading innovator in the food at home industry. Over the past decade the Group has built a strong, trusted brand for providing personalized, home-delivered meal solutions in numerous regions around the world. In addition to our most prominent brand, HelloFresh, the Group also owns Chefs Plate, EveryPlate, Factor75, Green Chef and YouFoodz, providing personalized meal solutions to 7.22 million active customers (in the three months ended 31 December 2021).

The mission of the Company is to change the way people eat forever, providing customers with a safe, convenient way to enjoy fresh home cooked or fully-prepared meals with no planning and no shopping required. These are delivered directly to customers' homes, through an efficient centrally fulfilled operating model.

1.1.1 General Information

Founded in Berlin in 2011, HelloFresh was one of the first companies to offer meal kit solutions as they are known today. Shortly after our two founders assembled the first meal kits in their kitchens, they quickly ramped up operations to offer nationwide coverage in Germany, the Netherlands and the United Kingdom. Subsequently, HelloFresh expanded to Austria, Australia, the contiguous United States, Belgium, Canada, Switzerland, Luxembourg, France , New Zealand, Sweden, and Denmark. In 2021, HelloFresh started operations in Norway, Italy and Japan. With operations in seventeen countries across four continents, HelloFresh has grown to become one of the largest players globally in the meal kit market in terms of geographic coverage, revenue, and number of active customers.

HelloFresh's business is managed based on two geographical regions which form our operating and reporting segments: "International" and "USA". International segment comprises our operations in Australia, Austria, Belgium, Canada, Denmark, Germany, Italy, Japan, Luxembourg, France, the Netherlands, New Zealand, Norway, Sweden, Switzerland, and the UK. The USA segment comprises our businesses in the United States of America ('USA').

1.1.2 Business Activities

Our business model differs from that of a retailer or grocer, as it rethinks the traditional food supply chain model. By starting with the consumer and working upstream with a "pull model", we largely eliminate the need for intermediaries such as distributors or wholesalers. We work closely with our supplier network, many of who are local suppliers, to ensure we can purchase the ingredients for our meal solutions on a just-in-time basis and in the required quantities. We operate on a low inventory basis for perishable products. We in principle only order from our suppliers what we have confirmed to sell to our customers. The ingredients for our meal kits, and ready-to-eat meals, are packed in our refrigerated fulfilment centers that are expanded where possible to support our expected future growth. From there, our food solutions are delivered using insulated packaging or refrigerated vehicles, which allow us to deliver the ingredients with a high level of freshness.

In addition to the core meal kits, in BeNeLux and US, we also offer our customers a more comprehensive portfolio of solution-oriented food through HelloFresh Market. There, we provide an extensive choice of add-on products, such as desserts, soups, snacks and selected grocery items, like meat and dairy products. We also provide customers in certain geographies with ready-to-eat meals in a primarily direct-to-consumer model.

Our core business processes are data and technology driven. Our customized suite of software tools allows us, for example, to transform weekly menus into efficient ingredient purchasing decisions, and to feedback information about pricing and availability into the menu planning. Our technology automatically sets up weekly schedules for both production and delivery to our customers within their preferred delivery selection and provides us with data to further improve our products and processes. Our technology platform also helps our marketing team to understand multiple customer touch points, and to dynamically allocate our marketing budget across markets and channels. This allows us to optimize customer profitability, i.e., projected profit contribution generated during the entire commercial relationship with particular customer cohort, as compared to customer acquisition costs.

A Meal Kit Plan That Fits

Our value proposition rests on five pillars: great tasting healthy food; personalization; providing high value for money; high convenience; and an enjoyable product experience. Our customers can pick a plan depending on their dietary preferences, schedule and household size. Depending on the market, our customers can choose from among our two, three, four or five-person food boxes. Our customers can select in most markets from 30 to 40 chef-designed recipes that change on a weekly basis. Our dedicated team of chefs and dietitians curate a weekly menu which features new dishes that on average take approximately thirty minutes to prepare. When creating new recipes and combining recipes into weekly menus, our chefs and dietitians make use of our underlying data and analytics tools to cover a wide and diverse range of tastes and dietary preferences such as family-friendly, vegetarian, vegan, low-calorie, and quick and easy options. In addition, customers are able to swap, upgrade, or add recipes and portions in menu to further personalize their choices.

Our premium meal kit brand Green Chef, acquired in March 2018, offers our US and UK customers a variety of easy-to follow meal plans for every lifestyle and diet, from keto to plant-powered and beyond. Green Chef US is a certified organic company. Additionally, in the US and Australia with EveryPlate we offer a great value by delivering familiar, filing, pre-portioned ingredients with simple recipes. In Canada, Chefs Plate makes our product accessible to customers with tighter budgets. In 2020, with the acquisition of Factor75 in the US, we unlocked a new customer segment by delivering healthy and fresh ready-to-eat meals. Moreover, recently in October 2021, we acquired Youfoodz in Australia, which is offering ready-to-eat meals, protein-packed snacks and cold-pressed juices.

Data-Driven Meal Design and Menu Optimization

Our meal design process relies on both quantitative and qualitative design principles. Our recipes are created by combining the market specific input from our chefs' experience and their knowledge of food trends as well as customer inputs, in particular customer ratings and ingredient-based data points.

Our weekly menu selection is also highly quantitative and allows us to combine any number of recipes in such a fashion that a variety of tastes, dietary preferences, lifestyle choices and other characteristics can be covered. Our software optimization tool allows us to collect and analyze all quantitative and qualitative recipe reviews we receive every week with respect to, for example, price, ingredients, and flavor combinations of our recipes. This helps us to further optimize our offering and to identify our customers' needs with respect to protein, cuisine and variety, rare ingredient and menu mix.

Product Innovation

The quality of our meals and product offering is the result of a structured and data-driven product development approach. Product innovation complements our recipe development and menu planning. We have rolled-out across major geographies a portfolio of upcharge offerings, such as premium meals, double-portions, extra-recipes. We also offer an increasing selection of add-ons, such as soups, snacks, fruit boxes, desserts, ready-to-eat meals and seasonal boxes (e.g. for Christmas). New initiatives are evaluated through a rigorous test and learn philosophy that leverages data to optimize for product range and presentation.

Flexible Ordering Model

Our business generally operates on a flexible ordering model, i.e. our customers sign up to a plan, which they can customize for parameters such as household size, number of meals, delivery window, and taste preference/diet. Customers can also pause deliveries for the weeks they do not wish to receive a meal box, for example while on holiday. Our customers can pause or cancel at any time, and are only required to pay for the deliveries they actually receive.

Close Cooperation with Our Growers, Focus on Seasonal Produce, Technology and Data Driven Demand Forecasting

We work closely with our growers and producers to ensure that our customers receive fresh, seasonal and healthy ingredients in the exact quantities needed for their meals. We use technology and data in all steps of our menu development and sourcing process from designing and choosing seasonal recipes to forecasting demand or testing the attractiveness of different menus ahead of time.

We are able to indicate estimated demand to our suppliers through our ordering tool several weeks in advance which in turn allows us to provide visibility to our suppliers, lock-in prices and reduce over/under-ordering of any particular ingredient. This estimate is further refined during the customer recipe selection phase in advance of the final order cut-off. Following the weekly cut-off time for customer selection, we are able to specify exact quantities to our suppliers, and the exact day and time when certain quantities need to be delivered to fulfilment centers.

Just-In-Time Delivery / low Inventory

We operate a just-in-time delivery model to minimize perishable inventory, placing an emphasis on straight to line production and assembly rather than warehousing operations in our fulfilment centers. Typically, dry goods are delivered once a week to our fulfilment centers, while perishables goods are delivered daily. We assemble and pack the individual deliveries with all the necessary ingredients. Ingredients are typically pre-portioned to match the corresponding recipes. The food boxes are then either handed to our logistics partners for delivery or, in the case in the BeNeLux (Belgium/Netherlands/Luxembourg), Australia, parts of Germany, Canada and US delivered through our own logistics operation. Depending on the market, ingredients are either delivered in boxes layered with insulating liners and ice packs to keep perishable ingredients cool or using refrigerated vehicles.

1.2 Research and Development

HelloFresh does not have a traditional research and development department; however, we constantly strive to optimize our existing processes and pursue development projects which will create future economic benefits. Given that most steps across our value chain rely on our strong technology competencies, tech represents one of the largest expense items in our central holding expenses. In 2021 we spent MEUR 88.0 (2020: MEUR 55.4) on technology, including salaries for our several hundred developers and data engineers.

Of our technology expenditure, HelloFresh capitalized MEUR 17.3 of internally developed software in the year ended 31 December 2021 (2020: MEUR 9.9). Amortization totaled MEUR 3.8 in 2021 (2020: MEUR 2.1).

2. Performance Measurement System

We have designed our internal performance management system, and defined appropriate performance indicators. Detailed weekly and monthly reports are an important element of our internal management and control system. The financial performance measures we use are oriented toward our investors' interests and expectations. We use both financial and non-financial performance indicators to measure the success in implementing our strategy.

2.1 Financial Performance Indicators

HelloFresh steers its operations with revenue and AEBITDA as leading key financial performance indicators.

Revenue	Revenue is primarily generated from the sale of meal kits, containing recipes and the corresponding ingredients, add-ons, and ready-to-eat meals as well as shipping fee. Revenue is recognized when the goods have been delivered to the customer. Revenue represents amounts receivable for goods supplied, stated net of promotional discounts, customer credits, refunds, and VAT. Revenue is an indicator of the demand for our products, and an important factor for the long-term increase in corporate value.
AEBITDA	Adjusted Earnings before Interest, Taxes, Depreciation and Amortization, and Results from Investment in Associates, "AEBITDA", is calculated by adjusting EBITDA for special items, and on segment level, holding fees. Special items consist of share-based compensation expenses, and other special items of a nonrecurring nature, which include expenses related to legal, and other services incurred in connection with M&A-transactions, one-off costs related to reorganizations and restructurings, and prior period related effects. Special Items do not adjust for any potential impact that the COVID-19 pandemic may have had on the result of the Group. Holding fees represent a remuneration for high value-adding services performed by HelloFresh SE, and for using the HelloFresh intellectual property rights. AEBITDA is an indicator for evaluating underlying operating profitability as it does exclude items that we believe are not reflective of the underlying business performance, i.e., share-based compensation expenses, and certain special items that are of a nonrecurring nature, and on segment level, holding fees.

In addition to the above-stated key financial performance indicators, the following auxiliary financial performance indicators are relevant to an evaluation of our performance and the cash flows generated by our business, although they are not employed as the basis for managing the Group as a whole.

Contribution margin	Revenue less procurement expenses net of share-based compensation expenses included in procurement expenses, and less fulfilment expenses net of share-based compensation expenses included in fulfilment expenses. Contribution margin is an indicator for evaluating our operating performance, and margin development before marketing and G&A.
EBITDA	Earnings before Interest, Taxes, Depreciation, and Amortization, and results from investment in associates, "EBITDA" is operating profit (EBIT) before Depreciation and Amortization. EBITDA is an indicator for evaluating operating profitability.
AEBIT	Adjusted Earnings before Interest, and Taxes, represents AEBITDA minus Depreciation and Amortization, and results from investment in associates. AEBIT is an indicator for evaluating operating profitability
Net working capital	We calculate net working capital as the sum of inventories, trade receivables, VAT receivables, and similar taxes less trade payables, contract liabilities, VAT payables, and similar taxes. Net working capital is an indicator of the capital efficiency of the business.
Capital expenditure	Cash used for purchase of Property, Plant, and Equipment, software development expenditure, and purchase of software licenses. Cash expenditure is an indicator for the cash used in the operations for investment purposes.
Cash flow used in operating activities	Net income adjusted for all non-cash income/expenses plus/minus cash inflow/outflow from net working capital. Cash flow used in operating activities is an indicator of the operating cash flows generated by the business.
Free cash flow	Cash flow from operating activities reduced by net capital expenditure (excluding investments in subsidiaries, time deposits, and restricted cash) and repayment of leases (excluding interest).

Some of the indicators described above are, or can be, so-called non-GAAP financial measures. Other companies, that use financial measures with a similar designation, may define them differently.

2.2 Non-Financial Performance Indicators

HelloFresh's results of operation, and financial condition are subject to a range of influences that in turn depend on several factors. In addition to the above-stated financial performance indicators, the Group uses a range of non-financial performance indicators in order to measure the economic success of business activities. HelloFresh steers its operations by evaluating the number of active customers.

Active customers	Number of uniquely identified customers, who at any given time, have received at least one box within the preceding three months (including first time and trial customers, customers who received a free or discounted box, and customers who ordered during the relevant period but discontinued their orders and registration with us before period end), counted from the end of the relevant period. The growth in active customers typically correlates closely with our revenue growth.

In addition, the following auxiliary non-financial performance indicators are relevant for evaluation of our performance with respect to customers, the market, our offerings and our environmental impact but are not employed as the basis for managing the Group as a whole:

Meals delivered	Meals delivered or Number of meals is defined as the number of individual recipes that have been delivered within the corresponding period.
Orders	Orders represent the number of orders shipped to customers in a given period. An order typically consists of several meals, and can also contain additional add-on products.
Orders per customer	The number of orders in a given quarter divided by the number of active customers in the same period.
Average order value	Total revenue divided by the number of orders in the corresponding period.
Food waste	Food waste produced by the Group's own fulfilment centers that is disposed of in landfills or by incineration, per euro of sales (food waste per euro of revenue)
Carbon emissions	CO2 emissions produced by the Group's own fulfilment centers per euro of revenue (CO2 emissions per euro of revenue)

We believe that organic growth will continue to be a major driver of our future growth. We currently intend to increase the penetration in our markets by enlarging our customer base across our brands. In addition, we are targeting to expand our average order value, partly by expanding our HelloFresh Market offering and surcharge offerings.

With regards to the environmental KPIs, food waste and carbon emissions, we refer to our Non Financial Report, which is published separately (see also Section 9).

3. Economic Position

3.1 General Economic Conditions

The global economy is still recovering, although somewhat hampered by COVID-19 variants outbreaks and supply bottlenecks. In October 2021[1], the World Economic Outlook ('WEO') issued by the International Monetary Fund ('IMF') estimated a global economic growth of 5.9% for 2021, which remains unchanged on its update published in January 2022[2].

During 2021, focus on global health strategy continued to be the top priority in order to disrupt the effect of forthcoming virus variants. Also, due to the rapid variant spreads, it was observed that mobility restrictions, border closures, and financial markets volatility towards the end of 2021 have increased again[2]. As a response, countries have implemented large-scale vaccination and booster campaigns in 2021, together with tests, treatments and required use of personal protection equipment. While 70%[2] of the population in high-income countries are fully vaccinated by the end of 2021, many low-income countries are struggling with the campaigns.

Supply and transportation bottlenecks as well as rising commodity prices pose another risk. During 2021, advanced economies, especially in Europe and the United States, observed a shift to goods consumption which overloaded global supply chains, causing struggles in transportation, staffing and inventory. The supply disruption led to shortages and higher prices for imported consumer goods. Together with increases in commodity prices, this has lead to rising inflation during the global economic recovery[2].

3.1.1 International Market

Pandemic effects were mitigated by the implementation of vaccinations programs in all our international markets. Together with sizable fiscal support, this has lead to an economic recovery in 2021 after the contraction noted in 2020.

From an economic point of view, the IMF estimated that the euro area grew by 5.2% in 2021[2]. After strong growth in the first half of the year, real GDP growth slowed in the fourth quarter 2021[2]. Supply constraints and COVID disruptions have slightly reduced the growth momentum alongside with exposure to supply chain shocks in the fourth quarter 2021. Monetary policies vary according to country-specific inflation in the euro area[2].

According to the IMF, the economy of the United Kingdom grew by 7.2 % in 2021[2]. All industry sectors showed a positive dynamic leading to an economic output exceeding its pre-pandemic level for the first time in November with further downturn in December impacted by Omicron. There was a noticeable inflation increase in December: the annual consumer price index reached 5.4% vs 5.1% in November. According to the ECB, the inflationary pressure is expected to stay strong in the upcoming months[3].

The IMF estimated that the economy in Japan grew by 1.6% in 2021[2]. After a downturn in summer, the recovery occurred mostly in the fourth quarter 2021, mainly due to pent-up demand and increased production capacity supported by the automotive sector[3].

In respect of other international markets, in 2021 the economy grew by 4.2% in Australia and by 4.7% in Canada[2].

3.1.2 USA

According to the 2021 WEO Update, the economy of the United States grew by 5.6% which represents a lower growth rate than initially expected. Economic activity in the US experienced unanticipated headwinds, including COVID-19 outbreaks, supply shortages, rising wages and energy prices and reduced pandemic-related fiscal support[2].

On the other side, consumer price inflation has rapidly increased, on one hand due to pandemic outbreak and weather disruptions which caused supply chain interferences and on the other hand due to increased demand for consumer goods and higher commodity prices. Additionally, there has been a rapid reduction in unemployment resulting in accelerating nominal wage growth and a tight labor market in the United States.

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[1] https://www.imf.org/en/Publications/WEO/Issues/2021/10/12/world-economic-outlook-october-2021

[2] https://www.imf.org/en/Publications/WEO/Issues/2022/01/25/world-economic-outlook-update-january-2022

[3] https://www.ecb.europa.eu/pub/economic-bulletin/html/eb202201.en.html

3.2 Food Market Condition

Food remains one of the biggest areas of consumer spending. According to a study done by Citi Research[1] in September of 2020 the sum of total food spent, across the markets HelloFresh operates in, equates to roughly EUR 2.7 trillion annually. Ongoing growth in the adoption of food e-commerce saw US category penetration increase to 5% in 2021, according to eMarketer, which remains meaningfully behind other non-perishable consumer categories.

With our seventeen countries of operation, we are currently targeting approximately 176 million households. We seek to tap into these households by further increasing brand awareness through our quantitatively calibrated paid marketing channels, and through referrals from our customer base consisting of 7.22 million active customers (in the three months ending 31 December 2021). We believe that growth in our markets will be driven by the fundamental tailwinds that are shifting consumer behaviors towards a healthier and more food conscious lifestyle, a focus on both cognitive and physical convenience, a trend towards customers seeking sustainable higher quality solutions, and a general trend towards food purchases online. Our ongoing investment in service and product development is aligned to these trends as a foundation for our growth outlook.

In many of our operating markets, inflationary factors played a role in upward pricing pressure for consumers. This is influenced by increased labour cost in the supply chain, and broader ingredient input cost inflation. As a centrally fulfilled, directly sourced food solutions Company, HelloFresh is well positioned to deliver real terms pricing benefit to consumers versus traditional retail competitors in such an environment.

There are several direct and indirect competitors for meal kit solutions in each of the individual markets in which we operate. Among the direct competitors of size are companies such as Home Chef in the USA, Gousto in the UK, Marley Spoon in Australia and the US, Linas Matkasse in the Nordics region, and Good Food in Canada. Our ready-to-eat offer in the US directly competes with Freshly.

In addition, we also indirectly compete with online and/or offline grocery stores and grocery delivery platforms, supermarket chains as well as with restaurants and takeout platforms.

3.3 Course of business

Given the actual conditions, HelloFresh further increased its strong year-on-year growth trajectory. This is reflected by a revenue increase of 61.5% on a constant currency basis driven by strong customer growth, continued high order rates, and high average order value. Due to the stronger than initially anticipated growth in 2021, HelloFresh has accelerated its investment into capacity expansion and infrastructure, resulting in an AEBITDA for the Group of MEUR 527.6 in 2021 (MEUR 505.2 in 2020).

For the International segment, HelloFresh delivered a high revenue growth rate of 57.3% in 2021 on a constant currency basis. This was mostly due to an increased number of orders within our existing markets. Also, the geographical expansion of our business to Norway and Italy and the acquisition of YouFoodz in October 2021 as an established ready-to-eat focussed business in Australia contributed to the growth. In May 2021, the Group also launched its Green Chef brand in the UK alongside its existing HelloFresh brand. In addition to meal kits, HelloFresh offers an increasing choice of add-on products in certain markets. These include desserts, soups, snacks, and selected grocery items. As a result of ongoing investments in strong customer growth, menu extension, and geographic expansion, our International segment achieved an AEBITDA of MEUR 297.5 in 2021 (MEUR 275.5 in 2020).

For the US segment, HelloFresh is seeing strong growth, leading to a full year revenue growth rate of 65.0% on a constant currency basis. In addition, our US segment achieved an AEBITDA of MEUR 310.1 in 2021 (MEUR 282.5 in 2020). HelloFresh Group has also further expanded its product portfolio with the acquisition of Factor75 in December 2020 which contributed for the first time in 2021 to the Group's revenues.

To enable its strong growth momentum, HelloFresh has meaningfully expanded its production capacities in 2021, especially in the US, UK, Australia, Canada and BeNeLux.

[1] Citigroup Global Markets Inc. "Global Online Winner? A Recipe (Box) for Success" (23 September 2020), www.citivelocity.com

3.4 HelloFresh Share and Share Capital Structure

The HelloFresh shares are listed on the Frankfurt Stock Exchange (Prime Standard). In June 2018, HelloFresh was included in the SDAX Index; in March 2020 HelloFresh was moved to the MDAX Index; and recently, in September 2021 HelloFresh was upgraded to the DAX Index, Germany's leading stock market index. Additionally, the HelloFresh shares are also member of the STOXX 600 Europe Index since 23 December 2019, and of the MSCI Europe and MSCI World indexes since 30 November 2020.

HelloFresh's share price increased by 6% during 2021.

The HelloFresh Share

Type of shares	**Ordinary bearer shares with no par value**
Share Capital	EUR 173,942,278
Number of shares issued	173,942,278
Total number of shares outstanding at 31 Dec 21 (net of Treasury shares)	173,710,324
ISIN	DE000A161408
WKN	A16140
Share Performance 2021	
High 2021 (26 August 2021)	EUR 96.18
Low 2021 (08 March 2021)	EUR 55.75
Closing Price (30 December 2021)	EUR 67.54
Trading Liquidity 2021	
Average daily trading volume (shares)*	752,780
Average daily trading volume 2021 (EURm)*	57.1

*Based on trading on XETRA

For further details in respect to share capital structure refer to the NOTE 18 to the Consolidated Financial statements.

3.5 Overall Statement of the Management Board on the Course of Business and Economic Environment

With constant currency revenue growth in 2021 of 61.5% year on year, the performance of the business has exceeded our initial growth expectations, whilst maintaining AEBITDA at MEUR 527.6. In parallel, we have invested MEUR 234.5 of capital expenditure primarily into the expansion of fulfilment capacity, with an associated impact on marginal fulfilment efficiency as these new facilities ramp up production. We have also invested into the further expansion of our technology teams to deliver robust operational and product development that ensures the ongoing growth of the business. Lastly, we have continued to deliver on our program of geographic and brand expansion across the Group.

2021 saw the economic environment emerge from the disruption propagated by the COVID-19 pandemic in most of our markets. This resulted in a return to a more traditional seasonal pattern. We consider HelloFresh to be overall well positioned to execute its ongoing capability investments during 2022, and to deliver its financial and strategic objectives for the midterm.

4. Position of the Group

The consolidated financial statements of HelloFresh were prepared in accordance with IFRS, as adopted by the European Union.

4.1 Earnings Position of the Group

During 2021 HelloFresh's revenue grew from MEUR 3,749.9 in 2020 to MEUR 5,993.4 in 2021, representing a growth of 59.8% on euro basis, and 61.5% on constant currency basis. Revenue growth has been driven by: a year-on-year increase in active customers by 36.5%, which reached 7.22 million for the fourth quarter of 2021, compared to 5.29 million in the same period of 2020; an increase in the average order value due to ordering of more meals, add-on and surcharge products per order; which is slightly offset by a mild decrease in average orders per customer. For the whole calendar year 2021 HelloFresh delivered 964.3 million meals up from 601.2 million meals in 2020. Average order value (AOV) further increased to EUR 51.0 (2020: 50.4)against a strong prior year benchmark, primarily driven by an AOV expansion in our US segment. Average order rate per customer has slightly decreased to 4.1 (2020: 4.2), mainly caused by a return towards more normal seasonality during the third quarter 2021 compared to the previous year. Overall, we have seen continued strong customer engagement and retention throughout the whole year.

Contribution margin (excluding shared-based compensation expenses) as a percentage of revenue in 2021 has decreased to 25.3% compared to 28.2% in the prior year. Across the Group, procurement expenses as a percentage of revenue have slightly increased from 34.0% in 2020 to 34.1% in 2021, which was due to certain underlying inflationary trends in ingredient pricing primarily during the second half of 2021. Fulfilment expenses as a percentage of revenue increased more meaningfully from 37.9% in 2020 to 40.9% in 2021. This was primarily driven by (i) a continued rapid expansion of our fulfilment capacity and associated launch and ramp-up costs, (ii) a more normal seasonality which means lower fixed cost utilization and higher packaging expenses in the peak summer months July and August, (iii) certain increases in production-related wages, and (iv) market driven increases in logistic costs. Our International segment, which had on a relative basis benefited more from rising capacity utilization in 2020, and was less affected by Covid-headwinds, saw a steeper relative increase in fulfilment expenses compared to our US segment. During Q3 2021, certain exceptional events, relating to storm-related damages impacting US ready-to-eat production volume for two weeks and Covid-related quarantine measures for some of our production colleagues in Australia and New Zealand impacted production capability over several weeks.

Marketing expenses (excluding share-based compensation) as a percentage of revenue increased to 14.4% in 2021 compared to 12.4% in 2020. The increase is driven by a normalization in customer demand and customer acquisition costs in comparison with the same period last year, which was still meaningfully impacted by Covid effects.

General and Administrative expenses and Other operating income and expenses (including share-based compensation expenses), as a percentage of revenue, have remained stable at 4.1% in 2021. In absolute terms, those expenses increased from MEUR 155.5 in 2020 to MEUR 244.9 in 2021. General and Administrative expenses and Other operating income and expenses (excluding share-based compensations expenses) as a percentage of revenue increased from 3.7% in 2020 to 4.0% in 2021.

Reported EBIT amounts to MEUR 391.8 in 2021, a positive margin of 6.5%, compared to a positive margin in 2020 of 11.4%. This is a result of the factors described above.

AEBITDA amounts to MEUR 527.6 in 2021, a margin of 8.8%, compared to MEUR 505.2 in 2020, a margin of 13.5%.

AEBIT amounts to MEUR 430.8 in 2021, a margin of 7.2%, compared to MEUR 458.1 in 2020, a margin of 12.2%.

In MEUR	2021	2020	YoY
Revenue	5,993.4	3,749.9	59.8%
Procurement Expenses	(2,046.4)	(1,276.7)	(60.3 %)
% of revenue	(34.1%)	(34.0%)	(0.1 pp)
Fulfilment expenses	(2,448.7)	(1,422.1)	(72.2%)
% of revenue	(40.9%)	(37.9%)	(3.0 pp)
Contribution margin	1,498.3	1,051.1	42.5%
Contribution margin (excl. SBC)	1,517.7	1,056.0	43.7%
% of revenue	25.3%	28.2%	(2.9 pp)
Marketing expenses	(861.6)	(469.7)	(83.4%)
% of revenue	(14.4%)	(12.5%)	(1.9 pp)
Marketing expenses (excl. SBC)	(860.8)	(466.8)	(84.4%)
% of revenue	(14.4%)	(12.4%)	(2.0 pp)
General and administrative expenses, other income and expenses	(244.9)	(155.5)	(57.5%)
% of revenue	(4.1%)	(4.1%)	— pp
General and administrative expenses, other income and expenses (excl. SBC)	(239.6)	(139.3)	(72.0%)
% of revenue	(4.0%)	(3.7%)	(0.3 pp)
EBIT	391.8	425.9	(8.0%)
% of revenue	6.5%	11.4%	(4.9 pp)
Depreciation and amortization	96.8	47.1	(105.5%)
EBITDA	488.6	473.1	3.3%
% of revenue	8.2%	12.6%	(4.4 pp)
Special items*	13.4	8.2	(63.4%)
Share-based compensation expenses	25.6	24.0	(6.7%)
AEBITDA	527.6	505.2	(4.4%)
% of revenue	8.8%	13.5%	(4.7 pp)
AEBIT	430.8	458.1	(6.0%)
% of revenue	7.2%	12.2%	(5.0 pp)

*Special items consist of share-based compensation expenses and other special items of a nonrecurring nature, which include expenses related to legal and other services incurred in connection with M&A-transactions, one-off costs related to reorganizations and restructurings and prior period related effects. Special items do not adjust for any potential impact that the COVID pandemic may have had on the results of the Group. These remain within normal operating result.

4.2 Financial Position of the Group

The cash flow from operating activities in 2021 decreased to MEUR 458.6 as compared to MEUR 601.5 in 2020. The positive cash flow is mainly driven by: (i) the profit of the year, which amounts to MEUR 256.3 in 2021 compared to MEUR 369.1 in 2020, and (ii) a positive inflow from change in working capital, which amounts to MEUR 58.8 in 2021 compared to MEUR 110.3 in 2020.

The cash flow used in investing activities amounted to MEUR 321.6 in 2021, as compared to MEUR 210.5 in 2020. The increase represents HelloFresh's ongoing investment program to expand its capacity and infrastructure. It consists of the purchase of property, plant & equipment for MEUR 234.5 in 2021 mainly in Australia, Canada, Germany, and the US. During 2021, the Group further invested MEUR 73.6 (net of cash acquired) for the acquisition of YouFoodz and MEUR 17.4 into intangible assets (mainly software).

The cash flow used in financing activities amounts to MEUR 62.7 in 2021 (2020: cash inflow from financing activities MEUR 163.4). This was primarily driven by cash payout as part of the employee share-based compensations scheme amounting to MEUR 39.3 (see NOTE 20 for further details), and lease payments amounting to MEUR 25.4 in 2021. The cash flow from financing activities in 2020 was primarily driven by the proceeds from convertible bond issued by the Group in May 2020 amounting to MEUR 172.4 , which was slightly offset by lease payments amounting to MEUR 18.0.

In MEUR	2021	2020
Cash and cash equivalents at the beginning of the year	**729.0**	**193.6**
Net Cash flows from operating activities	458.6	601.5
Net Cash flows used in investing activities*	(321.6)	(210.5)
Net Cash flows (used in) from financing activities	(62.7)	163.4
Effects of exchange rate changes and other changes on cash and cash equivalents	23.8	(19.0)
Cash and cash equivalents at the end of the year	**827.1**	**729.0**

* Thereof from the acquisition of companies MEUR 73.6 (2020: MEUR 128.3)

The Group's free cash flow is as below:

In MEUR	2021	2020
Cash Flow from Operating Activities	458.6	601.5
Net Capital expenditure	(251.9)	(84.5)
Repayment of lease liability excluding interest	(25.4)	(18.0)
Free Cash Flow for the year	**181.3**	**499.0**

Driven by its organic free cash flow, HelloFresh increased its cash level to MEUR 827.1. In addition to its cash balances, as of 10 June 2021, the Company replaced its previous three-year credit facility with a new five-year revolving credit facility with significantly improved conditions. Out of the available balance of MEUR 300.0, a total of MEUR 280.7 is not utilized and available at the end of 2021.

4.3 Asset Position of the Group

Property, Plant and Equipment (PP&E), net of depreciation, increased to MEUR 618.6 in 2021 compared to MEUR 263.1 in 2020. As of 31 December 2021, PP&E, net of depreciation, includes: (i) MEUR 277.0 of IFRS 16 related right of use assets (2020: MEUR 129.0), primarily composed of our fulfilment centers across our geographies, and (ii) MEUR 341.6 of other tangible fixed assets (2020: MEUR 134.1), primarily composed of equipment and machinery used in our fulfilment centers to produce our meal kits and ready-made-meals and to refrigerate facilities. Intangible assets increased from MEUR 58.3 in 2020 to MEUR 82.6 in 2021 , mainly driven by capitalization of internally developed software (see NOTE 1.2 Research and Development), offset by amortization for the year. Goodwill of MEUR 274.1 (2020: MEUR 206.6) comprises mainly the goodwill acquired during the acquisitions in 2018 of Chefs Plate MEUR 37.2, in 2020 of Factor75 MEUR 160.1, and in 2021 of YouFoodz MEUR 50.5.

In MEUR	As at 31-Dec-21	As at 31-Dec-20
Assets		
Non-current assets	1,055.5	603.6
Cash and cash equivalents	827.1	729.0
Other current assets	326.0	193.0
Total assets	**2,208.6**	**1,525.6**
Equity and liabilities		
Equity	896.6	656.0
Non-current liabilities	486.7	349.8
Current liabilities	825.3	519.8
Total equity and liabilities	**2,208.6**	**1,525.6**

The Group's current assets and liabilities as of 31 December 2021 mainly consist of cash and cash equivalents MEUR 827.1 (2020: MEUR 729.0), and its working capital, which comprises trade receivables for MEUR 21.4 (2020: MEUR 28.8), inventories of ingredients and packaging material for MEUR 220.4 (2020: MEUR 113.7), trade payables for MEUR 440.7 (2020: MEUR 291.7), and other non-financial liabilities for MEUR 80.2 (2020: MEUR 48.5).

We promote sustainability through the use of local suppliers and fresh products. Our weekly business cycle allows us to operate on a just-in-time delivery basis, resulting in low inventory levels and reduced quantity of ingredient waste. The payment cycle is usually completed by customers on or before the delivery date. We pay our suppliers within standard market periods, generally 2 to 4 weeks after delivery. As consequence, we have a negative net working capital, which positively impacts our operating cash flows over the full year period, depending on certain intra-year seasonality. During the reporting period, the Company sought to mitigate supply chain uncertainty in certain of its markets with an increased reserve of non-perishable food and packaging inventories.

Changes in current liabilities were mainly due to change in: (i) trade payables, which increased from MEUR 291.7 in 2020 to MEUR 440.7 in 2021, and (ii) deferred revenue MEUR 103.7 (2020: MEUR 73.3).

Non- current liabilities are primarily comprised of: (i) lease liabilities under IFRS 16 of MEUR 257.0 (2020: MEUR 123.4), and (ii) the debt portion of our convertible bond of MEUR 155.0 (2020: MEUR 149.6).

4.4 Financial Performance of the Reportable Segments

HelloFresh's business is organized into two operating segments: the United States of America ("USA" or "US"), and all markets except the USA ("International" or "Int'l"). The International segment consists of our operations in Australia, Austria, Belgium, Canada, Denmark, Germany, Italy, Japan, Luxembourg, France, the Netherlands, New Zealand, Norway, Sweden, Switzerland, and the UK. Each reportable operating segment represents a strategic business unit, which is managed separately. The segment structure reflects the significance of the geographic areas to the Group.

As the Company operates in locations with local currency other than the reporting currency (EUR), the Group financial performance is affected by the fluctuation of foreign exchange rates. Nonetheless, since goods and services to a large extent are procured in the same geographical area to where the corresponding revenue is generated, the effect of foreign exchange rate fluctuations on our profit margins is therefore moderate.

4.4.1 Financial Performance of US Segment

External revenue of the US segment increased by 58.9% from MEUR 2,073.3 in 2020 to MEUR 3,294.1 in 2021. On a constant currency basis, this represents a 65.0% growth. Key drivers were an increase in active customers, from 2.61 million in the three months ending 31 December 2020 to 3.52 million in the three months ending 31 December 2021, an increase in the number of orders from 38.70 million in 2020 to 59.25 million in 2021 and an increase in average order value, which increased on a constant currency basis by 7.9%. Factor75 contributed for the first time to our reported revenue metrics in 2021.

Contribution margin as a percentage of revenue, excluding shared-based compensation expenses, decreased from 27.5% in 2020 to 25.9% in 2021. Procurement expenses as a percentage of revenue have increased from 29.2% in 2020 to 29.8% in2021, mostly due to inflationary trends in food pricing. Fulfillment expenses as a percentage of revenue increased from 43.5% in 2020 to 44.7% in 2021, due to the relative lag in production efficiencies of new fulfilment facilities during the ramp up phase and an increase in direct labor wages in the forth quarter 2021.

In line with the trend at a Group level, US marketing expenses as a percentage of revenue, excluding shared-based compensation expenses, have increased from 12.7% in 2020 to 15.2% in 2021. While in 2020 our marketing activities in the US were limited during the height of the pandemic in order to limit incremental demand for our services from new customers due to capacity constraints. Since Covid-related restrictions have started to ease across the country, and we are well on track to expand our production capacity, we increased our marketing activities to further grow our customer base. In addition, customer acquisition costs have, since end of last year, normalized at higher level than in 2020.

General and administrative expenses, other operating income and expenses, excluding share-based compensation expenses and holding fee, expressed in terms of revenue increased from 2.4% in 2020 to 3.0% in 2021.

Reported EBIT, excluding holding fee, amounts to MEUR 240.7 in 2021, a positive margin of 7.3%, compared to MEUR 248.7, and a margin of 12.0% in 2020 . This is a result of the factors described above.

AEBITDA increased to MEUR 310.1, a positive margin of 9.4%, compared to MEUR 282.5, and a margin of 13.6% in 2020.

AEBIT increased to MEUR 265.0 a positive margin of 8.0%, compared to MEUR 264.7, and a margin of 12.7% in 2020.

In MEUR	2021	2020	YoY
Revenue (total)	3,301.8	2,080.4	58.7%
Revenue (external)	3,294.1	2,073.3	58.9%
Procurement Expenses	(984.1)	(607.0)	(62.1%)
% of revenue	(29.8%)	(29.2%)	(0.6 pp)
Fulfilment expenses	(1,474.7)	(904.4)	(63.1%)
% of revenue	(44.7%)	(43.5%)	(1.2 pp)
Contribution margin	843.0	569.0	48.2%
Contribution margin (excl. SBC)	854.8	572.1	49.4%
% of revenue	25.9%	27.5%	(1.6 pp)
Marketing expenses	(502.6)	(266.3)	(88.7%)
% of revenue	(15.2%)	(12.8%)	(2.4 pp)
Marketing expenses (excl. SBC)	(502.0)	(264.6)	(89.7%)
% of revenue	(15.2%)	(12.7%)	(2.5 pp)
General and administrative expenses, other income and expenses	(264.4)	(106.3)	(148.7%)
% of revenue	(8.0%)	(5.1%)	(2.9 pp)
Thereof Holding fee	(164.7)	(52.3)	214.9%
General and administrative expenses, other income and expenses (excl. SBC and holding fee)	(98.4)	(49.1)	(100.4%)
% of revenue	(3.0%)	(2.4%)	(0.6 pp)
EBIT	76.0	196.4	(61.3%)
% of revenue	2.3%	9.4%	(7.1 pp)
EBIT (excl. holding fee)	240.7	248.7	(3.2%)
% of revenue	7.3%	12.0%	(4.7 pp)
Depreciation and amortization	45.1	17.8	(153.4%)
EBITDA (excl. holding fee)	285.8	266.6	7.2%
% of revenue	8.7%	12.8%	(4.1 pp)
Special items*	10.5	6.3	(66.7%)
Share-based compensation expenses	13.8	9.7	(42.3%)
AEBITDA (excl. holding fee)	310.1	282.5	9.8%
% of revenue	9.4%	13.6%	(4.2 pp)
AEBIT(excl. holding fee)	265.0	264.7	0.1%
% of revenue	8.0%	12.7%	(4.7 pp)

*Special items consist of share-based compensation expenses and other special items of a nonrecurring nature, which include expenses related to legal and other services incurred in connection with M&A-transactions, one-off costs related to reorganizations and restructurings and prior period related effects. Special items do not adjust for any potential impact that the COVID pandemic may have had on the results of the Group. These remain within normal operating result.

4.4.2 Financial Performance of International Segment

External revenue of the International segment grew by 61.0% from MEUR 1,676.3 in 2020 to MEUR 2,699.0 in 2021. On a constant currency basis, this represents a 57.3% growth rate. This increase was mainly driven by growth in active customers from 2.68 million in the three months ending 31 December 2020 to 3.70 million in the three months ending 31 December 2021, and partially offset by a slight decrease in the average order rate. YouFoodz contributed for the first time to our reported revenue metrics in 2021 for the two months following the acquisition on 27 October 2021.

Contribution margin of our International segment as a percentage of revenue, excluding shared-based compensation expenses, decreased on an annual basis from 29.5% in 2020 to 25.1% in 2021. Procurement expenses, as percentage of revenue, decreased from 39.8% in 2020 to 39.2% in 2021, despite certain underlying inflationary trends in food pricing. On the other hand, fulfilment expenses, as percentage of revenue, increased from 30.7% in 2020 to 35.8% in 2021. This is primarily driven by the fact that our International segment benefited from high capacity utilization in 2020. The International segment is now experiencing an impact from costs attributable to meaningful investment in capacity expansion for certain markets. In addition, there is a mix effect within International fulfilment expenses, whereby geographies with higher fulfilment expenses have experienced higher revenue growth in relative terms in 2021 than in 2020.

Marketing expenses as a percentage of revenue, excluding shared-based compensation expenses, increased from 11.7% in 2020 to 12.9% in 2021, which was mainly driven by the factors described on Group level. The increase of marketing expenses in the International segment was less pronounced than in the US segment, because the decrease in marketing activities during 2020 was lower in the International Segment. This segment was less capacity constrained in 2020, and already operated on a lower relative marketing spend prior to the outbreak of COVID-19 pandemic.

As a percentage of revenue, General and Administrative expenses, other operating income and expenses, excluding share-based compensation expenses and holding fee, decreased slightly from 3.0% in 2020 to 2.9% in 2021.

Reported EBIT, excluding holding fee, increased to MEUR 249.9 in 2021, a margin of 9.2%, compared to MEUR 246.4, and a margin of 14.7% in 2020. This is a result of the factors described above

AEBITDA increased to MEUR 297.5, reflecting a margin of 11.0%, compared to MEUR 275.5, and a margin of 16.4% in 2020. This is driven by the trends described above.

AEBIT increased to MEUR 255.6, reflecting a positive margin of 9.4%, compared to MEUR 251.2, and a margin of 14.9% in 2020.

In MEUR	2021	2020	YoY
Revenue (total)	2,710.7	1,681.1	61.2%
Revenue (external)	2,699.0	1,676.3	61.0%
Procurement Expenses	(1,062.1)	(669.4)	(58.7%)
% of revenue	(39.2%)	(39.8%)	0.6 pp
Fulfilment expenses	(969.7)	(516.5)	(87.7%)
% of revenue	(35.8%)	(30.7%)	(5.1 pp)
Contribution margin	678.9	495.2	37.1%
Contribution margin (excl. SBC)	681.2	496.5	37.2%
% of revenue	25.1%	29.5%	(4.4 pp)
Marketing expenses	(349.7)	(197.1)	(77.4%)
% of revenue	(12.9%)	(11.7%)	(1.2 pp)
Marketing expenses (excl. SBC)	(349.7)	(196.6)	(77.9%)
% of revenue	(12.9%)	(11.7%)	(1.2 pp)
General and administrative expenses, other income and expenses	(225.5)	(205.9)	(9.5%)
% of revenue	(8.3%)	(12.3%)	4.0 pp
Thereof Holding fee	(146.2)	(154.5)	5.4%
General and administrative expenses, other income and expenses (excl. SBC and holding fee)	(78.5)	(50.3)	(56.1%)
% of revenue	(2.9%)	(3.0%)	0.1 pp
EBIT	103.7	92.0	12.7%
% of revenue	3.8%	5.5%	(1.7 pp)
EBIT (excl. holding fee)	249.9	246.4	1.4%
% of revenue	9.2%	14.7%	(5.5 pp)
Depreciation and amortization	41.9	24.2	(73.1%)
EBITDA (excl. holding fee)	291.8	270.7	7.8%
% of revenue	10.8%	16.1%	(5.3 pp)
Special items*	2.3	1.7	(35.3%)
Share-based compensation expenses	3.4	3.1	(9.7%)
AEBITDA (excl. holding fee)	297.5	275.5	8.0%
% of revenue	11.0%	16.4%	(5.4 pp)
AEBIT (excl. holding fee)	255.6	251.2	1.8%
% of revenue	9.4%	14.9%	(5.5 pp)

*Special items consist of share-based compensation expenses and other special items of a nonrecurring nature, which include expenses related to legal and other services incurred in connection with M&A-transactions, one-off costs related to reorganizations and restructurings and prior period related effects. Special items do not adjust for any potential impact that the COVID pandemic may have had on the results of the Group. These remain within normal operating result.

5. Risk and Opportunity Report

We define risks as the possibility of negative deviations of actual business performance from the planned targets or objectives, while opportunities represent the possibility of positive deviations. The Management Board of HelloFresh SE bears the overall responsibility for establishing and operating an effective risk management system for HelloFresh. This is achieved by assigning the identification, assessment, response and monitoring process of key risks and opportunities to risk managers with support from Internal Audit. We do not seek to avoid risks at all costs, but rather to carefully weigh the opportunities and risks associated with our decisions and our business activities from a well-informed perspective. Against this backdrop, opportunities should be exploited to generate income or increase the Company’s value and risks should be assumed only if they remain within appropriate limits that are acceptable to the Company. Thus, risks should be limited to a level deemed acceptable by the Company’s management by taking appropriate measures, be transferred to third parties in full or in part, or, in those cases where risk mitigation is not considered advisable, be avoided or monitored closely. All employees are bound to act in the interest of the Company and thus manage risks appropriately within their own area of responsibility.

Whilst overall responsibility for risk management lies with the Management Board, the Risk Management function coordinates the risk management activities, aggregates risks up to the Group level, reports risks and monitors the completeness of the required risk reports. The operational management of the individual risks falls primarily within the area of responsibility of the respective functional departments and country organizations. This includes the timely detection, identification, assessment, response, monitoring, documentation and reporting of processes. Responsibility for the management of opportunities is taken by the operational departments, country organizations and their management.

In accordance with sections 315b and 315c in conjunction with 289c to 289e of the German Commercial Code (Handelsgesetzbuch; “HGB”), HelloFresh SE is obliged to issue a group non-financial report. The report requires HelloFresh to disclose any material non-financial risks, defined as the risk of HelloFresh's business model impacting non-financial aspects such as the environment and the communities that we operate in. A risk assessment conducted at the end of 2021 did not identify any non-financial risks regarding HelloFresh business activities, business relations, products or services which are very likely to have an adverse impact on the non-financial aspects deemed material for the business. Further detail will be included in the 2021 group non-financial report, to be published before 29 April 2022.

5.1 Risk Report

The risk management function is responsible for the identification of the key risks and for analyzing, managing, monitoring and counteracting these with appropriate measures. This process is carried out via a risk management system (hereafter “RMS”) that is used to support business operations, provide consistency in dealing with all risks and ultimately to ensure compliance with regulatory requirements. The structures and processes of the RMS at HelloFresh are based on the internationally recognized COSO framework. This links the risk management process to the internal control system.

Risks are documented and assessed by the appropriate owners throughout the Company. The RMS is designed to be able to support the decision-making process and to improve reporting through consistency, comparability, and transparency of information. The risk management function continually updates and develops the risk management matrix and methodology.

A comprehensive risk assessment is performed on a bi-annual basis and documented as part of the bi-annual risk report. The risk report highlights the business risks that HelloFresh considers itself exposed to and how these are mitigated. The aim of this report is to provide the Management Board and the Audit Committee of the Supervisory Board with relevant information on HelloFresh’s risk exposure and its mitigation activities to enable informed decisions to be taken and all risks appropriately addressed. Should critical issues arise, the regular reporting process is supplemented by ad-hoc reporting.

The Audit Committee of the Supervisory Board, in conjunction with the Internal Audit function and external auditors, monitors the effectiveness of the accounting-related internal control system and risk management system.

The Internal Audit function regularly reviews the functional capability and appropriateness of the risk management system and advises the different departments on best practice.

In addition, the Internal Audit function performs regular reviews of the internal control systems in place at a local and functional level, documents key issues for each control, evaluates the design and effectiveness, and provides recommendations to improve each to an appropriate level. These findings are circulated to relevant stakeholders within HelloFresh to provide guidance on the key control requirements as well as the actions needed to achieve these. The findings are also presented to the Audit Committee to assist in their assessment of the internal control environment.

5.1.1 Countermeasures and Internal Control System

HelloFresh reviews all identified risks and opportunities twice a year to determine whether the list of risks is complete and accurate. Any amendments are documented in the comprehensive risk catalogue, which is set up as a risk and control matrix ("RCM"). For each risk a countermeasure and responsibility is assigned with the effectiveness assessed by the local or functional risk owner and reviewed by the Internal Audit department.

System of Internal Financial Reporting Controls

As a part of the internal control system, HelloFresh has implemented a system of internal controls over financial reporting. It aims to identify, evaluate, and control any risks that could influence the proper preparation of the individual and consolidated financial statements. As a core component of the accounting and reporting process, the system of internal financial reporting controls comprises preventive, detective, monitoring and corrective control measures in accounting, controlling and operational functions, which ensure a methodical and consistent process for preparing the financial statements. The control system is based on the various Company processes that have a significant impact on financial reporting.

These financial reporting control processes, relevant risks, and the evaluation of the control mechanisms, are analyzed and documented. The control mechanisms include identifying and defining processes, introducing layers of approval, applying the principle of segregation of duties, as well as identifying best practice. The control mechanisms implemented affect multiple processes and thus frequently overlap. These mechanisms, among other things, include determining principles and procedures, defining processes and controls (such as month end closing checklists and variance analysis), and introducing approval workflows and guidelines. The system of internal controls is regularly reviewed by the Internal Audit function.

5.1.2 Risk Reporting and Methodology

All risks identified are quantified based on their likelihood of occurrence as well as their potential impact and entered into the risk catalog (risk and control matrix). The probability assessment is based on a time horizon of one year after the assessment date. In order to fully understand and highlight the effectiveness of the mitigation measures, all risks are assessed on a gross risk basis (before mitigation measures) and a net risk basis (considering existing mitigation measures).

The likelihood of occurrence refers to the statistical or estimated probability of a risk issue occurring during the time horizon under review. It is stated as a percentage. The likelihood of occurrence is determined by choosing one of the given probability ranges, which are shown in the following table:

Likelihood	Assessment
Probable	(75 % – 100 %)
Likely	(50 % – 74.9 %)
Possible	(25 % – 49.9 %)
Unlikely	(5 % – 24.9 %)
Rare	(0 % – 4.9 %)

The impact of a risk is considered as a deviation from HelloFresh's objectives. The impact assessment is conducted using either a quantitative scale (preferred method) or a qualitative scale (alternative method if risks cannot be quantified or qualitative aspects predominate, e.g. for compliance risks).

The quantitative classes are based on a scale according to the impact on AEBITDA and will be adjusted on an ongoing basis considering HelloFresh's growth and risk appetite. The scale has been adjusted from 2020 to 2021 to reflect the Company's business growth. Risks that relate to interest, taxes, depreciation, and amortization are assessed on the basis of their impact on net profit. The qualitative risk classes are based on criteria considering reputational damage or criminal prosecution impact effects with special focus on compliance-relevant risks.

Effect	Quantitative Assessment (preferred method)	
	Financial Impact	
5	> MEUR 140	**Severe negative** effect on business operations and profitability.
4	MEUR 70 - 140	**Major** negative effect on business operations and profitability.
3	MEUR 35 - 70	**Medium** negative effect on business operations and profitability
2	MEUR 7 - 35	**Low** negative effect on business operations and profitability
1	< MEUR 7	**Insignificant** negative effect on business operations and profitability

Based on the assessment of the likelihood of occurrence and the impact, all identified risks are classified and visualized in the following risk matrix:

Likelihood / Impact	Rare (0 % – 4.9 %)	Unlikely (5 % – 24.9 %)	Possible (25 % – 49.9 %)	Likely (50 % – 74.9 %)	Probable (75 % – 100 %)
5	MODERATE	HIGH	HIGH	VERY HIGH	VERY HIGH
4	LOW	MODERATE	HIGH	HIGH	VERY HIGH
3	LOW	MODERATE	MODERATE	HIGH	HIGH
2	VERY LOW	LOW	MODERATE	MODERATE	HIGH
1	VERY LOW	VERY LOW	LOW	LOW	MODERATE

The risk matrix facilitates the comparison of the risks and increases transparency over HelloFresh’s total risk exposure. In addition, the categorization of risks from “very low” to “very high” is used to determine which risk information needs to be provided in more detail to the Management Board as well as to the Supervisory Board. Risks that could impact the ability of the Company to continue as a going concern are reported immediately once identified.

5.1.3 Risk Areas

The table below shows HelloFresh's material risks identified in accordance with our risk assessment methodology. Material risks are defined as those that fell within the classification “high” or “very high” during the current risk assessment. There were no risks classified as “very high” in the 2020 or 2021 risk assessments. The likelihood and probability changes disclosed here can result from both the assessment and the changes in impact classes shown in Section 5.1.2. versus financial year 2020.

Overview of material risks:

	2021			2020		
	Assessment	Likelihood	Impact	Assessment	Likelihood	Impact
Strategic risks						
Unexpected or too strong online / offline competition	High	Possible	Major	High	Possible	Major
Risk of a global recession that could impact the Company's growth and profitability	High	Possible	Major	High	Possible	Major
Legal and compliance risks						
Increased operational food safety risk in the newly expended categories (repack, defrosting and ready meals)	High	Possible	Major	High	Possible	Major
Operational risks						
Reliance on new customer acquisitions for growth	High	Possible	Major	High	Possible	Major
Risk of reduction in throughput or ceasing operations in certain geographies due to COVID-19 outbreak driven either within the wider population or specifically at a distribution center (DC)	High	Possible	↓Major	High	Possible	Severe
Increase in fulfilment expenses and decrease in productivity that could lead to meaningful business interruption due to the COVID-19 pandemic	High	Likely	Major	High	Likely	Major
Improper / too slow reaction to crisis incidents / social media criticism	High	Possible	Major	High	Possible	Major
Key ingredients price increase	↑High	Likely	↑Medium	Moderate	Likely	Low

Compared to the Risk and Opportunity Report in 2020, the risk that "Product contamination from suppliers, during packing or delivery either accidentally or maliciously" in the core HelloFresh business is no longer deemed a material risk, as we have introduced additional controls and continue to hold all suppliers and fulfilment centers to high standards, including being GFSI certified (global food safety initiative). Additionally, we operate and maintain food safety programs, manufacturing programs and sanitation standard operating procedures in all fulfilment centers.

The overall risk situation is determined by assessing the following risk clusters as the result of a consolidated consideration:

- Strategic risks
- Legal and Compliance risks
- Reporting and Finance risks
- Operational risks
- Information Technology risks[2]

Strategic risks

We operate in a very competitive environment where customers have many choices when it comes to what and where to eat. This includes, but is not limited to, offerings from direct meal-kit competitors, traditional offline grocery retailers, online and offline grocery delivery service providers, visiting local restaurants, picking up pre-prepared meals, or having prepared food delivered to their homes. Market participants in all of these areas are direct or indirect competitors.

We face competition from several direct competitors that serve the meal-kit and ready-to-eat meal segments. Our competitors may also merge, form strategic partnerships, or be acquired by larger, more influential food companies, all of which could adversely affect our competitive position. In addition, as more and more companies offer their products and services online, we face competition from traditional grocers, such as Tesco, Target, Rewe, Ahold or Walmart. Exclusively online grocers, such as Ocado in the UK and a number of immediate grocery delivery services continue to gain in popularity. In addition we indirectly compete with prepared food delivery services such as Takeaway, Deliveroo or Doordash.

[2] No Information Technology risks are considered material as of 31 December 2021.

HelloFresh strives to increase strategic barriers by increasing scale, strengthening customer relationships and improving the product offering (e.g., through meal choice, personalization, customization, product quality and convenience). Senior management constantly monitors the competitive landscape in order to appropriately address potentially adverse changes.

As a global Company, we face the risk of a global recession that could impact the Company's growth and profitability through reduced customer acquisition and lower customer retention. The global economy is exposed to a number of potentially meaningful risks, such as the COVID-19 pandemic, increasing trade barriers, currency fluctuations, movements in long-term interest rates and inflation. Constant monitoring of these and other economic trends is conducted as a basis for the development of appropriate contingency plans. HelloFresh performs scenario planning to understand what certain shifts in economic parameters and related customer behavior may have on our business and how they could be countered. Furthermore, a meaningful part of HelloFresh's cost base is variable and can be scaled down, if required. Investment projects are evaluated against a set of potential scenarios versus our base case business plan, including more pessimistic ones regarding shipping volume and revenue development.

Legal and compliance risks

As the core of our product offering represents the plan-based sale of fresh food online directly to the consumer, we are subject to a number of laws, regulations, and risks. These comprise, among others, health and safety aspects across our supply chain and fulfilment, correct labeling of allergens, and data protection regulations.

HelloFresh's operations expends in complexity which increases food safety risk without the correct processes and procedures in place e.g. food repacking, allergen preferences, defrosting/tempering of proteins. HelloFresh has implemented a comprehensive set of measures to mitigate such risks. Process of repack, high care and high-risk types of products are defined centrally to provide the oversight of the manufacture of these food types. Audit and assessment frameworks are developed to assess these risks and ensure compliance.

Additionally, as HelloFresh's operations are constantly increasing in complexity, there is an additional risk of food repacking, not complying with allergen preferences (e.g., gluten free) and defrosting/tempering of proteins. To mitigate this risk, HelloFresh has defined international repacking operational requirements for repacking to be in effect in our fulfilment centers.

Reporting and finance risks

HelloFresh has implemented a system of internal controls over financial reporting to manage and reduce finance and reporting risks. For details refer to Section 5.1.1 System of Internal Financial Reporting Controls.

Financial risk at HelloFresh comprises credit risk and liquidity risk. At the balance sheet date HelloFresh has a strong cash position of MEUR 827.1 to finance investment activities and to provide for any business downturn contingencies. The Company also has access to additional funds, such as a MEUR 300.0 revolving credit facility, when needed, of which only MEUR 19.3 is utilized. As a result, liquidity risk is considered to be moderate.

On 10th January 2022, the Company announced the introduction of a share buy-back program with a total volume of up to MEUR 250. The first tranche of up to MEUR 125 was launched on 11 January 2022. A second tranche of up to another MEUR 125 is intended to be launched later in 2022, subject to market developments.

The majority of our revenue and expenses are denominated in currencies other than the Euro, including the US Dollar, the British Pound, the Australian Dollar. Our local operations generally seek to match the expenses incurred and revenues generated in the respective currency, and thus the foreign currency risks we face that could be material to our results at the Group level are primarily translational, not transactional.

Currency fluctuations can also have an impact on our financial position and cash flows: non-Euro cash balances held by us are translated at the balance sheet date and consequently are affected by exchange rate fluctuations. However, cash balances in foreign currencies are typically only held to fund operations in the respective countries, not for speculative purposes. In addition, the Company's Group Treasury department has defined clear maximum thresholds which can be held in non-Euro currency, therefore limiting any potential devaluation risk.

The risks arising from the use of financial instruments are discussed in NOTE 15 to the Consolidated Financial Statements.

Operational risks

Our growth relies substantially on the acquisition of new customers. HelloFresh utilizes the data it receives from its customers, such as meal choice, taste preference, recipe ratings etc. to constantly optimize its product to be appealing to a broad set of customers. In addition, the Company uses its data and testing capabilities to acquire new customers in the most effective manner. These efforts are complemented by the use of third party data and market studies.

Pandemics, such as COVID-19, could directly infect one or more of our production workers in our fulfilment centers, which in turn would require us to quarantine employees with exposure to that/ those person(s). This could delay or prevent us from producing meal kits on time. We are mitigating this risk through a number of measures, including very stringent hygiene standards, regular testing, usage of protective materials and careful shift planning. Additionally, government mandates to be vaccinated at work were introduced in several geographies, which reduced the risk of reduction in throughput or ceasing operations in the long term. Distribution centers in geographies that fell under such mandates in 2021 (most notably in Germany and the US) showed no significant disruptions to operations after those mandates came into effect.

In addition, a pandemic could disrupt our just-in-time supply chain. We are mitigating this risk by typically working with a number of different suppliers for each core ingredient category in most of our markets. A pandemic could also affect any of our employees in other functions, outside of production or at our logistics providers. This could also result in a disruption of our business processes.

As a food company, our customers trust in the quality and food safety of our offering. Deemed failure to meet these expectations could strongly damage our image and reputation, especially over social media where we are very active in engaging with our customers. For these reasons, our Customer Service teams constantly monitor social media posts to react early to negative feedback and comments addressed to us. Our in-house Public Relations department oversees our external corporate communications. Finally, issues related to customer complaints and food safety incidents are escalated and addressed according to documented procedures (crisis management, product recall) and analyzed through dashboards.

There is an increasing inflationary trend in ingredient pricing, partly due to supply chain disruptions because of Covid. As such, the risk of key ingredient price increases has become ever more important to monitor. We have expanded our supplier network substantially over the course of 2021 to reduce our exposure to individual suppliers increasing their prices and have invested in external market data to monitor price and market trends. In 2022, we will continue to work on volume bundling and long-term contracting to leverage our growing buyer power and offset price pressure. Lastly, we aim to improve our menu flexibility by increasing opportunities to change between different ingredients, depending on price trends (e.g., modularity).

Interdependencies between risks

We have analyzed interdependencies between single risks and assessed aggregated value of all risks identified:

- Our operation food safety risk as well as corresponding timely reactions to food incidents/ crisis incidents / social media criticism correlates to our reliance on new custom acquisitions for growth. As success of our marketing efforts depends to a large part on a positive online brand image and perception, and food safety incidents as well as improper or untimely reactions to criticism on social media or to crisis incidents may impact our ability to acquire new customers.
- The continuing COVID-19 pandemic may also lead to the fact that several risks to our business materialize simultaneously. Outbreaks affecting one or more of our distribution centers could lead to increasing fulfillment expenses and decreased productivity and may simultaneously lead to reductions in throughput or even having to cease operations at those distribution centers.
- Macroeconomic risk events, such as COVID-19 pandemic and the corresponding global recession impacting HelloFresh's growth and profitability, relates to the risk of increase of the key ingredients' prices. Economic shock-induced market inefficiencies, such as the unavailability of logistics capacities, could lead to meaningful price increases for key ingredients for our meal kits, especially for fresh produce.

Based on our evaluation of the interdependencies between our key risks, we have concluded that there are no interdependencies that would result in a classification change of our reported risks. We have compared the aggregated risk value with our liquidity position and are comfortable that it is sufficiently covered.

5.2 Opportunities Report

HelloFresh currently operates across 17 geographies with a total of 176 million households. Our existing customer base of 7.22 million (for the fourth quarter of 2021) represents only a fraction of this. We therefore see meaningful opportunities for growth via further penetration of our existing total addressable market, including through reactivation measures of previous customers. Beyond growing market penetration in existing geographies, HelloFresh sees a number of additional long-term growth opportunities:

Further growing HelloFresh's geographic footprint

The Group has a track record of successfully launching new geographies and establishing itself as a significant food solutions provider in these geographies. During 2021, HelloFresh has launched its meal kit business in Norway, Italy and Japan. Each of these geographies represents an extension to HelloFresh's total addressable market and an opportunity for significant growth. The Group plans to enter further new geographies in the future.

Roll-out of HelloFresh's US brands to International markets

Besides the HelloFresh brand, the Group also operates in the US under the additional brands EveryPlate and Green Chef, each of which address distinct parts of the US meal kit market. The Group plans to roll these additional brands out to some International markets, which would further expand the total addressable market in these geographies. In 2021, GreenChef has been launched in the UK and Australia is the first International market, where HelloFresh has launched the EveryPlate brand.

Further monetization of customers

The Group is continuously expanding its offering in each market, through additional meal choice, meal occasions (such as lunch and breakfast) or add-on offerings (such as soups, desserts, bakery items etc.). The Group sees a meaningful opportunity in expanding its add-on offering further in the future and thereby expanding its product offerings to other meal occasions, which would result in an increase in average order value, revenue and profits.

Launch and ramp-up of adjacent verticals

After the acquisition and integration of the US ready-to-eat producer Factor75 at the end of 2020, the Group has completed the acquisition of the Australian ready-to-eat producer YouFoodz in October 2021. Entering and expanding into the ready-to-eat market provides HelloFresh with a potentially significant additional growth opportunity, beyond its core meal kit category. For the mid term, we aim to become the world's leading, fully integrated food solutions group by launching additional verticals and continuously expanding our product offering. We remain alert for potential adjacent business opportunities that can leverage the capabilities we have developed in becoming the world's leading meal kit Company.

6. Outlook

6.1 Economic conditions

In October 2021, the World Economic Outlook[1] ('WEO') issued by the International Monetary Fund ('IMF') projected a global economic growth of 4.9% for 2022. Subsequently, on its update published in January 2022[2], the forecast for 2022 was revised down marginally to 4.4%. The downward shift for 2022 reflects the worsening pandemic scenarios, and uncertainty regarding the Omicron COVID-19 variant' threats and spreads, alongside with renewed economic disruptions in major economies.

Inflation is expected to remain elevated during 2022[2], longer than previously envisioned in the October 2021 WEO. In advanced economies, an average inflation rate of 3.9% is expected and 5.9% in developing economies[2]. Moreover, according to the WEO geopolitical tensions and the ongoing climate emergency continue to pose a global high risk.

For the Eurozone, the GDP growth in the euro area is expected to grow by 3.9% in 2022. Alongside, the international trend, higher inflation rates are expected in Europe. This is mainly caused by increased fuel prices in 2021, and also as a consequence of higher energy costs. Inflation in consumer prices is estimated to be 1.7% for 2022[2]. The European Central Bank ('ECB') has announced that it will keep its key interest rates at current level until progress is made towards stabilizing inflation at its medium-term target[2].

For the United States, the IMF estimates the GDP to increase by 4.0% in 2022, representing a downward revision of 1.2 percentage point from its previous estimate in October 2021[2]. This downgrade was led by the continued supply disruptions, changes in the fiscal policy, earlier withdrawal of monetary accommodation, and price increases. In terms of monetary policy, with price and wage pressures, the Federal Reserve Bank has decided to raise interest rates further in 2022.

For the United Kingdom, the IMF estimates a GDP growth of 4.7% in 2022, compared to the previous growth estimation of 5%. The downward revision was driven by the disruptions related to the Omicron variant and supply constraints that occurred at the end of 2021[2].

For Australia, economic growth is expected to increase by 4.1% in 2022, without any changes in the projection compared to the 2021 WEO from October 2021[2].

For Canada, the WEO Update estimates a growth of 4.1% in 2022, which is 0.8 percentage points lower than its previous estimate. This was mainly affected by weaker 2021 results and lower external demand related to the US revision[2].

6.2 Target attainment 2021

For the full year 2021 we have originally guided towards a revenue growth in constant currency of 20% to 25% in our annual report 2020. We have subsequently increased that guidance in 3 steps to a range of 57% to 62%. We have ultimately achieved revenue growth in constant currency of 61.5%.

We have also guided towards AEBITDA margin range of positive 9.0% to 12.0% in our annual report 2020. We have subsequently adjusted that guidance in 3 steps to a range of 8.25% to 10.25%, due to increased investment in our capacity expansion and related ramp-up expenses required by our stronger than initially planned revenue growth. We have ultimately achieved an AEBITDA margin of 8.8% .

6.3 Outlook 2022

For 2022, the Group will continue its strong investment into its long term growth capabilities, most notably the ongoing build out of its fulfilment infrastructure, and the strengthening of its tech and data platform. The Company will also continue to pursue and scale new geographies and brands in line with its long term growth strategy.

Against this background the Company expects revenue growth for the HelloFresh Group on a constant currency basis between 20% and 26%. We believe this growth to be driven by a continued healthy active customer growth and by further expansion of average order value. In line with previous communication, the Company expects an adjusted EBITDA ("AEBITDA") for the HelloFresh Group for the full year 2022 between MEUR 500 and MEUR 580.

[1] https://www.imf.org/en/Publications/WEO/Issues/2021/10/12/world-economic-outlook-october-2021
[2] https://www.imf.org/en/Publications/WEO/Issues/2022/01/25/world-economic-outlook-update-january-2022

7. Supplementary Management Report to the Separate Financial Statement of HelloFresh SE

The management report and the group management report have been combined. The following comments are based on the accompanying HelloFresh SE stand-alone financial statements (also referred to as the ‘Company’) that have been prepared according to the German Commercial Code (“HGB”) and the German Stock corporation Act (“AktG”). The annual financial statements and the management report will be announced in the German Federal Gazette (Bundesanzeiger).

7.1 Basic information

HelloFresh SE is the parent company of the HelloFresh Group and operates from its headquarters, located in Berlin, Germany. Operations of the Company comprise overall strategy setting, financing activities, especially funding of subsidiaries, as well as management services for the subsidiaries. Management services are provided by central functions such as tech, legal and finance as well as by operations, business intelligence and marketing teams.

HelloFresh SE is represented by its management board, which defines the Group strategy.

Since the statutory financial statements of HelloFresh SE were prepared according to German commercial law and the Group financial statements according to International Financial Reporting Standards (“IFRS”), differences exist regarding recognition and measurement principles. These differences primarily relate to financial instruments, foreign exchange differences, deferred taxes, the recognition of transaction costs within equity, as well as the capitalization regarding operating leases according to IFRS 16, convertible bond as well as put options. Furthermore, differences may exist on how income and expenses are presented within the Income Statement.

In view of HelloFresh SE, net profit is the main profitability indicator. Net profit is earnings after deduction of all expenses and taxes.

On 13 May 2020, HelloFresh issued a convertible bond with an issue size of MEUR 175.0, which matures on 13 May 2025 and has a yearly coupon of 0.75% payable semi-annually (refer to NOTE 14 for more details).

7.2 Performance of HelloFresh SE

7.2.1 Financial performance of HelloFresh SE

The financial performance for HelloFresh SE is presented in the table below.

In MEUR	2021	2020
Revenue	**507.5**	**317.2**
Procurement Expenses	(173.9)	(107.3)
% of revenue	(34.3%)	(33.8%)
Gross Margin	**333.6**	**209.9**
% of revenue	65.7%	66.2%
SG&A	(122.5)	(104.6)
% of revenue	(24.1%)	(33.0%)
Other operating result	9.9	(7.4)
% of revenue	1.9%	(2.3%)
Operating profit	**221.0**	**97.9**
% of revenue	43.6%	30.9%
Finance result	11.0	29.6
Income Taxes	(75.1)	(22.2)
Net profit	**156.9**	**105.3**

Revenues increased from MEUR 317.2 in 2020 to MEUR 507.5 in 2021, primarily driven by the increase in the recharges of the Holding Fee from MEUR 207.1 in 2020 to MEUR 310.4 in 2021. Revenues generated from arm’s length recharges to subsidiaries increased from MEUR 110.1 in 2020 to MEUR 196.6 in 2021, driven mainly by the growth of the Group. Recharges to subsidiaries comprise routine services, such as finance and legal functions, as well as centrally purchased services, such as IT licenses and marketing services.

The increase in SG&A costs were mainly due to an increase in the average number of employees from 629 in 2020 to 915 in 2021, driven primarily by the ongoing expansion of the tech team, as well as personnel additions to certain other central functions, such as operations, marketing and finance.

The other operating result includes unrealized and realized foreign currency effects.

The 2021 finance result decreased from MEUR 29.6 in 2020 to MEUR 11.0 in 2021, which is the netted result of finance expenses of MEUR 10.5 (2020: MEUR 5.3) and finance income of MEUR 27.1 (2020: MEUR 34.9), as well as the impairment of investments in associates (HelloFreshGO GmbH) of MEUR 3.1 and investments in convertible bonds issued by HelloFreshGO GmbH of MEUR 2.5 accounted for in accordance with HGB.

The finance income mainly includes dividends from subsidiaries of MEUR 23.0 (2020: MEUR 28.5) and interests on intercompany loans of MEUR 3.9 (2020: MEUR 6.2).

7.2.2 Net assets of HelloFresh SE

The table below represents the aggregated balance sheet of the Company:

In MEUR	2021	2020
Assets		
Intangible assets	29.6	15.9
Fixed assets	7.7	2.3
Financial assets	503.7	303.1
Intercompany receivables	155.1	100.7
Other assets	41.0	33.7
Cash and Cash equivalents	467.2	525.2
Total assets	**1,204.3**	**980.9**
Provisions		
Tax provisions	68.1	20.2
Other provisions	46.0	35.5
Total Provisions	**114.1**	**55.7**
Liabilities		
Trade liabilities	6.6	7.0
Intercompany liabilities	2.3	1.1
Long term debt	175.0	175.0
Other liabilities	1.6	2.8
Deferred tax liabilities	7.6	1.9
Total liabilities	**193.1**	**187.8**
Net assets	**897.1**	**737.4**
Equity		
Common stock	173.9	173.9
Treasury shares	(1.3)	(0.3)
Capital reserve	520.4	516.7
Accumulated profit	204.1	47.1
Total equity	**897.1**	**737.4**

The net assets of the Company are comprised primarily of financial assets as well as cash and cash equivalents. The financial assets mainly comprise shares in Group companies MEUR 226.2 (2020: MEUR 190.3) and loans to Group companies MEUR 273.5 (2020: 109.4).

The other assets position mainly includes a disagio of the convertible bond of MEUR 17.6 (2020: MEUR 22.9). Intangible assets increased by MEUR 13.7 from MEUR 15.9 in 2020 to MEUR 29.6 in 2021 due to higher capitalized personnel contribution for self-developed applications and tools. Liabilities mainly comprise the debt component of the convertible bond of MEUR 175.0.

The total provisions increased by MEUR 58.4 from MEUR 55.7 in 2020 to MEUR 114.1 in 2021, primarily driven by tax provisions of MEUR 68.1 (2020: MEUR 20.2), and by accrued expenses incurred on purchases from suppliers, which resulted in a provision of MEUR 46.0 as at 31 December 2021 (2020: MEUR 35.5).

7.2.3 Financial position of HelloFresh SE

HelloFresh SE holds a MEUR 300.0 revolving credit facility of which MEUR 280.7 are not utilized and available at the end of year 2021. The facility has a five-year tenure and matures in 2026.

7.3 Risks and Opportunities

The business of HelloFresh SE is, in all material respects, subject to the same risks and opportunities as the Group. As HelloFresh SE is the majority owner of all country operations, it participates in the risks and opportunities associated to these operations. The overall risk assessment of management is therefore consistent with management's assessment for the Group as shown in NOTE 5.

7.4 Outlook 2022

Due to the nature of the Company's operations, future development is highly interlinked with the development of the Group. Therefore, we refer to the Group Outlook, which also reflects the expectations of management for the development of the parent company.

8. Corporate Governance Statement

The corporate governance statement issued in accordance with Sec. 289f HGB and Sec. 315d HGB including the statement of confirmity relating to the German Corporate Governance Code (GCGC) in accordance with Sec. 161 AktG is made publicly available separately from the management report on the website of the parent Company under:

https://ir.hellofreshgroup.com/websites/hellofresh/English/4000/corporate-governance.html

9. Combined Non-Financial Report

Our combined non-financial report for HelloFresh SE and the HelloFresh Group is included in our Corporate Social Responsibility Report in accordance with Section 289b through Section 289e, and in conjunction with Section 315b and Section 315c HGB. The Corporate Social Responsibility Report will be separately made publicly available on the website of the parent Company under:

https://ir.hellofreshgroup.com/websites/hellofresh/English/2000/publications.html#publication-annual

10. Takeover Law

Explanatory Report by the Management Board in Accordance with Sec. 176 (1) Sentence 1 AktG on Disclosures Relating to Takeover Law in Accordance with Sec. 289a Sentence 1 and 315a Sentence 1 HGB

In accordance with Sec. 176 (1) sentence 1 AktG, the Management Board of HelloFresh SE has prepared the following explanatory report on the disclosures relating to Takeover law in accordance with Sec. 289a sentence 1 and Sec. 315a sentence 1 HGB.

Composition of subscribed capital (Sec. 289a Sentence 1 No. 1 HGB)

As of 31 December 2021, the paid-in share capital amounts to EUR 173,942,278.00. The share capital is divided into 173,942,278 no-par value bearer shares representing a share of the share capital of EUR 1.00 each. The shares are fully paid in. Each share carries identical rights and obligations. Each share entitles the bearer to one vote.

Restrictions relating to the voting rights or the transfer of shares (Sec. 289a Sentence 1 No. 2 HGB)

As of 31 December 2021, the Company holds shares with a nominal value of EUR 231,954 as treasury shares from which no rights accrue to the Company pursuant to Sec. 71b AktG.

On 10 January 2022, the Company announced to launch a share buy-back program of up to EUR 250 million and a maximum of 2.5 million shares, consisting of two tranches of up to EUR 125 million each. The first tranche started on 11 January 2022 and lasted until 2 February 2022. The second tranche is envisaged to take place in the second half of the fiscal year 2022, subject to a further decision by the Management Board and Supervisory Board.

Legal requirements and provisions of the Articles of Association relating to the appointment and removal of members of the Management Board and to amendments to the Articles of Association (Sec. 289a Sentence 1 No. 6 HGB)

The Supervisory Board appoints the members of the Management Board on the basis of Art. 9 (1), Art. 39 (2) and Art. 46 of the EC Regulation on the Statute for a European company, Sec. 84 and Sec. 85 AktG and Art. 6 (3) of the Company's Articles of Association for a term of office of no more than five years; members may be reappointed.

Under Art. 6 (1) Sentence 1 of the Company's Articles of Association, the Management Board comprises one or more persons, whereas the Supervisory Board determines the number of Management Board members.

In accordance with Sec. 179 (1) Sentence 1 AktG, the Annual General Meeting decides on amendments to the Articles of Association. Amendments to the Articles of Association are made in accordance with Art. 59 (1) of the EC Regulation on the Statute for a European company, Sec. 179 and Sec. 133 AktG with the exception that only a majority of 2/3 of the votes cast or, if at least half of the share capital is represented, only a simple majority of the votes cast is required for amending the Company's Articles of Association. However, a majority of 3/4 of the share capital represented at the Annual General Meeting is required for every amendment of the Company's Articles of Association concerning the purpose of the company (Unternehmensgegenstand). Under Sec. 179 (1) Sentence 2 AktG in conjunction with Art. 10 (5) of the Articles of Association, the Supervisory Board is authorized to decide on amendments and supplements to the Articles of Association which relate only to the version. In accordance with Art. 4 (2), (3), (4) and (5) of the Articles of Association, the Supervisory Board is authorized in particular to amend and revise Article 4 of the Articles of Association (Share capital) subsequent to the use of approved or conditional capital.

Authority of the Management Board to issue or redeem shares (Sec. 289a Sentence 1 No. 7 HGB)

Redemption of treasury shares

On 26 May 2021 the Annual General Meeting adopted a resolution authorizing the Management Board, with the approval of the Supervisory Board, to acquire until 25 May 2026 the Company's own shares representing up to 10% of the Company's capital on the date of the resolution, or if lower, on the date of exercising the authorization, provided that the principle of equal treatment (Art. 9 (1) c) (ii) of the EC Regulation on the Statute for a European company in conjunction with Sec. 53a AktG) is applied. Together with the Company's other treasury shares previously acquired and still held by the Company or which are attributable to the Company under Art. 5 of the EC Regulation on the Statute for a European company in conjunction with Sec. 71a et seq. AktG, the shares acquired under this authorization may at no time exceed 10% of the Company's share capital.

This authorization may be exercised on one or more occasions, wholly or in part, in pursuit of one or more purposes by the Company, but also by Group companies or by third parties for account of the Company or Group companies.

Among others, the acquisition of treasury shares is permitted for the following purposes:

- Shares may be cancelled and the Company's share capital may be reduced by the portion of the share capital attributable to the retired shares.
- Shares may be offered and transferred to persons who are or were employed by the Company or any of its affiliates, to board members of the Company or its affiliates or investment vehicles, or to other holders of purchase rights arising in particular from call options (issued by the Company's legal predecessors) or to holders of virtual options which have been or will be issued by the Company, the legal predecessors of the Company or their subsidiaries.
- Shares may be offered and transferred to persons who are or were employed by the Company or any of its affiliates to fulfill commitments which were granted in connection with the employment.
- With the approval of the Supervisory Board, the shares may be offered and transferred to third parties in return for non-cash contributions, in particular in connection with business combinations or the acquisition of entities, operations, business units or equity investments.
- With the approval of the Supervisory Board, the shares may be sold to third parties excluding shareholders' subscription rights in return for cash payment if the price for which the Company's shares are sold is not significantly lower than the market price of a share in the Company on the sale date
- The shares may be used to fulfill obligations or rights to acquire shares in the Company arising from and in connection with convertible or warrant bonds or profit participation rights with convertible or option rights or obligations.

In fiscal year 2021, treasury shares were sold or transferred as follows:

	Number of transferred own shares of the Company	Own shares transferred to	Reason for transfer of own shares
1	**7,800**	Employee	Transfer to a participant in the context of the exercise of employee call options
2	**9,743**	Joh. Berenberg, Gossler & Co. KG	Sold to third party in the context of the exercise/settlement virtual options, restricted stock units and/or call options
3	**31,711**	Joh. Berenberg, Gossler & Co. KG	Sold to third party in the context of the exercise/settlement virtual options, restricted stock units and/or call options
4	**25,543**	Joh. Berenberg, Gossler & Co. KG	Sold to third party in the context of the exercise/settlement virtual options, restricted stock units and/or call options

Authorized Capital 2017/I

The Management Board is authorized to increase the share capital on one or more occasions by 10 October 2022, with the approval of the Supervisory Board, by a maximum amount of EUR 50,926,467.00 by issuing up to a total of 50,926,467 new no-par value bearer shares in return for cash and/or non-cash contributions (Authorized Capital 2017/I) and, with the approval of the Supervisory Board, under certain conditions and within predefined limits, to exclude the shareholders' subscription right. This authorized capital is listed in the commercial register as Authorized Capital 2017/I.

After implementation of previous capital increases the Authorized Capital 2017/I was not utilized in the reporting year. Therefore, the Authorized Capital 2017/I amounted to EUR 50,926,467.00 at the end of fiscal year 2021.

Authorized Capital 2017/II

The Management Board was authorized to increase the share capital of the Company on one or more occasions by 10 October 2022, with the approval of the Supervisory Board, by a maximum amount of EUR 1,902,247.00 by issuing up to a total of 1,902,247 new no-par value bearer shares in return for cash and/or non-cash contributions (Authorized Capital 2017/II) and, with the approval of the Supervisory Board, under certain conditions and within predefined limits, to exclude the shareholders' subscription right. This authorized capital was listed in the commercial register as Authorized Capital 2017/II.

This Authorized Capital 2017/II was cancelled by resolution of the Annual General Meeting of 26 May 2021.

Authorized Capital 2020/I

The Management Board was authorized to increase the share capital on one or more occasions by 29 June 2025, with the approval of the Supervisory Board, by a maximum amount of EUR 22,299,930.00 by issuing up to a total of 22,299,930 new no-par value bearer shares in return for cash and/or non-cash contributions (Authorized Capital 2020/I) and, with the approval of the Supervisory Board, under certain conditions and within predefined limits, to exclude the shareholders' subscription right. This authorized capital was listed in the commercial register as Authorized Capital 2020/I. This Authorized Capital 2020/I was cancelled by resolution of the Annual General Meeting of 26 May 2021.

Authorized Capital 2021/I

The Management Board is authorized to increase the share capital on one or more occasions by 25 May 2026, with the approval of the Supervisory Board, by a maximum amount of EUR 13,619,298.00 by issuing up to a total of 13,619,298 new no-par value bearer shares in return for cash and/or non-cash contributions (Authorized Capital 2021/I) and, within predefined limits, to exclude the shareholders' subscription right.

In November 2021 certain former or present employees of HelloFresh SE exercised certain virtual options under the virtual stock option program 2016 of the Company ("VSOP 2016"). In order to fulfill these employees' acquisition rights, the Company decided to implement organized sale processes ("Organized Processes"). The proceeds from the Organized Processes were used to settle the employees' acquisition rights in cash. To realize the Organized Process in the needed amount, the Company's share capital was increased by EUR 77,864 using the Authorized Capital 2021/I.

This authorized capital is listed in the commercial register as Authorized Capital 2021/I. After the implementation of that capital increase in 2021, the Authorized Capital 2021/I amounted to EUR 13,541,434.00 at the end of the fiscal year 2021.

Conditional Capital 2018/II

In 2021, the Company's share capital was conditionally increased by up to EUR 5,000,000.00 by issuing 5,000,000 no-par value bearer shares (ordinary shares) (Conditional Capital 2018/II).

The Conditional Capital 2018/II serves to grant shares when conversion or option rights are exercised or to fulfill conversion or option obligations to the holders or creditors of convertible bonds, warrant bonds, profit participation rights and/or participation bonds (or combinations of such instruments) (collectively, the "Bonds") issued under the authorization resolution adopted by the Annual General Meeting of 5 June 2018.

The new shares are issued on the basis of the conversion or option price to be determined in accordance with the authorization resolution adopted by the Annual General Meeting of 5 June 2018. The conditional capital increase will only be executed to the extent that bearers or creditors of Bonds issued or guaranteed by 4 June 2023 by the Company or a subordinate Group company under the authorization resolution adopted by the Annual General Meeting of 5 June 2018 exercise their conversion or option rights or to fulfill conversion or option obligations under such Bonds, or to the extent which the Company grants in lieu of payment of the due amount shares in the Company and to the extent that the conversion or option rights or obligations are not fulfilled by treasury shares, shares issued from authorized capital or by other consideration.

To date, no use has been made of this authorization to issue Bonds. This conditional capital is listed in the commercial register as Conditional Capital 2018/II.

Conditional Capital 2020/I

In 2021, the Company's share capital was conditionally increased by up to EUR 40,000,000.00 by issuing 40,000,000 new no-par value bearer shares (Conditional Capital 2020/I).

The Conditional Capital 2020/I served to grant shares upon the exercise of conversion or option rights or upon the fulfilment of conversion or option obligations to the holders or creditors of Bonds issued on the basis of the authorization resolution of the Annual General Meeting of 30 June 2020.

No use was made of this authorization to issue Bonds. This conditional capital was listed in the commercial register as Conditional Capital 2020/I and cancelled by resolution of the Annual General Meeting of 26 May 2021.

Conditional Capital 2021/I

In 2021, the Company's share capital was also conditionally increased by up to EUR 17,386,441.00 by issuing 17,386,441 new no-par value bearer shares (Conditional Capital 2021/I).

The Conditional Capital 2021/I serves to grant shares upon the exercise of conversion or option rights or upon the fulfillment of conversion or option obligations to the holders or creditors of Bonds issued on the basis of the authorization of the Annual General Meeting of 26 May 2021.

The new shares will be issued at the conversion or option price to be determined in each case in accordance with the authorization resolution of the Annual General Meeting of 26 May 2021. The conditional capital increase will only be implemented to the extent that the holders or creditors of Bonds issued or guaranteed by the Company or a subordinated Group company by 25 May 2026 on the basis of the authorization resolution of the Annual General Meeting of 26 May 2021 exercise their conversion or option rights or, if the Company grants shares of the Company instead of payment, of the due amount of money and to the extent that the conversion or option rights or conversion or option obligations are not satisfied by treasury shares, by shares from authorized capital or by other benefits.

To date, no use has been made of this authorization to issue Bonds. This conditional capital is listed in the commercial register as Conditional Capital 2021/I.

Significant agreements of the Company contingent upon a change of control as a result of a takeover bid and the resulting consequences (Sec. 289a Sentence 1 No. 8 HGB)

The Company's significant agreements contingent upon a change of control relate on the one hand to agreements for the Company's credit facilities. In the event of a change of control, these agreements grant the lender the right to terminate the facility and demand early repayment. In addition, there are a number of rental and lease agreements entered into by subsidiaries of HelloFresh SE which, in the event of a change of control, assume a change of tenant and therefore require the approval of the landlord or lessor.

In the event of a change of control, certain options granted under the VSOP 2016 vest faster and some of any unvested virtual options may be exercised. The number of such exercisable virtual options depends, among other things, on the acquisition of shares in connection with the change of control.

Compensation arrangements with members of the Management Board in the event of a takeover bid (Sec. 289a Sentence 1 No. 9 HGB)

In the event of a change of control, the service contracts of Management Board members contain a one-time special termination right (with a notice period of three months to the end of the month) and right to resign from office as member of the Management Board on such termination date. Should a member of the Management Board exercise this special termination right, they are entitled to a gross severance payment from the Company.

As described above, the VSOP 2016 provide accelerated vesting in the event of a change of control and an option to exercise some of any unvested virtual options.

Berlin, 28 February 2022

Dominik Richter	**Thomas Griesel**	**Christian Gaertner**	**Edward Boyes**
Chief Executive Officer	Chief Executive Officer International	Chief Financial Officer	Chief Commercial Officer

C Consolidated Financial Statements

C Consolidated Financial Statements

Consolidated Statements Of Financial Position

as of 31 December 2021

in MEUR	Note	31 December 2021	31 December 2020
Assets			
Non-current Assets			
Property, plant and equipment	10	618.6	263.1
Intangible assets	11	82.6	58.3
Goodwill	9	274.1	206.6
Investments in associates accounted at equity	8	0.0	9.0
Other financial assets	14	27.0	20.8
Other non-financial assets	16	0.4	0.6
Deferred income tax assets	24	52.8	45.2
Total Non-current Assets		**1,055.5**	**603.6**
Current Assets			
Inventories	12	220.4	113.7
Trade receivables	14,15	21.4	28.8
Other financial assets	14	11.3	6.5
Other non-financial assets	16	72.9	44.0
Cash and cash equivalents	13,15	827.1	729.0
Total Current Assets		**1,153.1**	**922.0**
Total Assets		**2,208.6**	**1,525.6**

Consolidated Statements of Financial Position (continued)

as of 31 December 2021

in MEUR	Note	31 December 2021	31 December 2020
Equity and Liabilities			
Equity			
Share capital	18	173.9	173.9
Treasury shares	18	(1.3)	(2.8)
Capital reserves	18	472.8	471.7
Other reserves	18	82.1	95.9
Accumulated gains (losses)		199.1	(57.0)
Other comprehensive loss	18	(30.9)	(25.3)
Equity attributable to the Company's shareholders		**895.7**	**656.4**
Non-controlling interests	29	0.9	(0.4)
Total Equity		**896.6**	**656.0**
Non-current Liabilities			
Other financial liabilities	14	304.3	182.4
Deferred income tax liabilities	24	16.1	6.2
Long-term debt	14,15,26	155.2	151.4
Provisions	19	10.2	0.7
Other non-financial liabilities	17	0.9	9.1
Total Non-current Liabilities		**486.7**	**349.8**
Current Liabilities			
Trade payables	14	440.7	291.7
Other financial liabilities	14	91.7	34.0
Provisions	19	26.2	17.2
Deferred revenue	7	103.7	73.3
Income tax liabilities		82.8	55.1
Other non-financial liabilities	14	80.2	48.5
Total Current Liabilities		**825.3**	**519.8**
Total Equity and Liabilities		**2,208.6**	**1,525.6**

Consolidated Statements of Comprehensive Income

for the year ended as of 31 December 2021

in MEUR	Note	2021	2020
Revenue	7	5,993.4	3,749.9
Procurement expenses	12,20,21	(2,046.4)	(1,276.7)
Fulfilment expenses	10,11,21	(2,448.7)	(1,422.1)
Marketing expenses	10,21	(861.6)	(469.7)
General and administrative expenses	10,11,21	(220.3)	(146.0)
Other operating income	14	10.5	6.6
Other operating expenses	14	(35.1)	(16.1)
Operating profit		**391.8**	**425.9**
Results from investment in associates	8	(11.4)	(13.1)
Interest income	23	0.6	1.0
Interest expense	23	(20.0)	(10.0)
Other finance income	23	30.5	5.0
Other finance expense	23	(7.5)	(13.0)
Profit before income tax expense		**384.0**	**395.8**
Income tax expense	24	(127.7)	(26.7)
Profit for the year		**256.3**	**369.1**
attributable to:			
Owners of the Company		256.1	369.0
Non-controlling interests	29	0.2	0.1
Other comprehensive income (loss):			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation to presentation currency		13.7	(1.5)
Exchange differences on net investments in foreign operations		(3.8)	(2.9)
Revaluation of non-controlling interest put options		(15.5)	(13.8)
Other comprehensive loss for the year		**(5.6)**	**(18.2)**
Total comprehensive income for the year		**250.7**	**350.9**
Total comprehensive income attributable to:			
Owners of the Company		250.5	350.8
Non-controlling interests		0.2	0.1
Basic earnings per share (in EUR)	25	**1.48**	**2.19**
Diluted earnings per share (in EUR)	25	**1.42**	**2.09**

Consolidated Statements of Changes in Equity

for the year ended as of 31 December 2021

	Attributable to the owners of the Company								
in MEUR	Share capital	Treasury shares	Capital reserves	Other reserves	Accumulated gains (losses)	Other comprehensive income (loss)	Total	Attributable to non-controlling interests	Total
As at 1 January 2020	**164.6**	**(2.7)**	**445.3**	**71.9**	**(426.0)**	**(7.0)**	**246.1**	**(0.8)**	**245.3**
Profit for the year	—	—	—	—	369.0	—	369.0	0.1	369.1
Currency translation	—	—	—	—	—	(4.4)	(4.4)	—	(4.4)
Put options[1]	—	—	(4.5)	—	—	(13.8)	(18.3)	0.3	(18.0)
Total comprehensive income (loss)							**346.3**	**0.4**	**346.7**
Issue of share capital	9.2	(0.1)	4.9	—	—	—	14.0	—	14.0
Equity portion of convertible bond	—	—	26.0	—	—	—	26.0	—	26.0
Share-based compensation	—	—	—	24.0	—	—	24.0	—	24.0
Balance as at 31 December 2020	**173.9**	**(2.8)**	**471.7**	**95.9**	**(57.0)**	**(25.3)**	**656.4**	**(0.4)**	**656.0**
Total equity as at 1 January 2021	**173.9**	**(2.8)**	**471.7**	**95.9**	**(57.0)**	**(25.3)**	**656.4**	**(0.4)**	**656.0**
Profit for the year	—	—	—	—	256.1	—	256.1	0.2	256.3
Currency translation	—	—	—	—	—	9.9	9.9	—	9.9
Revaluation of Put options[1]	—	—	—	—	—	(15.5)	(15.5)	—	(15.5)
Total comprehensive income (loss)							**250.5**	**0.2**	**250.7**
Issue of share capital	0.0	—	3.1	—	—	—	3.1	—	3.1
Transfer of treasury shares		1.5		—	—	—	1.5	—	1.5
Cash payout of share based compensation	—	—	—	(39.3)	—	—	(39.3)	—	(39.3)
Put options[1]	—	—	(2.0)	—	—	—	(2.0)	—	(2.0)
Increase in minority interest	—	—	—	—	—	—	—	1.1	1.1
Share-based compensation	—	—	—	25.5	—	—	25.5	—	25.5
Balance as at 31 December 2021	**173.9**	**(1.3)**	**472.8**	**82.1**	**199.1**	**(30.9)**	**895.7**	**0.9**	**896.6**

[1]When launching new markets, HelloFresh has the policy to reserve up to 5% (before any subsequent dilution) of the shares in these new entities for local senior management. After a period of four years, and subject to certain conditions, holders of those shares are entitled to put them at market value to HelloFresh.

Consolidated Statements of Cash Flows
for the year ended as of 31 December 2021

in MEUR	2021	2020
Cash flow used in operating activities		
Profit for the year	256.3	369.1
Adjustments for:		
Results from investment in associates	11.4	13.1
Interest expense	20.0	10.0
Interest income	(0.6)	(1.0)
Other finance income	(30.5)	(5.0)
Other finance expense	7.5	13.0
Income Tax	127.7	26.7
Income tax paid	(91.9)	(15.0)
Depreciation of property, plant and equipment	35.3	19.0
Depreciation of right-of-use assets	41.1	24.2
Amortization of intangible assets	20.4	3.8
(Loss) / Gain on disposal of fixed assets	(1.5)	(0.6)
Share-based payment expense (equity-settled)	25.6	24.0
Other non-cash transactions	(17.3)	0.1
Increase / (decrease) in provisions	16.8	4.7
Changes in working capital related to operating activities		
(Increase) / decrease in trade receivables	13.4	(20.5)
(Increase) / decrease in inventories	(91.1)	(73.9)
Increase / (decrease) in trade and other payables	114.9	154.9
Increase / (decrease) in deferred revenue	23.6	52.8
Net change in VAT receivables/payables and similar taxes	(2.0)	(3.0)
(Increase) / decrease in other financial assets	(13.6)	(2.6)
(Increase) / decrease in other non-financial assets	(16.2)	(8.2)
Increase / (decrease) in other financial liabilities	3.8	3.0
Increase / (decrease) in other non-financial liabilities	15.9	21.9
Interest received	0.3	0.6
Interest received - IFRS 16	0.3	0.4
Interest paid	(4.6)	(5.4)
Interest paid - IFRS 16	(6.4)	(4.6)
Net cash from operating activities	**458.6**	**601.5**
Cash flow from investing activities		
Acquisition of subsidiary, net of cash acquired	(73.6)	(128.3)
Purchase of property, plant and equipment	(234.5)	(74.4)
Software development expenditure	(17.3)	(9.9)
Purchase of intangible assets	(0.1)	(0.2)
Lease payments received from finance leases (IFRS 16)	1.2	1.1
Loan to minority shareholders	(1.0)	—
(Transfer) of cash into / from restricted cash accounts & deposits	(1.7)	(9.7)
(Transfer) Withdrawal of cash into/from restricted cash accounts & deposits	5.4	10.9
Net cash from (used in) investing activities	**(321.6)**	**(210.5)**

in MEUR	2021	2020
Cash flow from financing activities		
Repurchase of equity instruments due to share-based compensation	(39.3)	—
Proceeds from the issuance of share capital	4.6	14.1
Repurchase of shares in subsidiaries	(2.0)	(4.2)
Change in minority interest	0.9	—
Associate Company Loan		
Proceeds from Convertible Bond	—	172.4
Repayment of long-term debt	(1.5)	(0.9)
Repayment of principal under IFRS 16	(25.4)	(18.0)
Net cash from (used in) financing activities	**(62.7)**	**163.4**
Effects of exchange rate changes and other changes on cash and cash equivalents	23.8	(19.0)
Cash and cash equivalents at beginning of the year	**729.0**	**193.6**
Cash and cash equivalents at the end of the year	**827.1**	**729.0**

Notes to the Consolidated Financial Statements

1. Corporate Information

The accompanying consolidated financial statements and notes present the operations of HelloFresh SE (the "Company" or "Parent"), and its subsidiaries (combined the "Group" or "HelloFresh"). HelloFresh SE is a European company (Societas Europaea or SE) incorporated in Germany, and governed by European and German Law. The Company's registered office and headquarters are located in Prinzenstraße 89, 10969 Berlin, Germany. The Company is registered in the commercial register of Charlottenburg (Berlin) under HRB 182382B.

The Group's principal business activity is to provide food solutions to customers. This includes meal kits, add-on products and ready-to-eat meals.

2. Basis of Accounting

The Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and adopted by the European Union (EU) and the additional requirements of the German Commercial Code pursuant to Sec. 315e (1) HGB. The interpretations of the International Financial Reporting Interpretations Committee (IFRIC) that were applicable in the reporting period have also been implemented.

The fiscal year corresponds to the calendar year. To improve the clarity of presentation, various items in the statement of comprehensive income and in the statement of financial position have been combined. These items are shown and explained separately in the notes.

The consolidated financial statements have been prepared on a historical cost basis. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. Changes in accounting policies compared to those applied in the consolidated financial statements as of 31 December 2020 are further explained in NOTE 3

The consolidated financial statements were authorized by the Management Board on 28 February 2022.

3. Summary of Significant Accounting Policies

IFRSs issued, EU endorsed and initially adopted in the reporting period

All new, or amended, IFRIC and Interpretations with mandatory initial application in the EU as of 1 January 2021 had no significant impact on the consolidated financial statements.

The Group structures its Statement of Comprehensive Income on a functional basis. For that purpose, it breaks its Cost of Sales down into the line items Procurement Expenses and Fulfilment Expenses.

Presentation currency

The consolidated financial statements are prepared in Euro (EUR), which represents the functional currency of HelloFresh SE. All amounts have been rounded to the nearest million with a fractional digit (MEUR), unless otherwise indicated. Consequently, rounding differences may occur within the tables included in the notes to the consolidated financial statements. The percentages have been calculated on the basis of the non-rounded euro amounts.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2021. Subsidiaries are all companies over which HelloFresh SE has direct or indirect control as defined in IFRS 10. The Group controls a company when it has power over the investee, is exposed, or has rights, to variable returns from its involvement with the company and has the ability to affect those returns through its power over the company. The financial statements of subsidiaries are fully consolidated in the Group's financial statements from the date on which the control starts and up to the date on which the control ends.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent company. The composition of the Group is described in NOTE 29.

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any ownership retained in the former subsidiary is measured at fair value when control is lost.

Composition of the Group

Entities	2021 fully consolidated	2021 at equity	2020 fully consolidated	2020 at equity
National				
HelloFresh Deutschland Management GmbH, Berlin	x	–	x	–
HelloFresh Deutschland Produktions SE & Co. KG, Berlin	x	–	x	–
HelloFresh Deutschland SE & Co. KG, Berlin	x	–	x	–
HelloFresh SE, Berlin	x	–	x	–
HelloFreshGO GmbH, Berlin	–	x	–	x
Rest of Europe				
HelloFresh Suisse AG, Kölliken	x	–	x	–
HelloFresh Benelux B.V., Amsterdam	x	–	x	–
Cool Delivery B.V., Amsterdam	x	–	x	–
Cool Delivery Belgium BVBA, Amsterdam	x	–	x	–
Grocery Delivery E-Services UK Ltd., London	x	–	x	–
HelloFresh Nordics ApS, Kopenhagen	x	–	x	–
HelloFresh Sweden AB, Bjuv	x	–	x	–
HelloFresh France SAS, Neuilly-sur-Seine	x	–	x	–
HelloFresh Operations Benelux B.V., Amsterdam	x	–	x	–
HelloFresh Norway AS, Moss	x	–	x	–
HelloFresh Italy S.r.l., Milan	x	–	–	–
Fresh Grocery Delivery Services Limited, Dublin	–	–	–	–
North America				
Grocery Delivery E-Services USA Inc., New York	x	–	x	–
Green Chef Corp., Wilmington	x	–	x	–
HelloFresh Canada Inc., Toronto	x	–	x	–
Factor75 Inc., Burr Ridge	x	–	x	–
Factor75 LLC., Burr Ridge	x	–	x	–
Yes Please Meals LLC., Burr Ridge	–	–	x	–
Online Meat & Sea Food Inc., New York	x	–	–	–
Grocery Delivery Logistics Inc., New York	x	–	–	–
Rest of the world				
Grocery Delivery E-Services Australia Pty Ltd., Sydney	x	–	x	–
HelloFresh New Zealand Limited, Auckland	x	–	x	–
BeCool Refrigerated Couriers Group Pty Ltd., Chippendale	x	–	x	–
HelloConnect Inc., Manila	x	–	x	–
HelloFresh Japan G.K., Tokyo	x	–	–	–
Cook E Services Australia Pty Ltd., Brisbane	x	–	–	–
YouFoodz Holdings Ltd., Brisbane	x	–	–	–
YouFoodz Pty Ltd., Brisbane	x	–	–	–
IDK Pty Ltd., Brisbane	x	–	–	–
Fresh Four Pty Ltd., Brisbane	x	–	–	–
YouJuice Pty Ltd., Brisbane	x	–	–	–
YouFoodz IP Pty Ltd., Brisbane	x	–	–	–

On 27 October 2021, the Group acquired YouFoodz Holding Limited and its subsidiaries through its subsidiary Cook E Services Australia Pty Ltd., please refer to NOTE 6 for more information.

Investments in associates using the equity method

The consolidated financial statements of the Group include associated companies for which the Group has significant influence over the investee company but no control (IAS 28). Significant influence can be present through a contractual agreement between the investee and the Group irrespective of the number of voting rights.

Investment in associate companies are accounted for using the equity method of accounting. Initial investment in associate is recorded at cost and the carrying amount is increased or decreased to recognize the Group's share of changes in the net assets of the associates after the date of the acquisition.

The Group's share of post-acquisition profit or loss is recognized in Consolidated Statement of Income with a corresponding adjustment to the carrying amount of the investment. The Group's share of results of associated companies is presented in the Consolidated Statement of Income adjacent to Finance Income & Expenses below the Operating Profit. The Group also determines at each reporting date whether there is any objective evidence that the investment in associate companies should be impaired or checked for impairment.

Business combinations and goodwill

The acquisition method is used to account for business combinations. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. Independent external appraisals are typically used for the purchase price allocation of material business combinations. Valuations in the course of business combinations are based on existing information as of the acquisition date.

The Group measures non-controlling interest that represents present ownership interest and entitles the holder to a proportionate share of net assets in the event of liquidation on a transaction by transaction basis, at either: (a) fair value, or (b) the non-controlling interest's proportionate share of the net assets of the acquiree. Non-controlling interests that are not present ownership interests are measured at fair value.

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued, and liabilities incurred or assumed, including the fair value of assets or liabilities from contingent consideration arrangements. The fair value of the contingent purchase price liability is remeasured at each reporting date through a scenario-based net-present-value analysis. Costs related to the acquisition such as advisory, legal, valuation and similar professional services are expensed as incurred. Transaction costs related to the acquisition and incurred for issuing equity instruments are deducted from equity; transaction costs incurred for issuing debt as part of the business combination are deducted from the carrying amount of the debt.

Goodwill is initially measured at cost by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and fair value of any interest in the acquiree held immediately before the acquisition date. Any negative amount ("negative goodwill, bargain purchase") is immediately recognized in profit or loss, after management re-assesses whether it identified all the assets acquired and all liabilities and contingent liabilities assumed and reviews appropriateness of their measurement.

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 that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been assigned to a cash-generating unit (CGU)/group of cash-generating units 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. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

- **Level 1** — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- **Level 2** — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- **Level 3** — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, considering all information about market participant assumptions that is reasonably available.

Foreign currency translation

The financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated using the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or from translation of monetary items are generally recognized in the income statements with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. Foreign exchange gains and losses recognized in the income statement are presented within other operating income or expenses if they relate to operating activities or the finance result if they relate to financing activities.

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:

1. assets and liabilities are translated at the closing rate at the end of each reporting period;
2. income and expense items were translated into euros at the average monthly exchange rates; and
3. all resulting exchange differences are recognized in other comprehensive income.

To finance its operating subsidiaries, HelloFresh SE provides intercompany loans. Once the decision is made to convert a loan into equity the loan is considered as part of the net investment. Any exchange differences arising from different functional currency than HelloFresh SE for this net investment is recognized within other comprehensive income.

Exchange differences that arise after the conversion of intercompany loans into equity are recognized in profit or loss. The exchange differences which were recognized in other comprehensive income and accumulated in the separate component of equity for these loans are then reclassified to profit or loss statement.

Most relevant currency translation rates for the years stated are:

	Closing Rate		Average Rate	
ISO Code	2021	2020	2021	2020
AUD	0.64	0.63	0.63	0.60
CAD	0.69	0.64	0.67	0.65
CHF	0.97	0.93	0.92	0.93
DKK	0.13	0.13	0.13	0.13
GBP	1.19	1.11	1.16	1.13
JPY	0.01	0.01	0.01	N/A
NOK	0.10	0.10	0.10	N/A
NZD	0.60	0.59	0.60	0.57
PHP	0.02	0.02	0.02	N/A
SEK	0.10	0.10	0.10	0.10
USD	0.88	0.81	0.85	0.88

Current versus non-current presentation

The Group presents assets and liabilities in the statement of financial position based on a current or non-current classification.

An asset is classified as current when it is:

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

A liability is classified as current when:

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

The Group classifies all other assets and liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, where required. The present value of the expected cost for the restoration of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Costs of minor repairs and maintenance are expensed when incurred.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount and are recognized in profit or loss for the year within other operating income or expenses.

Depreciation

The expected useful lives of property, plant and equipment, together with their depreciation schedules are based on past experience, plans and estimates. Depreciation is calculated using the straight-line method to allocate their cost less their residual values over the following estimated useful lives (unchanged from prior year):

	Useful lives in years
Buildings	30
Furniture, fixtures and other equipment	3-10
Plant and machinery	3-15

Office and fulfilment center leasehold improvements, included within Plant and Machinery, are depreciated over the shorter of their estimated useful lives or the lease term. Land is held at cost and not depreciated.

The assets' residual values, methods of depreciation and useful lives are reviewed and adjusted prospectively, if required, at the end of each reporting period.

An impairment test is carried out when relevant events or changes in circumstances indicate that it might no longer be possible to realize the net carrying amount of intangible assets or property, plant and equipment.

Leases (IFRS 16)

Under IFRS 16 leases of lessors are capitalized by recognizing the present value of the lease payments and showing them as lease assets (right-of-use assets) and lease liabilities at the lease commencement date. The lessee has the right to extend or terminate the lease, there are enforceable rights and obligations beyond the initial non-cancellable period and the parties to the lease are required to consider those optional periods in their assessment of the lease term. In accordance with IFRS 16.18 , the lease term will be considered to extend beyond the non-cancellable period if the lessee has an extension option that it is considered to be reasonable certain to be exercised, or a termination option that it is considered to be reasonably certain not to be exercised.

The Group leases many assets, including properties for fulfilment centers and offices, as well as vehicles, such as cars, trucks and fork lifters. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease. The right-of-use asset also includes estimated future costs to be incurred in dismantling any underlying asset and restoring the asset to the condition required by the lease contract. The obligation is recognized and measured in line with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The Group has also entered into sublease agreements in the USA and Canada. The sub-lease term for all sub-leases of the Group are for the major part of the economic life of the asset. Hence, the sub-leases are classified as finance leases.

When a sublease is classified as a finance lease, the intermediate lessor de-recognizes the right-of-use asset relating to the head-lease that it transfers to the sub-lessee, recognizes the net investment in the sub-lease, recognizes any difference between the right-of-use asset and the net investment in the sub-lease in profit or loss and retains the lease liability relating to the head-lease in its statement of financial position, which represents the lease payments owed to the head lessor. During the term of the sublease, the Group recognizes both finance income on the sub-lease and interest expense on the head-lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate since the interest rate implicit in the lease cannot be readily determined. The lease liability is subsequently increased by the interest on the lease liability and decreased by lease payment made.

HelloFresh does not apply IFRS 16 to short-term (< 12 months) and low value leases (< 5,000 EUR).

Intangible assets

Intangible assets, which are not acquired as part of a business combination, are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, where required. Amortization of self-generated assets begins when development is complete, and the asset is available for use. The Group's intangible assets have a definite useful live and primarily include acquired and internally developed computer software and trademarks.

Software development expenditures on individual projects are recognized as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- its intention to complete and its ability and intention to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

The expected useful lives of intangible assets, together with their amortization schedules are based on past experience. The Group amortizes intangible assets using the straight-line method or accelerated method over the following estimated useful lives, which had been updated for internally developed software and acquired software and other licenses in 2021:

	Useful lives in years
Internally developed software	3-6
Software and other licenses	3-6
Customer Relationships	2
Trademarks	10

The carrying value of the internally developed software and acquired software, trademarks and customer relationships is reviewed for impairment whenever events and changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Impairment of non-financial assets including Goodwill

For goodwill, the Group performs an annual impairment test at each reporting date. The Group also conducts an impairment analysis of non-financial assets whenever a triggering event occurs. External triggering events may include for example changes in customer behavior, economic downturns, significant changes in market or legal environment, etc. Internal triggering events for an impairment test may include damage of assets, significant changes in the assets use or economic performance, etc.

If a triggering event exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating units (CGU's)/group of CGUs fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU/group of CGUs exceeds its recoverable amount, the asset is considered impaired and is written off to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. As we have assumed 100% equity financing for the purpose of our discount rate calculation, pre-tax discount rate equals to post-tax discount rate. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of three years. A long-term growth rate is calculated and applied to project future cash flows after the third year. The underlying management forecast reflects the CGU's current performance and management's best possible estimates on the future development. The Group determines the discount rate before taxes for each CGU/group of CGUs based on its weighted average cost of capital (WACC) and the capital asset pricing model (CAPM) including CGU/group of CGUs-specific inflation forecasts and tax rates. The impairment calculation on investments in associates is performed simultaneously, taking into account a five year budget and forecast calculations.

Impairment losses are recognized in profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the

Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU/group of CGUs is less than its carrying amount, an impairment loss is recognized. For the CGU/group of CGUs, the goodwill is initially reduced and an additional impairment loss is allocated pro rata to the carrying amounts of the other assets of the CGU/group of CGUs. Impairment losses relating to goodwill are not reversed in future periods.

Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined pursuant to the first-in first-out ("FIFO") method. The cost of inventory includes the purchase price, shipping and handling costs incurred to bring the inventories to their present location and condition.

Inventory with a short shelf life that is not utilized within the planned week is directly written off to the profit and loss account.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks and short-term, highly liquid investments that are readily convertible to known amounts of cash and for which the risk of changes in value is considered to be insignificant. Cash also consists of payments due from third party financial institutions for payment settlement and credit and debit card transactions if they are similar to demand deposits or cash equivalents.

Financial Instruments (IFRS 9)

Financial instruments of the Group include all financial assets and financial liabilities of the Group. Financial assets include trade receivables, cash and cash equivalents and other receivables and financial assets. Financial liabilities include trade payables, liabilities to bank, financial lease liabilities and other financial liabilities. Financial liabilities must generally be settled by using cash and cash equivalents or other financial assets.

IFRS 9 sets out requirements for initial measurement, classification, subsequent measurement and derecognition of financial assets, financial liabilities and some contracts to buy or sell non-financial items as well as introduces rules for hedge accounting and an impairment model for financial assets.

Initial measurement

Financial instruments are measured at fair value on initial recognition. The transaction costs directly attributable to the acquisition must be taken into account for all financial assets and liabilities not subsequently measured at fair value through profit and loss. On initial recognition financial assets are classified into the different categories described in the next section. Regular purchase and sale of financial assets are accounted for at the trading date.

Classification and subsequent measurement

IFRS 9 contains a classification and subsequent measurement approach for financial assets that reflects the business model in which assets are managed based on their cash flow characteristics. IFRS 9 contains three principle classification categories for financial assets:

- measured at amortized costs,
- fair value through other comprehensive income, and
- fair value through profit or loss.

In case the business model is to hold the asset and the cash flows of the financial asset represent only payments of principal and interest, then the subsequent measurement of the financial asset is done based on amortized cost. In case the sale of the financial asset is part of the business model, the asset is measured at fair value through other comprehensive income. In every other case the asset is measured at fair value through profit or loss.

The Group analyzed the contractual cash flow characteristics of their financial assets and concluded that except for two exceptions, the majority of the Group's financial asset meet the criteria for amortized cost measurement under IFRS 9.

The effective interest rate amortization is included within the finance result.

Financial liabilities are recognized at fair value initially, including the transaction costs directly attributable in case of loan and borrowings.

Impairment under IFRS 9

IFRS 9 applies the forward-looking 'expected credit loss' (ECL) model. This model requires considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

Within the Group, the impairment model applies to financial assets measured at amortized cost. HelloFresh uses this approach to determine loss allowances and calculates the ECL as a result from all possible default events over the expected life of the financial receivables and assets. The Group has set up a provision matrix which is based on its historical credit loss experience.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. The trade receivables are also written off when customers are unlikely to pay their credit obligations to the Group in full or partially. We consider this to be the case when trade receivables are 180 days overdue. The write off is recognized in other operating expenses. The Group uses an allowance matrix to measure the Expected Credit Loss of trade receivables, which is calculated using a roll rate method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

Derecognition

A financial asset is derecognized when the contractual rights to receive the cash flows from a financial asset expire or are transferred to third parties or the Group has assumed an obligation to pay the received cash flows to a third party and to transfer the risks and rewards or the control.

The Group derecognizes a financial liability when its contractual obligations related to those liabilities are fulfilled, cancelled, amended or expired.

Share capital

Ordinary shares with dividend entitlements are classified as equity. Any excess of the fair value of consideration received over the par value of the shares issued is recorded as capital reserves within equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, from the proceeds. Equity instruments of the Company that are re-acquired (treasury shares) are recognized at cost and deducted from equity.

Provisions

Provisions are liabilities of uncertain timing or amount. They 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 embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Long term provisions with a term of more than one year are discounted on the reporting date using a current rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized within finance expense.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, considering the risks and uncertainties surrounding the obligation.

Convertible Bond Liability

Financial instruments that contain both a debt and an equity component are classified in separate balance sheet items according to their character. This treatment applies in principle to convertible bonds that are issued by HelloFresh. The fair value of the share conversion right is reported as equity. The terms and conditions for the bond have been analyzed separately and as a conclusion no embedded derivatives in the form of termination rights are reported separately as the amount is not material. The debt component of the convertible bond is calculated on a net present value basis by using a discount rate derived at the time of the issue of the convertible bond from quoted yields for bonds with similar terms and similar credit ratings which are traded in the capital markets, as specified by the issuing banks. The transaction costs of the convertible bond are deducted directly from the debt- and equity component proportionately. The residual value of the share conversion rights was recognized in capital reserves at the date the bond was issued and therefore deducted from the bond liability. The fair value is calculated by taking the difference between total issue size and the liability component and deducting the issuing cost for the conversion right.

Interest payments as well as compounding interest expenses are recognized as finance costs in profit and loss in the relevant periods.

Non-controlling interest put options

When launching new markets, HelloFresh has the policy to reserve up to 5% (before any subsequent dilution) of the shares in these new entities for local senior management. After a period of four years, and subject to certain conditions, holders of those shares are entitled to put them at market value to HelloFresh. The Group uses present-access method to account for the put options granted to non-controlling interest shareholders and these are recognized under other financial liabilities at their fair value. The fair value of these liabilities is calculated on a present value basis. To calculate the present value of the put options, it is assumed that the options would be exercised at the start of their respective exercise period. These put options are marked to market at every reporting period and the difference due to revaluation is recognized within other-comprehensive income/losses.

Share-based compensation

The Group operates equity-settled share-based compensation plans, under which Group companies receive services from directors, employees or others as consideration for equity instruments of the Company.

The Group grants virtual share options and restricted stock units that are linked to the price of individual shares but stipulate a cash payment, unless the grantor decides to settle in equity. It is the Group's policy to settle in equity unless factual and legal restrictions do not allow for such settlement.

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. At each grant date, the Company analyses whether the exercise price, if any, by a participant is in line with the estimated market price of the underlying equity instruments at the grant date. For virtual options granted, the grant date fair value is determined using the Black-Scholes option valuation formula. As for restricted stock units, the fair value is determined at grant date according to closing price of the stock on the grant date.

The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of shares that will eventually vest, with a corresponding credit to equity. Estimated forfeitures are revised if the number of awards expected to vest differs from previous estimates.

Differences between estimated and actual forfeitures are accounted for in the period in which they occur.

In the second quarter 2021, the Group changed the accounting treatment of all of its existing share based compensation programs from graded vesting to linear vesting. The total impact due to this change in vesting was a credit in the period of MEUR 7.0. Some management options granted prior to 2016 had installments vesting only upon the occurrence of a specified exit event, including an initial public offering which took place on 2 November 2017, or twelve (in certain cases 24) months after such an event and if the employee is still employed by the Company ("waiting period"). These installments are expensed over the expected time until the vesting event plus waiting period.

During the period between the service commencement date and the grant date, the share-based payment expense recognized is based on the estimated grant date fair value of the award. Once the grant date has been established, the estimated fair value is revised so that the expense recognized is based on the actual grant date fair value of the equity instruments granted.

Government grants

Government grants are recognized if adequate certainty exists that the conditions associated with the grant will be met and the grants will be provided. When the grant relates to an expense these are either grants for assets or performance-related grants. The Group recognizes performance-related grants as income over the period for which the related costs are expensed. Grants for assets are recognized as income pro rate over the expected useful life of the related asset.

Revenue recognition (IFRS 15)

The Group generates revenue primarily from the sale of food ingredients along with corresponding recipes ("meal kits") and ready-to-eat meals as well as add-ons and surcharge products.

The Group follows the five-step model according to IFRS 15 in which the sales volume and the time or period of revenue recognition shall be determined. The process separates the following steps: Identification of the customer contract, identification of the individual performance obligations, determination of the transaction price, allocation of the transaction price to the individual contractual obligations and the determination of the timing of revenue recognition.

The revenue is recognized when the entity satisfied the performance obligation which is when the customer obtains control over the goods or services. Generally, this is when the order is delivered to the customer, which is at the point in time at which the customer accepts the goods and the ownership transfers. On a regular basis consideration are received before the service is provided. HelloFresh accounts for those pending services as contract liabilities (deferred revenue).

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of promotional discounts, rebates, and value added taxes. Furthermore, the Group may participate in selling vouchers through external marketing providers at a discounted value. Sales of such vouchers are only included in revenue when a voucher has been redeemed and the corresponding box has been delivered.

The Group has concluded that it is the principal in primarily all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks. Revenue is presented gross of fees charged from agents such as marketing portals, which are recognized as marketing expenses.

Gift cards and store credits create obligations for the Group to transfer goods or provide services at a future point in time. All or a portion of the transaction price is allocated to these performance obligations and is recognized as revenue when those obligations are satisfied, or when the obligation expires.

In some markets, new customers can earn rewards and vouchers for purchasing a specified number of boxes within a specified time period (loyalty program). Revenue for those rewards is allocated based on the stand-alone selling price, adjusted for the likelihood that a customer will receive and redeem the reward or voucher. Recognition of revenue is deferred until those rewards are transferred to the customer or when the option to receive them expires.

With respect to payments received before shipping the product to the customer, contract liabilities are recognized. Customers, however, do not always exercise all of their rights in such arrangements. These unexercised rights are often referred to as ‘breakage’ or forfeiture. According to IFRS 15 a portion of the contract liabilities is recognized as revenue in accordance with behavioral patterns of the customers and local escheatment regulations.

In case of a customer complaint with regards to a HelloFresh order, HelloFresh Customer Care may compensate the customer with a voucher that can be applied to future orders, aimed at improving customer satisfaction.

If the compensation reimburses the customer for non or partial fulfilment of a performance obligation, such discount will reduce the transaction price of the order that caused the complaint, rather than the future order to which the voucher is applied to.

Procurement Costs

Procurement costs include the purchase price of goods, inbound shipping charges, employee benefits and other attributable overhead expenses. Shipping charges to receive products from suppliers are included in inventory and recognized as cost of goods sold upon the sale of products to customers.

Fulfilment Costs

Fulfilment costs represent costs attributable to picking ingredients into boxes, packaging, shipping expenses for customer orders, expenses for packaging materials, payment related expenses and product expenses for our culinary teams and recipe cards. Fulfilment costs also include amounts paid to third parties that assist in fulfilment operations.

Marketing Costs

Marketing expenses represent costs associated with the promotion of goods and include online and offline marketing expenses, promotion of the brand through traditional media outlets, the production and distribution of marketing materials photo production, costs related to customer care activities and other costs associated with HelloFresh’s market presence.

General and administrative expenses

General and administrative expenses are costs not directly associated with the production and distribution of goods. They include wages for our tech organization, expenses of tech infrastructure, management wages and benefits, finance, HR, legal staff wages and benefits, consulting expenses, office rent, insurance, utilities, and other overhead costs.

Income taxes

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

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Current and deferred taxes relating to items recognized outside profit or loss are recognized outside profit or loss. Current and deferred tax items are recognized in correlation to the underlying transaction either in profit or loss, other comprehensive income or directly in equity.

IFRIC 23 Uncertainty of Income Tax Treatments

IFRIC 23 clarifies the accounting for uncertainties in income taxes. An entity has to consider whether it is probable that the relevant tax authority will accept each tax treatment, or Group of tax treatments, that the entity used or plans to use in its income tax filing. If the entity concludes that it is probable that a particular tax treatment is accepted, the entity has to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings. If the entity concludes that it is not probable that a particular tax treatment is accepted, the entity has to use the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The decision should be based on which method provides better predictions of the resolution of the uncertainty. An entity has to reassess a judgement or estimate if the facts and circumstances on which the judgement or estimate was based change or as a result of new information that affects the judgement or estimate.

The Group analyzed the existence of uncertainties in income taxes in all relevant tax jurisdictions by considering a number of indicators such as ambiguities in relevant tax laws and related guidelines, results of past examinations by tax authorities and rulings from courts in addressing matters with similar fact pattern. As a result of this analysis, the Group determined whether the likelihood of acceptance of its tax treatments is probable or not probable.

After evaluation, HelloFresh concluded that applying IFRIC 23 has no material effects on the consolidated financial statements of HelloFresh.

Consolidated Cash Flow Statement

The Group prepares the consolidated cash flow statement to track how the Group's cash and cash equivalents changed during the period and classifies cash flows during a period into cash flows from operating, investing and financing activities. The Group uses indirect method to report cash flow from operating activities which covers all the principal revenue producing activities of the Group. Investing activities are the acquisition and disposal of long-term assets and other investments. It also includes cash flows arising from obtaining or losing control of subsidiaries or other business. Financing activities includes the activities that result in changes in the size and composition of the equity and borrowings of the Group.

New and amended IFRSs and IFRICs issued but not yet adopted

The following new standards and amendments to standards are effective in the EU for annual periods beginning on or after January 1, 2022. The Group has not adopted any of the new or amended standards early in preparing these consolidated financial statements.

Standard/ Interpretation	Title of the standard / interpretation or amendment	First time application	Impact
Amendment to IFRS 16	COVID-19 related Rent Concessions beyond 30 June 2021	1.4.2021	N/A
Amendments to IAS 16	Proceeds before intended Use	1.1.2022	Not material
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1.1.2022	Not material
Amendment to IFRS 3	Reference to the Conceptual Framework	1.1.2022	N/A
Improvements to IFRS 2018-2020	Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	1.1.2022	N/A
IFRS 17 and Amendments to IFRS 17	Insurance contracts	1.1.2023	N/A
Amendments to IFRS 10 and IAS 28 *	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Pending	N/A
Amendments to IAS 1 *	Classification of Liabilities as Current or non-current	1.1.2023	Not material
Amendments to IAS 1*	Disclosure of Accounting policies	1.1.2023	Not material
Amendments to IAS 8 *	Definition of Accounting Estimates	1.1.2023	Not material
Amendments to IAS 12 *	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1.1.2023	Not material
Amendments to IFRS 17	Initial Application of IFRS 17 and IFRS 9 - Comparative Information	1.1.2023	N/A

* EU-Endorsement still pending at the time of publication

4. Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affected in future periods.

Disclosures relating to the Group's exposure to risks and uncertainties include:

- Financial Risk Management NOTE 15
- Contingencies and Commitments NOTE 28

Investments in associates using the equity method

When the Group makes an investment in an entity ("investee"), the Group checks whether it has control over the investee or not. To estimate the control over an investee, the Group checks whether 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 (IFRS 10). Power is present when the Group is able to direct the relevant activities of the investee, the activities of the investee that significantly affect the investee's returns.

The equity method applies when the Group does not control an investee, but instead is able to exert significant influence over the operating and financial policies of an investee. Determining if an investor can exercise significant influence requires the exercise of judgment. To check whether the Group has a significant influence over the investee company the Group also assesses if there is any contractual agreement which gives significant influence to the Group over the investee company. Under the equity method investment in an associate is recognized at cost and at each subsequent period, the Group adjusts the carrying value of its investment in an associate to reflect its proportionate share of the associate income or loss. Dividends received from associates accounted for using the equity method reduce the carrying amounts of the investment in associate.

An impairment test is performed if specific indicators point to a possible impairment loss or reversal of an impairment loss. In the case of a possible impairment, an estimate must be made of the recoverable amount that corresponds to the higher of either the fair value less costs to sell or the value in use. To ascertain fair value in use, it is necessary to determine the discounted future cash flows. The estimate of the discounted future cash flows contains assumptions which are based on the business plan prepared by the investee.

Further disclosures on investments in associates under the equity method can be found in NOTE 8.

Goodwill

Management of the Group makes significant judgements and assumptions regarding the future developments of the Group for the impairment assessment of the goodwill and other intangible assets which mainly includes assumptions regarding the future cash flow projections and various economic risks. Management also makes judgements about the changes in the business strategy and planning of the Group, forecasts regarding the expected internal developments and for the various inputs used to estimate the weighted average cost of capital (WACC) of the Group. Goodwill impairment is also dependent on the allocation of goodwill to an operating segment which involves estimation as to which operating segment is expected to benefit from the synergies of the business combination.

Further disclosures on Goodwill can be found in NOTE 9.

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 have been recognized to the extent that their recovery is probable considering the projected future taxable income of the related entity. As there is no specific standard or interpretation to evaluate the probability of projected future taxable income of the related entity, the Group's management uses its internal business planning tools and expertise (IAS 8.10). Deferred tax assets are recognized for all deductible temporary differences, carryforwards of unused tax credits and unused losses to the extent it is sufficiently probable that the taxable profit will be available against the deductible temporary difference and the carryforward of unused tax credits and unused tax losses can be utilized. Please refer to the accounting policies on income taxes in NOTE 3 and the income tax disclosures in NOTE 24.

Share-based payments

The fair value of the grants for share based payments is determined based on an appropriate valuation model which takes into consideration the quoted stock price as of the grant date and the volatility of the stock. Expenses for share-based payments are recognized based on the fair value estimate and the company's best estimate of the number of equity instruments that will ultimately vest and the estimated exercise date. The estimate of the number of equity instruments that will ultimately vest is based on expected employee fluctuation. Please also refer to the accounting policies on share-based compensation in NOTE 3 and the share-based compensation disclosures in NOTE 20.

Business Combinations: Identifying and measuring assets and liabilities acquired

A business combination is a transaction in which an acquirer obtains control of one or more businesses. In a business combination, goodwill may arise if the consideration transferred exceeds the net amount of identifiable assets acquired and liabilities assumed, which are measured in accordance with IFRS 3. Significant judgements are involved in identifying and measuring these assets and liabilities. Further information on Business Combinations are included in NOTE 6.

5. Segment Information

The main activity of the Group is the provision of food solutions to customers in various geographical regions. The business is managed based on two major geographical regions: the United States of America ("USA") and International ("International" or "Int'l"). International comprises Australia, Austria, Belgium, Canada, Denmark, France, Germany, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Switzerland, Sweden and the United Kingdom ("UK"). Furthermore, the HelloFresh Group has established a fully owned Customer Care Service Center HelloConnect Inc. situated in the Philippines, which is part of the International segment.

These operating segments reflect the Group's management structure, and the way financial information is regularly reviewed by the Chief Operating Decision Maker, which is defined as the management board. The management board is also responsible for allocating resources and assessing performance of the operating segments.

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

The reportable operating segments are strategic business units that are managed separately. Inter-segment charges are monitored separately and are, therefore, distinctively presented in the tables below. The holding segment represents centralized overhead functions, where certain costs are recharged with a markup to the operating entities with the exception of strategic and certain finance function costs, which are compensated via profit sharing, once a respective subsidiary within the segment has turned profitable. Both, the recharged mark-up and the profit sharing are presented as holding fee ("Holding Fee") in our financial statements. The Group consolidation eliminates inter-segment transactions and accounts for inter-segment sales and transfers as if the sales or transfers were to third parties, i.e. arms-length transactions.

External revenue includes income from the core activities of the Group, i.e. primarily the provision of food solutions to customers. Internal revenue results from intercompany recharges of services mainly of the holding company as well as the customer care service center to the operating entities of the Group.

The Group evaluates performance of its segments primarily based on revenue and EBITDA adjusted for special items and share-based compensation ("AEBITDA"). In addition, the following financial performance indicators are evaluated: profit contribution (i.e. revenue less procurement and fulfilment expenses, excluding share-based compensation; "Contribution Margin"), as well as EBIT adjusted for special items and share-based compensation ("AEBIT"). EBITDA represents the results before interest, tax, depreciation and amortization. EBIT is measured as earnings before interest and tax.

The Group's fixed assets are located in the following countries: USA (55.1%), Germany (14.9%), Australia (13.1%), UK (5.9%), Canada (4.8%), BeNeLux (4.1%) and rest of the world (2.1%).

	2021					
in MEUR	USA	International	Total segments	Holding	Consolidation	Group
Total Revenue	3,301.8	2,710.7	6,012.5	506.4	(525.5)	5,993.4
Internal Revenue	7.7	11.7	19.4	506.1	(525.5)	—
External Revenue	3,294.1	2,699.0	5,993.1	0.3	—	5,993.4
Contribution Margin (excl. SBC)	**854.8**	**681.2**	**1,536.0**	**494.5**	**(512.8)**	**1,517.7**
Adjusted EBITDA	**310.1**	**297.5**	**607.6**	**(80.0)**	**—**	**527.6**
Special items*	(10.5)	(2.3)	(12.8)	(0.6)	—	(13.4)
Share-based compensation expenses	(13.8)	(3.4)	(17.2)	(8.4)	—	(25.6)
EBITDA**	**285.8**	**291.8**	**577.6**	**(89.0)**	**—**	**488.6**
Depreciation and amortization	(45.1)	(41.9)	(87.0)	(9.8)	—	(96.8)
EBIT**	**240.7**	**249.9**	**490.6**	**(98.8)**	—	**391.8**
Holding fee	(164.7)	(146.2)	(310.9)	310.9	—	—
EBIT	**76.0**	**103.7**	**179.7**	**212.1**	—	**391.8**
Results from investment in associates	—	—	—	(11.4)	—	(11.4)
Interest income	0.3	0.1	0.4	0.2	—	0.6
Interest expense	(7.8)	(3.1)	(10.9)	(9.1)	—	(20.0)
Other finance income***	12.5	5.3	17.8	16.6	(3.9)	30.5
Other finance expense	(4.5)	(4.1)	(8.6)	(2.8)	3.9	(7.5)
Profit for the year before tax	**76.5**	**101.9**	**178.4**	**205.6**	—	**384.0**

*Special items consist of share-based compensation expenses and other special items of a nonrecurring nature, which include expenses related to legal and other services incurred in connection with M&A-transactions, one-off costs related to reorganizations and restructurings and prior period related effects. Special items do not adjust for any potential impact that the COVID-19 pandemic may have had on the results of the Group. These remain within normal operating result.

**excluding holding fee

***excluding intercompany dividends

	2020					
in MEUR	USA	International	Total segments	Holding	Consolidation	Group
Total Revenue	2,080.4	1,681.1	3,761.5	316.2	(327.8)	3,749.9
Internal Revenue	7.1	4.8	11.9	315.9	(327.8)	—
External Revenue	2,073.3	1,676.3	3,749.6	0.3	—	3,749.9
Contribution Margin (excl. SBC)	**572.1**	**496.5**	**1,068.6**	**307.8**	**(320.4)**	**1,056.0**
Adjusted EBITDA*	**282.5**	**275.5**	**557.9**	**(52.7)**	**—**	**505.2**
Special items*	(6.3)	(1.7)	(8.0)	(0.2)	—	(8.2)
Share-based compensation expenses	(9.6)	(3.1)	(12.7)	(11.3)	—	(24.0)
EBITDA**	**266.6**	**270.7**	**537.2**	**(64.2)**	**—**	**473.0**
Depreciation and amortization	(17.8)	(24.2)	(42.0)	(5.0)	—	(47.0)
EBIT**	**248.7**	**246.5**	**495.2**	**(69.2)**	**—**	**425.9**
Holding fee	(52.3)	(154.5)	(206.8)	206.8	—	—
EBIT	**196.4**	**92.0**	**288.4**	**137.6**	**—**	**425.9**
Results from investment in associates	—	—	—	(13.1)	—	(13.1)
Interest income	0.5	0.2	0.7	0.3	—	1.0
Interest expense	(2.9)	(2.2)	(5.0)	(5.0)	—	(10.0)
Other finance income***	3.0	1.8	4.8	7.0	(6.8)	5.0
Other finance expense	(5.4)	(8.2)	(13.6)	(6.2)	6.8	(13.0)
Profit for the year before tax	**191.6**	**83.6**	**275.2**	**120.8**	—	**396.0**

*Special items consist of share-based compensation expenses and other special items of a nonrecurring nature, which include expenses related to legal and other services incurred in connection with M&A-transactions, one-off costs related to reorganizations and restructurings and prior period related effects. Special items do not adjust for any potential impact that the COVID-19 pandemic may have had on the results of the Group. These remain within normal operating result.

**excluding holding fee

***excluding intercompany dividends

Special items amounted in 2021 to MEUR 13.4 (2020: MEUR 8.2) net. The special items in 2021 mainly relate to an increase in legal provisions and transaction costs occurred through the acquisition of YouFoodz and subsequent costs of previous acquisitions.

Expenses for share based compensation amounted to MEUR 25.6 (2020: MEUR 24.0).

External revenue generated within the Group amounted to MEUR 5,993.4 in the year ended 31 December 2021 (2020: MEUR 3,749.9), of which MEUR 3,294.1 relates to the United States (2020: MEUR 2,073.3), which constitutes our largest market by far.

Revenues are attributed to individual countries based on the place of the customer´s location.

6. Business Combinations

On 27 October 2021, the Group through its subsidiary Cook E Services Australia Pty Ltd., acquired 100% of the stock-listed equity shares of YouFoodz Holdings Ltd. (including its subsidiaries YouFoodz Pty Ltd., IDK Pty Ltd., Fresh Four Pty Ltd., YouJuice Pty Ltd., and YouFoodz IP Pty Ltd., referred to as “YouFoodz”) for a consideration of MEUR 81.1. YouFoodz Holdings Ltd. is an Australian based provider of ready-to-eat meals, snacks and juices. The acquisition allows the Group to extend its offering to ready-to-eat meals in Australia. The Group incurred acquisition related costs of MEUR 0.5 on legal, consulting fees and due diligence costs. The costs have been included in the statement of comprehensive income and adjusted as special item for the AEBITDA calculation.

As the legal acquisition was closed on 27 October 2021, revenue and profit/loss for YouFoodz for the period from 27 October 2021 to 31 December 2021 is included in the consolidated financial statements of the Group. If the business had been had been acquired on 1 January 2021, total revenue of the Group would have been higher by MEUR 83.6. The purchase price allocation for the acquisition has not been fully finalized at the time of publication as in particular the valuation of tax positions has not been fully completed.

The results from the preliminary Purchase Price Allocation are presented in the following tables:

in MEUR	31 December 21
Initial Consideration transferred in cash	81.1
Fair value of net assets acquired	30.1
Goodwill	**51.0**

Identifiable assets acquired and liabilities

in MEUR	31 December 21
Property, plant & equipment	6.9
Intangible assets	23.5
Cash & cash equivalents	6.6
Trade receivables	4.5
Inventories	3.6
Other non-financial assets	1.4
Deferred tax asset	3.3
Trade payables	(11.0)
Deferred tax liability	(2.0)
Payroll liability	(3.0)
Other financial liabilities	(2.1)
Other non-financial liabilities	(1.6)
Total identifiable net assets acquired	**30.1**

Based on the preliminary purchase price allocation, various intangible assets were identified and measured at fair value. For the trademark that was acquired an amount of MEUR 11.3 has been capitalized. The trademark will be amortized over 10 years. The Group increased the carrying value of YouFoodz supply chain software by MEUR 4.1 to its fair value, which will be amortized over 5 years. Additionally YouFoodz's customer relationships have been identified as an asset amounting to MEUR 4.8. Based on the estimated useful life and churn rate the asset will be amortized over three years. For estimating the fair value of the trademarks and supply chain software, the Group used Relief-from-Royalty method and for estimating the fair value of customer relationships Multi-Period-Excess-Earnings method was used.

7. Revenue

Revenue Streams

The Group generates revenue primarily from the provision of food solutions, which comprise: (i) ingredients along with corresponding recipes ("meal kits"); (ii) add-on products, such as soups, desserts, bakery products, salads and surcharge products; and (iii) ready-to-eat meals. In addition to the primary source of revenue, the Group also generates revenues from some other sources, including revenue from marketing partners and revenue from logistics services.

	Total	
in MEUR	2021	2020
Revenue from Contracts with Customers	5,957.3	3,728.8
Other Revenue	36.1	21.1
Total Revenue	**5,993.4**	**3,749.9**

Disaggregation of revenue from contracts with customers

	USA		International		Total	
in MEUR	2021	2020	2021	2020	2021	2020
Revenue from Contracts with Customers	3,279.7	2,060.3	2,677.6	1,668.5	5,957.3	3,728.8
Other revenue*	14.4	13.0	21.7	7.8	36.1	21.1
Total Revenue	**3,294.1**	**2,073.3**	**2,699.3**	**1,676.3**	**5,993.4**	**3,749.9**

*As of 31 December 2021, total other revenue is including external revenue of MEUR 0.3 related to Holding (2020: MEUR 0.3)).

Contract Balances

in MEUR	2021	2020
Trade receivables	21.3	28.7
Contract liabilities	107.3	75.7

The contract liabilities primarily relate to the advance payments received from customers (deferred revenue). Generally, the payment terms differ from country to country, but a significant amount of revenue is paid upfront and those pending services are recognized as contract liabilities, for which revenue is recognized when the performance obligation is satisfied. Therefore, no long term payment terms exist that could qualify as a financing component.

8. Investments in Associate Companies at Equity

As of 31 December 2021 HelloFresh owns 65.8% of HelloFreshGO GmbH. However, based on the entity's shareholder agreement with the other investors, HelloFresh does not have control over HelloFreshGO GmbH. Therefore, the Group records the results from investment in HelloFreshGO GmbH as "at equity" in its consolidated financial statements.

HelloFreshGO GmbH provides vending machines to companies and stocks them with a variety of different meals and snacks. HelloFreshGO GmbH was founded in October 2018, and its place of business is Stromstraße 18, 10559 Berlin, Germany.

Condensed Financial Information on 100 percent basis

In MEUR	31 December 2021	31 December 2020
Condensed Financial Information		
Ownership interest (%)	**65.8%**	**65.8%**
Non-current assets	3.3	3.0
Current assets	2.5	4.9
Liabilities	1.7	2.5
Net assets	**4.1**	**5.4**
Group's share of net assets	**2.7**	**3.6**
Carrying amount of share in associate	0.0	9.0
Net income (loss) of the associate for the year	(6.1)	(4.9)
Total	**(6.1)**	**(4.9)**

Carrying amount of equity-accounted investments

In MEUR	31 December 2021	31 December 2020
Condensed Financial Information		
Opening Balance	**9.0**	**22.1**
Impairment of financial asset	(5.0)	(9.9)
Share of profit/loss for the year	(4.0)	(3.2)
Change recognized in profit or loss	**(9.0)**	**(13.1)**
At the end of the year	**0.0**	**9.0**

Result from investments in associates of MEUR (4.0) and Impairment of financial assets of MEUR (5.0) relate to the Company's stake in HelloFreshGO GmbH. Given the continued work-from-home environment at many of its customers in 2021, HelloFreshGO has been confronted with lower demand than expected, impacting both, its profits and valuation. Additionally, in 2021, the Group invested in convertible bonds that were issued by HelloFreshGO GmbH in 2021 amounting to MEUR 2.4 which are included within other financial assets (non-current).

The carrying amount of investments in associates at equity was tested for impairment during the year. The carrying amount for the investment in associates was calculated based on the estimated future cash flows. The estimated future cash flows are based on detailed budgets and forecast calculations for the investee. These budgets and forecast calculations cover a period of 5 years and are then extrapolated for another 15 years. The cash flows after the 20-year period are extrapolated on the assumption of a growth rate, which is derived from the assumed average market or industry growth rate. Based on this extrapolation a terminal value is determined. The Group used a discount rate of 5.3% and a terminal value growth rate of 1% for the impairment test.

Based on the impairment test, both the carrying amount of the equity accounted investment and the investment into the convertible bond were fully impaired, leading to a total impairment relating to HelloFreshGO of MEUR (7.4) during the year. HelloFreshGO has been confronted with a lower demand than expected due to work-from-home environment during large parts of the year 2020 and 2021. The Group performed a sensitivity analysis to determine the possible impacts of the changes in the discount rate and terminal value growth rate. A change of +/- 0.5% in the terminal value growth rate and discount rate would lead to a potentially lower impairment of MEUR 2.2 and MEUR 2.5, respectively.

9. Goodwill

In the following we have disclosed the allocation of goodwill for reporting units as well as the development in 2021 (in millions of Euro):

CGU/Group of CGU	Jan 1, 2021	Initial consolidation	Currency translation effects	Dec 31, 2021
Operations of Benelux	4.6	—	—	4.6
Operations of USA	164.7	—	13.8	178.5
Operations of Canada	37.2	—	3.2	40.4
Operations of Australia	—	51.0	(0.5)	50.5
Total	**206.6**	**51.0**	**16.4**	**274.1**

Each goodwill is assigned to the cash-generating unit (CGU)/group of cash-generating units which is expected to benefit from the acquisition. The goodwill for Green Chef Corp. is allocated to the combined operations of the United States and the goodwill for Cool Delivery B.V. is allocated to the combined operations of the Netherlands, Belgium, Luxembourg and France. The goodwill for the Chef's Plate Inc. acquisition is allocated to the combined operations of Canada. The goodwill for the Factor75 acquisition is allocated to and tested on the USA CGU. The goodwill from the YouFoodz acquisition is allocated to YouFoodz CGU and tested on the combined operations of Australia.

There has been no change in the process of identification of CGUs/group of CGUs in the current year.

According to IAS 36 a goodwill must be tested for impairment annually. The annual impairment tests are generally performed as of 31st October.

The key assumptions used in the estimation of value in use were as follows:

	31 December 2021			31 December 2020	
In millions of EUR	Canada	USA	Australia	Canada	USA
Discount Rate	7.6%	7.2%	7.9%	10.3%	8.0%
Terminal Value Growth rate	1.0%	1.0%	1.0%	1.0%	1.0%

The Group determines the discount rate for the cash-generating units based on weighted average cost of capital (WACC) and the capital asset pricing model (CAPM). This includes the determination of a risk- free rate, country risk premiums and a spread for credit risk for the respective business-specific peer groups. Additionally, the calculation considers capital structure and beta factor of the respective peer group as well as the average tax rates of each CGU. As a result, for the CGUs/group of CGUs for which impairment was tested, a post-tax discount rate mentioned above was determined. As we have assumed 100% equity financing for the purpose of this WACC calculation, pre-tax WACC equals to post-tax WACC.

The recoverable amounts for the CGUs/group of CGUs were calculated based on the concept of value in use. In assessing the value in use, the estimated future cash flows are based on detailed budgets and forecast calculations for the CGUs/group of CGUs. These budgets and forecast calculations cover a period of three years. The cash flows after the three-year period are extrapolated on the assumption of a growth rate, which is derived from the assumed average market or industry growth rate of the CGUs/group of CGUs. Based on this extrapolation a terminal value is determined. The underlying management forecast reflects the current performance and management's best possible estimates on the future development for the CGU/group of CGUs.

The annual impairment test did not uncover any indication for goodwill impairment as of 31 December 2021. This result would not change when considering any reasonably possible change in the key assumptions.

10. Property, Plant and Equipment

Included within plant and machinery are leasehold improvements for office premises and fulfilment centers, including cooling equipment, as well as motor vehicles. Right-of-use-assets reflect leases recorded under IFRS 16. Furniture, fixtures and other equipment include warehouse and office furniture and fixtures, as well as computer hardware. The additions from business combinations are related to assets acquired in context of the YouFoodz acquisition.

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

Statement of movements of property, plant and equipment in 2021

in MEUR	Land and buildings	Plant and machinery	Right-of-use assets	Furniture, fixtures and other equipment	Assets under construction	Total
Historical cost						
As of Jan 1, 2021	5.4	116.1	169.4	37.9	21.3	350.1
Additions	1.3	79.8	181.2	36.5	111.3	410.1
Additions from business combinations	—	1.9	5.2	3.0	1.6	11.7
Disposals	—	(1.0)	(9.8)	(1.2)	—	(12.0)
Reclassifications	—	43.2	—	2.9	(46.1)	—
Differences from foreign currency translation	0.5	8.9	8.9	2.7	0.8	21.8
As of Dec 31, 2021	**7.2**	**248.9**	**354.9**	**81.8**	**88.9**	**781.7**
Depreciation						
As of Jan 1, 2021	—	32.2	40.4	14.4	—	87.0
Additions	0.2	23.0	41.1	12.1	—	76.4
Additions from business combinations	—	1.4	3.4	0.1	—	4.9
Disposals	—	(1.1)	(9.8)	(0.8)	—	(11.7)
Differences from foreign currency translation	—	2.4	2.8	1.3	—	6.5
As of Dec 31, 2021	**0.2**	**57.9**	**77.9**	**27.1**	**—**	**163.1**
Carrying amounts						
As of Jan 1, 2021	5.4	83.9	129.0	23.5	21.3	263.1
As of Dec 31, 2021	7.0	191.0	277.0	54.7	88.9	618.6

Statement of movements of property, plant and equipment in 2020

in MEUR	Land and buildings	Plant and machinery	Right-of-use assets	Furniture, fixtures and other equipment	Assets under construction	Total
Historical cost						
As of Jan 1, 2020	—	79.0	124.3	23.5	2.6	229.4
Additions	—	37.5	46.8	16.0	25.4	125.7
Application of IFRIC - IBR	—	—	3.0	—	—	3.0
Additions from business combinations	5.4	5.0	1.4	0.1	—	11.9
Disposals	—	(2.3)	(3.7)	(1.1)	—	(7.1)
Reclassifications	—	4.4	—	1.2	(5.6)	—
Differences from foreign currency translation	—	(7.5)	(2.4)	(1.8)	(1.1)	(12.8)
As of Dec 31, 2020	**5.4**	**116.1**	**169.4**	**37.9**	**21.3**	**350.1**
Depreciation						
As of Jan 1, 2020	—	21.6	19.0	9.2	—	49.8
Additions	—	13.0	24.2	6.0	—	43.2
Application of IFRIC - IBR	—	—	0.4	—	—	0.4
Additions from business combinations	—	0.6	—	—	—	0.6
Disposals	—	(0.2)	(3.8)	(0.7)	—	(4.7)
Reclassifications	—	—	—	—	—	—
Differences from foreign currency translation	—	(2.8)	0.6	(0.1)	—	(2.3)
As of Dec 31, 2020	**—**	**32.2**	**40.4**	**14.4**	**—**	**87.0**
Carrying amounts						
As of Jan 1, 2020	—	57.4	105.3	14.3	2.6	179.6
As of Dec 31, 2020	5.4	83.9	129.0	23.5	21.3	263.1

Depreciation included in the consolidated statement of comprehensive income is split as follows:

in MEUR	2021	2020
Included in fulfilment expenses:	61.1	32.0
Included in marketing expenses:	1.6	1.3
Included in general and administrative expenses:	13.7	9.9
Total	**76.4**	**43.2**

11. Intangible Assets

Intangible assets mainly relate to: (i) the Factor75 and YouFoodz brands and customer base acquired in the context of the Factor75 and YouFoodz acquisition; and (ii) internally generated software for internal use, which comprises many proprietary software applications within our order management, fulfilment, marketing and data activities. Costs relating to the development are capitalized when those meet the requirements of IAS 38 “Intangible Assets”. Furthermore, impairments as well as amortization reviews are done on a annually basis.

The internally generated software will start to be amortized once the asset is ready for use or a certain phase of the development has been successfully completed.

Movements in the carrying amount of intangible assets in 2021 were as follows:

Statement of movements of intangible assets in 2021

in MEUR	Internally developed software	Software licenses, trademarks, patents and other intangibles	Assets under construction	Total
Historical cost				
As of Jan 1, 2021	13.5	45.6	12.9	72.0
Additions	1.1	1.6	14.7	17.4
Additions from business combinations	1.5	24.7	—	26.2
Reclassification	4.5	—	(4.5)	—
Differences from foreign currency translation	0.1	3.3	—	3.4
As of Dec 31, 2021	**20.7**	**75.2**	**23.1**	**119.0**
Amortization				
As of Jan 1, 2021	9.7	4.0	—	13.7
Additions	3.0	17.4	—	20.4
Additions from business combinations	0.7	2.0	—	2.7
Differences from foreign currency translation	0.1	(0.5)	—	(0.4)
As of Dec 31, 2021	**13.5**	**22.9**	**—**	**36.4**
Carrying amounts				
As of Jan 1, 2021	3.8	41.6	12.9	58.3
As of Dec 31, 2021	7.2	52.3	23.1	82.6

Statement of movements of intangible assets in 2020

in MEUR	Internally developed software	Software licenses, trademarks, patents and other intangibles	Assets under construction	Total
Historical cost				
As of Jan 1, 2020	11.3	8.4	5.2	24.8
Additions	0.9	0.3	9.0	10.2
Additions from business combinations	—	36.7	—	36.7
Reclassifications	1.3	—	(1.3)	—
Differences from foreign currency translation	—	0.2	—	0.2
As of Dec 31, 2020	**13.5**	**45.6**	**12.9**	**72.0**
Amortization				
As of Jan 1, 2020	7.4	2.2	—	9.6
Additions	2.1	1.7	—	3.8
Differences from foreign currency translation	0.2	0.1	—	0.3
As of Dec 31, 2020	**9.7**	**4.0**	**—**	**13.7**
Carrying amounts				
As of Jan 1, 2020	3.8	6.2	5.2	15.2
As of Dec 31, 2020	3.8	41.6	12.9	58.3

HelloFresh capitalized MEUR 17.3 of own-developed software in the year to 31 December 2021 (2020: MEUR 9.9).

Amortization included in the consolidated statement of comprehensive income is split as follows:

in MEUR	2021	2020
Included in fulfilment expenses	0.7	0.5
Included in general and administrative expenses	19.7	3.3
Total	**20.4**	**3.8**

12. Inventories

Inventories are comprised as follows:

in MEUR	31 December 2021	31 December 2020
Ingredients	180.3	91.5
Packaging Material	32.0	19.0
Other	8.1	3.2
Total Inventories	**220.4**	**113.7**

Ingredients represent primarily products with a relatively longer shelf life and, in the US, also frozen proteins. Inventories have increased somewhat more than revenue growth of the Group as compared to previous period, driven by, among other factors, an increased offering of recipes and market items and the aim to secure supply in a Covid-impacted environment. Fresh ingredients are usually delivered to the customers within a few days and are therefore recognized in profit and loss in a timely manner.

During the year, inventories that were expensed totaled MEUR 1,816.0 (2020: MEUR 1,201.2). Write-downs on inventories recognized in profit and loss during the year amount to MEUR 10.0 (2020: MEUR 2.6).

13. Cash and Cash Equivalents

Cash and cash equivalents are comprised as follows:

in MEUR	31 December 2021	31 December 2020
Cash at bank and on hand	682.2	710.9
Cash equivalents	144.9	18.1
Cash and cash equivalents	**827.1**	**729.0**

As of 31 December 2021 and any previous year, there were no overdraft positions. Cash balances that are restricted are not included within Cash and Cash Equivalents, but within current and non-current other financial assets. The increase in cash balances is a result of the overall operating performance of the Group.

In addition to cash at banks, the balance for cash at bank and on hand as of 31 December 2021 also contains balances held by payment service provider (PSPs) amounting to MEUR 31.0 (2020: MEUR 6.3) if they fulfill the criteria for presentation as cash. PSPs are financial institutions that perform payment processing services for the Group.

For balances held by PSPs, the Company has appropriate safeguards in place by actively managing its exposure to credit risk through its selection and continued monitoring of the credit rating of its payment service providers. The Group uses segregated accounts and frequently transfers the funds collected on its behalf to its bank accounts. All balances are immediately due and paid out on a regular basis every few days as agreed with the payment service providers.

Cash equivalents consist of short-term deposits. For further information reference is made to NOTE 14.

14. Financial Instruments

With the exception of two financial assets, included within other financial assets (non-current), the majority of financial assets held by the Group are measured at amortized cost according to IFRS 9. Please refer to the accounting policies in NOTE 3. Management assessed that for those assets measured at amortized cost, which include trade receivables, other financial assets, cash and cash equivalents, trade payables, and other financial liabilities, their fair values approximate their respective carrying amounts largely due to short-term maturities of these instruments. Long term deposits and restricted cash approximate their carrying amounts as they bear interest at market rates.

All financial assets are disclosed below:

in MEUR	31 December 2021	31 December 2020
Other financial assets (non-current)	27.0	20.8
Trade receivables	21.4	28.8
Other financial assets (current)	11.3	6.5
Cash and cash equivalents	827.1	729.0
Total	**886.8**	**785.1**

Other financial assets (non-current) have slightly increased in 2021 as compared to 2020. The increase results from an equity investment in shares of ChefMarket LLC of MEUR 3.0 which is designated at Fair Value through Other Comprehensive Income (Level 2) as the Company intends to hold this investment for the long-term in order to gain market insights. This is partially offset by a reduction in rent deposits. Further, they also comprise MEUR 6.2 of future lease payment receivables from sub-leases where HelloFresh is the sub-lessor and the remaining balance mainly consists of restricted cash balances. Restricted cash balances are mainly comprised of cash deposits and collateral for letters of credit with respect to lease agreements. Restricted cash is measured at amortized cost and presented at face value.

Interest earned from sub-leases and short term and low value rent expenses for the year is as follows:

In MEUR	2021	2020
Interest earned on subleases	0.3	0.4
Expense relating to low value assets and short-term leases	(12.8)	(8.4)

Other financial assets (current) include a receivable of MEUR 2.9 (2020: MEUR 4.1) from the sale of tax credits to a third party as well as deposits to lessors and marketing agencies. The tax credit has been granted to the Group for relocating to and expanding operations in Newark, New Jersey by the New Jersey Economic Development Authority (NJEDA) under the Grow New Jersey Assistance Program. These tax credits, which were granted in 2015, amount to a total maximum of MUSD 28.7 and will be earned over a ten-year term. Receipt of the tax credits is dependent upon compliance with certain requirements related to capital investment as well as job creation and retention targets over a period of 15 years. HelloFresh has signed an agreement with a third party to sell such credits, pending tax credit transfer certificate from NJDEA, for 93 Cents on the Dollar. Therefore, HelloFresh is not required to generate sufficient taxable income in the state of New Jersey to benefit from the tax credits.

Cash and cash equivalents have increased significantly to MEUR 827.1 (2020: MEUR 729.0) due to the factors described in NOTE 13 .

Trade receivables have somewhat decreased in 2021 due to the timing of customer payment runs at year end. The carrying amount is MEUR 21.4 as of 31 December 2021 (2020: MEUR 28.8). The Group has recorded an allowance for uncollectible amounts of MEUR 15.8 (2020: MEUR 7.8). In total, bad debt expense for receivables written off recognized within other operating expenses for the year ended 31 December 2021 was MEUR 27.8 (2020: MEUR 11.3). The receivables written off mainly relate to the expected credit losses calculated based on historical data according to IFRS 9. New entities with no sufficient historical credit loss data and also smaller entities with no material amounts of trade receivables are excluded. The Group engages external dunning and collection agencies in certain countries, to support the collection of bad debts. Further information is included in NOTE 15 .

All financial liabilities are measured at amortized cost except the financial liability for contingent purchase price liability for the Factor75 acquisition which is accounted at fair value through profit and loss (Level 2) and the financial liability for NCI put options which is accounted at fair value through other comprehensive income (Level 2) at every reporting date.

All financial liabilities are disclosed below:

in MEUR	31 December 2021	31 December 2020
Other financial liabilities (non-current)	304.3	182.4
Trade payables	440.7	291.7
Other financial liabilities (current)	91.7	34.0
Long term debt	0.2	1.8
Convertible bond	155.0	149.6
Total	**991.9**	**659.5**

On 13 May 2020, HelloFresh SE issued a 5 year convertible bond of MEUR 175.0. The convertible bond bears a coupon rate of 0.75% payable semi-annually. It is split into two components, the debt component (84.9%) reported along with other debt instruments and the equity component (15.1%) reported in equity. The debt component of MEUR 155.0 is the present value of all the future payments discounted at 4.17% (4.5% credit spread together with a negative swap rate of (0.33)%). During the year 2021, total interest expense related to the convertible bond amounts to MEUR 6.7 (2020: MEUR 4.1).

Other financial liabilities (non-current and current) have increased in comparison to 2020. The majority of the amount includes leasing liabilities amounting to MEUR 257.0 (2020: MEUR 123.4) for more than 1 year and MEUR 49.5 (2020: MEUR 28.3) for less than 1 year respectively as well as MEUR 52.8 (2020: MEUR 48.5) of contingent purchase price liability for the acquisition of Factor75. Other financial liabilities also include MEUR 29.3 (2020: MEUR 13.8) as liability for NCI put options. The remaining balance of other financial liabilities (current) is related to interest payable on long-term debt and credit card liabilities.

Trade payables have increased to MEUR 440.7 in 2021 (2020: MEUR 291.7) reflecting the growth of the Group and primarily comprise balances payable to ingredient suppliers, carriers, partners providing warehousing, packaging providers and providers of marketing services.

There was no default in the payment of any of the financial liabilities.

Reconciliation of movement in liabilities to cash flow is as follows:

in MEUR	31 December 2020	Cash flows	Non-cash flow changes	31 December 2021
Long term debt	1.8	(1.6)	—	0.2
Convertible bond	149.6	—	5.4	155.0
Leasing liabilities	151.7	(25.4)	180.2	306.5
Contingent purchase price liability	48.5	—	4.3	52.8
NCI put options liability	13.8	—	15.5	29.3

15. Financial Risk Management

The risk management function within the Company is carried out in respect of financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits and ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures in order to minimize operational and legal risks. Risk management is carried out by a central finance and legal department under the control of management.

Credit Risk

Credit risk is defined as the possibility of a customer not fulfilling its commitments towards the Group. Exposure to credit risk arises as a result of the sale of products offering various payment methods and other transactions with counterparties giving rise to financial assets. On account of the type of business, exposure to credit risk with commercial counterparties is limited because cash is usually received at the time of the sale or delivery or up to 14 days after the order. However, certain receivables have lower collectability rates and are subject to a higher level of credit risk due to the corresponding payment method used.

The Company's maximum exposure to credit risk by class of assets is as follows:

in MEUR	31 December 2021	31 December 2020
Other financial assets (non-current)	27.0	20.8
Trade Receivables	21.4	28.8
Other financial assets (current)	11.3	6.5
Cash and cash equivalents	827.1	729.0
Total	**886.8**	**785.1**

The Company structures the levels of credit risk undertaken by placing limits on the amount of risk accepted in relation to counterparties or groups of counterparties. Limits on the level of credit risk are approved regularly by management. Such risks are monitored on a revolving basis and are subject to an annual or more frequent review.

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

The Company utilizes a number of different banks to address the counterparty risk on its cash balances and restricted cash balances included within other financial assets. The Company only holds cash with large international banks of high reputation which are rated investment grade or better by Rating Agencies as of the date of these financial statements. The Company's treasury policy provides guidance and maximum thresholds what maximum amounts of cash can be held with a single institution.

The composition of trade receivables by geographic location of amounts due from businesses such as marketing portals ('B2B') and customers net of any allowances for uncollectible amount was as follows:

Trade receivables

	31 December 2021										
Category	Australia	New Zealand	Canada	Germany (incl. Austria)	Netherlands (incl Belgium & Luxembourg)	France	Switzerland	Nordic countries	United Kingdom	United States of America	Total
B2B	5.0	—	0.8	0.6	1.0	—	—	0.2	1.6	0.7	**10.3**
Customers	1.8	0.3	—	0.5	0.5	0.2	0.1	0.1	1.3	5.7	**10.5**
PSP	—	—	—	0.6	—	—	—	—	—	—	**0.6**
Total	**6.8**	**0.3**	**0.8**	**1.7**	**1.5**	**0.2**	**0.1**	**0.3**	**2.9**	**6.4**	**21.4**

	31 December 2020										
Category	Australia	New Zealand	Canada	Germany (incl. Austria)	Netherlands (incl Belgium & Luxembourg)	France	Switzerland	Nordic countries	United Kingdom	United States of America	Total
B2B	—	—	0.7	0.3	0.6	—	—	0.3	0.4	5.3	**7.6**
Customers	3.0	0.2	—	0.2	0.6	0.1	—	1.9	0.3	0.3	**5.0**
PSP	0.3	0.1	3.2	1.7	3.4	0.5	0.3	1.1	5.0	0.6	**16.2**
Total	**3.3**	**0.3**	**3.9**	**2.2**	**4.6**	**0.6**	**0.3**	**3.3**	**5.7**	**6.2**	**28.8**

As of 31 December 2021, the balance due from payment service providers ("PSP") included within Trade Receivables totaled MEUR 0.6 (2020: MEUR 16.2) as the majority of the balance is now included within cash. Refer to NOTE 13 for further information.

As at 31 December 2021 amounts due from customers of MEUR 10.5 (2020: MEUR 5.0) and amounts due from other businesses are MEUR 10.3 (2020: MEUR 7.6). The former are subject to higher credit risk and therefore monitored and, in certain cases, pursued by an external collection agency. All boxes shipped to customers are immediately due for payment. Management regularly reviews these receivables and decides on write-offs on an individual basis. During the year ended 31 December 2021 trade receivables of MEUR 27.8 (2020: MEUR 11.3) were written off in the ordinary course of business. These written off receivables mainly relate to the measurement of expected credit losses according to IFRS 9.

In the regular course of business, the Company makes deposits with various counterparties to commercial agreements.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Management monitors cash balances and movements in cash on a weekly basis.

The Group seeks to maintain a stable funding base through our customer payments and by optimizing the cash flow from operations. As of 31 December 2021 the Group's current assets of MEUR 1,153.1 (2020: MEUR 922.0) exceeded current liabilities of MEUR 825.3 (2020: MEUR 519.8) by an amount of MEUR 327.8 (2020: MEUR 402.2). The Group's cash flow from operations in 2021 was a positive MEUR 458.6 (2020: MEUR 601.5). The Group held a cash position of MEUR 827.1 (2020: MEUR 729.0) at 31 December 2021. In addition, the Group has MEUR 280.7 of an undrawn revolving credit facility freely available at 31 December 2021.

As at 31 December 2021, the Group's non-current financial liabilities (other than the convertible bond) total MEUR 0.2 (2020: MEUR 1.8) which is comprised of long-term debt of MEUR 0.2 (2020: MEUR 1.8). In addition, the Group has issued a convertible bond of MEUR 175.0, of which MEUR 155.0 are recognized as debt . As of 31 December 2021, the Group's current financial liabilities, consisting primarily of trade payables, amounted to MEUR 539.5 (2020: MEUR 358.5) and were due within 30 days for both periods.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted cashflows:

Year ended 31 December 2021	Under 1 year	1 to 5 years	> 5 years	Total	Carrying amount
Trade payables	440.7	—	—	440.7	440.7
Other financial liabilities (current)	42.2	—	—	42.2	42.2
Lease Liabilities (current and non-current)	56.6	171.9	114.3	342.8	306.5
Term loan	—	—	—	—	—
Convertible bond	—	175.0	—	175.0	155.0
Total	**539.5**	**346.9**	**114.3**	**1,000.7**	**944.4**

Year ended 31 December 2020	Under 1 year	1 to 5 years	> 5 years	Total	Carrying amount
Trade payables	291.7	—	—	291.7	291.6
Other financial liabilities (current)	34.0	—	—	34.0	34.0
Lease Liabilities (current and non-current)*	32.8	97.4	37.6	167.8	151.7
Term loan	—	1.8	—	1.8	1.8
Convertible bond	—	175.0	—	175.0	149.6
Total	**358.5**	**274.2**	**37.6**	**670.3**	**628.7**

*adjusted

Please refer to financial instruments in NOTE 14 and risk report within the management report for further information on liquidity risk.

Market Risk

The Company takes on exposure to market risks. Market risk is the risk that changes in market prices, such as the achievable selling prices for goods or the price level for food and other merchandise will affect the Group's results of operations or the value of the financial instruments held. Market risks also arise from exposure to transactions in foreign currencies. Management sets limits on the value of risk that may be accepted, which are monitored on a regular basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Sensitivities to market risks included below are based on a change in a factor while holding all other factors constant. In practice this is unlikely to occur and changes in some of the factors may be correlated – for example changes in interest rates and changes in foreign currency rates.

a) Currency Risk

Currency risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. The Company operates internationally through local operating subsidiaries. These subsidiaries predominantly execute their operating activities in their respective functional currencies. The Group has assessed the sensitivity to a reasonably possible change in the closing exchange rate of the Euro against significant currencies with all other variables held constant. The sensitivities are based on financial assets and financial liabilities held at the end of the reporting period where balances are not denominated in the functional currency of the entity. The Group level currency exposure is the basis for the sensitivity analysis. Assuming Euro to appreciate or depreciate 10% against all other currencies in which the Group deals, the impact on the profit /(loss) would be:

	EUR +/- 10% change	
ISO Code / in MEUR	31-Dec-21	31-Dec-20
AUD	+/-13.3	+/-5.5
CAD	+/-6.1	+/-4.3
CHF	+/-0.6	+/-0.4
DKK	+/-1.7	+/-0.3
GBP	+/-8.7	+/-4.0
JPY	+/-0.8	N/A
NOK	+/-1.9	N/A
NZD	+/-2.4	+/-1.9
PHP	+/-0.1	+/-0.1
SEK	+/-1.9	+/-1.2
USD	+/-23.7	+/-4.9
Total	**+/-61.2**	**+/-22.7**

b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates was relating primarily to the Group's revolving credit facility, where an interest margin is applied to the floating EURIBOR base rate. As on 31 December 2021, the revolving credit facility is largely undrawn, so the interest rate risk is not material. The convertible bond issued by the Group during 2020 has a fixed coupon rate and has no interest rate risk as it does not change due to changes in the EURIBOR base rate. In our view there is no meaningful interest rate risk involved for the IFRS 16 interest charges as any change in incremental borrowing rate used for the leases have a direct impact on the corresponding lease liability and right of use of asset.

16. Other Non-Financial Assets

Non-current other non-financial assets did not change significantly compared to 2020 (MEUR 0.6) and amount to MEUR 0.4 in 2021.

As of 31 December 2021, current other non-financial assets amounted to MEUR 72.9 (2020: MEUR 44.0) which is primarily related to VAT receivables (2021: MEUR 28.5; 2020: MEUR 20.1) and prepaid expenses (2021: MEUR 40.9; 2020: MEUR 22.8).

17. Other Non-Financial Liabilities

The change in other non-current non-financial liabilities as compared to previous year (2021: MEUR 0.9; 2020: MEUR 9.1) is due to the accrued balance of the Group's portion of social security taxes in the US, which had been included in the balance in 2020.

As at 31 December 2021, current other non-financial liabilities amount to MEUR 80.2 (2020: MEUR 48.5) and are primarily related to VAT payables (2021: MEUR 15.4; 2020: MEUR 8.8) and accruals for employee benefits (2021: MEUR 61.2;

2020: MEUR 37.3). Deferred revenue, which is presented separately in the financial statements, amounts to MEUR 103.7 (2020: MEUR 73.3).

18. Share Capital and Capital Reserves

	Ordinary Share capital		Capital reserves		
in MEUR	Number of shares (in pcs)	Nominal amount (in MEUR)	Additional capital paid in (in MEUR)	Transaction costs (in MEUR)	Total (in MEUR)
As of Jan 1, 2021	**173,864,414**	**173.9**	**481.5**	**(9.8)**	**471.7**
Issue of ordinary share capital	77,864	0.1	1.1	—	1.1
Equity portion of convertible bond		—	—	—	—
Non controlling interest put options		—	—	—	—
At 31 December 2021	**173,942,278**	**174.0**	**482.6**	**(9.8)**	**472.8**

	Ordinary Share capital		Capital reserves		
in MEUR	Number of shares (in pcs)	Nominal amount (in MEUR)	Additional capital paid in (in MEUR)	Transaction costs (in MEUR)	Total (in MEUR)
As of Jan 1, 2020	**164,621,699**	**164.6**	**455.1**	**(9.8)**	**445.3**
Issue of ordinary share capital	9,242,715	9.2	4.9	—	4.9
Equity portion of convertible bond	—	—	26.0	—	26.0
Non controlling interest put options	—	—	(4.5)	—	(4.5)
As of Dec 31, 2020	**173,864,414**	**173.9**	**481.5**	**(9.8)**	**471.7**

As at 31 December 2021, the issued registered share capital is 173,942,278 (2020: 173,864,414) shares of which 231,954 (2020: 306,751) are held as treasury shares. The management board, with the consent of the supervisory board, is authorized to increase the registered share capital, after partial exhaustion, until 10 October 2022 further up to 50,926,467 shares (Authorized Capital 2017/I) and until 25 May 2026 by up to 13,541,434 shares (Authorized Capital 2021/I). The share capital of the Company is conditionally increased by up to a further 5,000,000 shares to serve the granting of shares on the exercise of conversion or option rights or the fulfilment of conversion or option obligations to the holder or creditor of convertible bonds, warrant bonds, profit participation rights and / or income bonds (or a combination of these instruments) (Conditional Capital 2018/II). The share capital of the Company is conditionally increased by up to further 17,386,441 shares to serve the granting of shares upon the exercise of conversion or option rights or upon the fulfilment of conversion or option obligations to the holders or creditors of convertible bonds, bonds with warrants, profit participation rights and / or participating bonds (or a combination of these instruments) (Conditional Capital 2021/I).

The increase of equity in 2021 was mainly due to the exercise of employee call options and RSU by some beneficiaries. Consequently, the Company's share capital increased by 77,864 shares to 173,942,278 shares. This capital increase was entered into the commercial register. In addition, the Company settled certain exercised options through treasury shares.

The Company utilized the proceeds to settle all exercised option which largely resulted in an increase of capital reserves by the amount of MEUR 1.1.

In agreement with the Supervisory Board, the Management Board proposes that the accumulated profit of the parent company HelloFresh SE of MEUR 204.1 to be carried forward to the next financial year.

Convertible bond

On 13 May 2020 HelloFresh SE issued a 5 years convertible bond of MEUR 175.0 with a coupon rate of 0.75% payable semi-annually. The convertible bond is split into two components. The debt component (84.9%) is reported along with other debt instruments and the equity component (15.1%) is reported in capital reserves. The debt component is the present value of all future payments discounted at the prevailing market rate of 4.17% (4.5% credit spread with swap rate of 0.33%). The difference between the present value of all future payments (MEUR 146.3) and the total issue (MEUR 175.0) represents the equity component (MEUR 26.0). The transaction costs for the issue of the convertible bond amount to MEUR 2.7.

19. Provisions

Current provisions of MEUR 26.2 as of 31 December 2021 (2020: MEUR 17.2) relate to risks resulting from litigations in which HelloFresh has been named as defendant, tax risks and customer refunds. The provisions for legal risks mainly result from a case regarding consumer protection laws in the US of MEUR 12.1 (2020: MEUR 11.5). The underlying claims contain certain cases of alleged breaches of data privacy frameworks such as the CCPA (California) and other consumer protection laws in the US. Based on the current status of these cases, the Company is confident that any potential settlement amounts would not meaningfully exceed the amounts provisioned. The increase in provisions in 2021 mainly results from an increase in the provision for tax risks, including sales tax, from MEUR 1.6 to MEUR 5.9 and higher provision for refunds and customer credits of MEUR 5.3 (2020: MEUR 3.4) due to the increase in orders year-on-year.

The non-current provisions for the year 2021 amounts to MEUR 10.2 (2020: MEUR 0.7) and is related to estimated restoration costs of leased premises to reinstate their original condition at the end of the respective lease terms.

20. Share-Based Compensation

The total share-based payment expense recognized within employee benefit expenses is disclosed below. All equity-settled plans are recognized distinctively in other reserves which as of 31 December 2021 amounted to MEUR 25.6.

in MEUR	2021	2020
Equity-settled plans	25.6	24.0
Total	**25.6**	**24.0**

During the year ended 31 December 2021, the Group operated two share-based compensation schemes under which new awards were granted, the Virtual Stock Option Program 2019 and Restricted Stock Unit Program 2019. None of the awards expired during the year.

Management has employed the "Black and Scholes Option Model" method in order to calculate the theoretical fair values of the Virtual Stock Option Programs. Please refer to NOTE 4.

Inputs into the model	2021	2020
Value per common share (EUR)	71.00 - 86.50	22.15 - 62.25
Exercise price (EUR)	71.00 - 86.50	22.15 - 62.25
Grant date fair value	26.03 - 28.46	7.1 - 21.66
Expected volatility	42.6% - 49.0%	35.7% - 46.4%
Expected term (in years)	4	4
Expected dividend yield	Nil	Nil
Risk-free interest rate	(0.7%)	0.0%

The Company treats all outstanding share-based compensation schemes as equity settled. The following overview summarizes all share-based compensation schemes with existing outstanding grants as of 31 December 2021:

Virtual Stock Option Program 2016 (VSOP 2016)

	2021 Number of awards	2021 WAEP (EUR)	2020 Number of awards	2020 WAEP (EUR
Number of awards outstanding at the beginning of the year	**2.6**	**9.38**	**2.6**	**9.42**
Granted during the year	—	—	—	—
Forfeited during the year	0.0	11.59	0.0	12.14
Exercised during the year	(0.1)	10.46	—	—
Number of awards outstanding at the end of the year	**2.5**	**10.25**	**2.6**	**9.38**

*Following the second amendment issued under VSOP 2016, please see below.

The weighted average remaining contractual life for the options outstanding as at 31 December 2021 was 5.5 years.

Out of the 2.5 million awards outstanding for the VSOP 2016 as at 31 December 2021, 1.9 million awards exercisable. After the end of the waiting period, all the outstanding grants can be exercised in the range of EUR 7.69 - EUR 20.83.

Under this plan, which was initiated in 2016, eligible employees and members of the management board of the Company and its subsidiaries receive share appreciation rights. The settlement amount depends on the development of the share price of the shares of the Company. The awards contain non-market performance conditions related to the achievement of revenue and adjusted EBITDA targets of the Company or its subsidiaries in 2018, however awards that were granted in March and April 2018 under VSOP 2016 are related to the achievement of revenue and adjusted EBITDA targets of the Company or its subsidiaries in 2019.

The awards vest over a period of four years and are exercisable after a four-year overlapping waiting period for up to six years after the lapse of the waiting period. The Company is entitled, at its sole discretion, to deliver (in full or in part) shares in the Company upon exercise of the awards, provided that the shareholders have lawfully resolved on the acquisition or divestiture of treasury shares, a contingent capital or an authorized capital for such purposes. It is the Company's intention to settle these awards in equity to the extent legally permissible.

The Company granted the last awards under the VSOP 2016 plan, on 31 March 2018 and 13 April 2018 after which no further awards were granted under this scheme. All awards in HelloFresh SE post 13 April 2018 were granted under the new programs; Virtual Stock Option Program 2018, Virtual Stock Option Program 2019, Restricted Stock Unit Program 2018 and Restricted Stock Unit Program 2019, see below.

Virtual Stock Option Program 2018 (VSOP 2018)

	2021 Number of awards	2021 WAEP (EUR)	2020 Number of awards	2020 WAEP (EUR)
Number of awards outstanding at the beginning of the year	**3.4**	**8.83**	**3.6**	**8.91**
Granted during the year	—	—	—	—
Forfeited during the year	(0.1)	10.05	(0.2)	10.45
Number of awards outstanding at the end of the year	**3.3**	**8.80**	**3.4**	**8.83**

The weighted average remaining contractual life for the options outstanding as at 31 December 2021 was 7.1 years.

Out of the 3.3 million awards outstanding as at 31 December 2021, none were exercisable. After the end of waiting period, all the outstanding grants can be exercised in the range of EUR 7.25 - EUR 18.60.

Under this plan, which was initiated in 2018, eligible employees and members of the management board of the Company and its subsidiaries receive share appreciation rights. The settlement amount depends on the development of the share price of the shares of the Company. The awards contain non-market performance conditions related to the achievement of revenue and adjusted EBITDA targets of the Company or its subsidiaries. For all the employees awards granted in 2018, target achievement in financial year 2019 is relevant and for the awards granted in 2019, financial year 2020 is the relevant year. For the awards granted to the management board in 2018, target year for conditions related to the achievement of revenue and adjusted EBITDA targets of the Company is 2021 and for the awards granted in 2019, financial year 2021 is the target year . Given the strong development of the company between 2019 and 2021, the revenue and adjusted EBITDA targets have been fully achieved. The awards vest over a period of four years and are exercisable after a four-year overlapping waiting period for up to six years after the lapse of the waiting period. The Company is entitled, at its sole discretion, to deliver (in full or in part) shares in the Company upon exercise of the awards, provided that the shareholders have lawfully resolved on the acquisition or divestiture of treasury shares, a contingent capital or an authorized capital for such purposes. It is the Company's intention to settle these awards in equity to the extent legally permissible.

Virtual Stock Option Program 2019 (VSOP 2019)

	2021 Number of awards	2021 WAEP (EUR)	2020 Number of awards	2020 WAEP (EUR)
Number of awards outstanding at the beginning of the year	**1.4**	**23.13**	**—**	**—**
Granted during the year	0.8	75.18	1.4	23.13
Forfeited during the year	(0.2)	40.68	—	—
Number of awards outstanding at the end of the year	**2.0**	**41.54**	**1.4**	**23.13**

The weighted average remaining contractual life for the options outstanding as at 31 December 2021 was 8.5 years.

Out of the 2.00 million awards outstanding as at 31 December 2021, none were exercisable. After the end of waiting period, all the outstanding grants can be exercised in the range of EUR 22.15 - EUR 86.50.

Under this plan, which was approved in 2019, eligible employees and members of the management board of the Company and its subsidiaries receive share appreciation rights. The first grants under this plan were executed in 2020. The settlement amount depends on the development of the share price of the shares of the Company. The awards contain non-market performance conditions related to the achievement of revenue and adjusted EBITDA targets of the Company or its subsidiaries. For all the employees awards granted in 2020, target achievement in financial year 2021 is relevant and for the awards granted in 2021, financial year 2022 is the relevant year. For the awards granted to the management board in 2020, target year for conditions related to the achievement of revenue and adjusted EBITDA targets of the Company is 2022 and for the awards granted in 2021, financial year 2023 is the target year. The awards vest over a period of three years and are exercisable after a four-year overlapping waiting period for up to six years after the lapse of the waiting period. The Company is entitled, at its sole discretion, to deliver (in full or in part) shares in the Company upon exercise of the awards, provided that the shareholders have lawfully resolved on the acquisition or divestiture of treasury shares, a contingent capital or an authorized capital for such purposes. It is the Company's intention to settle these awards in equity to the extent legally permissible.

Restricted Stock Unit Program 2018 (RSUP 2018)

	2021 Number of awards	2020 Number of awards
Number of awards outstanding at the beginning of the year	**0.1**	**0.8**
Granted during the year		—
Forfeited during the year		—
Exercised during the year	(0.1)	(0.7)
Number of awards outstanding at the end of the year	**—**	**0.1**

As of 31 December 2021, all the outstanding awards were exercised. The Weighted Average Share Price on date of exercise was EUR 60.28.

Under this plan, which was initiated in 2018, eligible employees and members of the management board of the Company and its subsidiaries receive share appreciation rights. The settlement amount depends on the development of the share price of the shares of the Company. The awards vest over a period of 12 months. The Company is entitled, at its sole discretion, to deliver (in full or in part) shares in the Company upon exercise of the awards, provided that the shareholders have lawfully resolved on the acquisition or divestiture of treasury shares, a contingent capital or an authorized capital for such purposes. It is the Company's intention to settle these awards in equity to the extent legally permissible.

Restricted Stock Unit Program 2019 (RSUP 2019)

	2021 Number of awards	2020 Number of awards
Number of awards outstanding at the beginning of the year	**0.6**	**—**
Granted during the year	0.4	0.6
Forfeited during the year	(0.1)	—
Exercised during the year	(0.5)	—
Number of awards outstanding at the end of the year	**0.4**	**0.6**

As of 31 December 2021, 0.5million awards were exercised. The Weighted Average Share Price on date of exercise was EUR 62.00.

Under this plan, which was approved in 2019, eligible employees and members of the management board of the Company and its subsidiaries receive share appreciation rights. The first grants under this plan were executed in 2020. The settlement amount depends on the development of the share price of the shares of the Company. The awards vest over a period of 12 months. The Company is entitled, at its sole discretion, to deliver (in full or in part) shares in the Company upon exercise of the awards, provided that the shareholders have lawfully resolved on the acquisition or divestiture of treasury shares, a contingent capital or an authorized capital for such purposes. It is the Company's intention to settle these awards in equity to the extent legally permissible

Virtual Option Programs 2013 - 2015

Starting in 2013, eligible participants were granted virtual options in the legal predecessors of the Company or their subsidiaries. The plans stipulate a choice for the Company between settling in cash or equity if, inter alia, a listing of the Company occurs. Following conversion of the legal form of the Company to a German stock corporation effective 2 November 2015 to a European Corporation (Societas Europaea), the Company was subjected to limitations on capital increase for settling of share option awards. Therefore, awards issued under these plans were reclassified as cash-settled awards as of 2015 as settlement in equity did not appear to be practicable due to legal restrictions. Due to further financing rounds up to 2017, the restrictions were lifted effectively from June 2017, all awards under these plans were reclassified back to equity-settled.

No further awards will be granted under these schemes.

The table below illustrates the number and weighted average exercise prices (WAEP) of, and movements in, virtual share awards. The number of options as well the weighted average exercise prices are stated in terms of shares in the Company to make the disclosure more meaningful.

In millions of awards	2021 Number of awards	2021 WAEP (EUR)	2020 Number of awards	2020 WAEP (EUR)
Number of awards outstanding at the beginning of the year	**0.17**	**—**	**0.17**	**0.00**
Granted during the year	—	—	—	—
Forfeited during the year	—	—	—	—
Exercised during the year	—	—	—	—
Number of awards outstanding at the end of the year	**0.17**	**0.00**	**0.17**	**0.00**

Of the 0.17 million awards outstanding as at 31 December 2021 (2020: 0.17 million), all were exercisable with an exercise price of EUR 0.000702, following the Company's Initial Public Offering, which took place on 2 November 2017.

Call Options

Starting in 2013, participants were granted share option awards in the legal predecessors of the Company. The plan is classified as equity-settled.

No further options will be granted under this scheme.

The table below illustrates the number and weighted average exercise prices of, and movements in, options related to shares in the Company. Call options awards are presented as granted in the period that service commencement and expense recognition have started.

In millions of awards	2021 Number of options	2021 WAEP (EUR)	2020 Number of options	2020 WAEP (EUR)
Number of awards outstanding at the beginning of the year	**0.03**	**9.82**	**8.60**	**2.19**
Forfeited during the year	—	0.00	—	—
Exercised during the year	(0.03)	12.50	(8.57)	2.16
Number of awards outstanding at the end of the year	**—**	**—**	**0.03**	**9.82**

As of 31 December 2021 all the Call options awards were exercised.

Share Awards - Subsidiaries

The number of awards outstanding for Share Awards – subsidiaries as at 31 December 2021 are 5342. Please refer to section for Non-controlling interests put options in NOTE 3.

21. Employee Benefit Expenses

The breakdown of the wages and salaries costs within the Statement of Comprehensive Income can be viewed below.

in MEUR	2021	2020
Included in procurement expenses:		
Wages and salaries	28.3	24.0
Social security costs	2.9	3.1
Share-based payment expense	1.0	0.9
Pension expense	0.3	0.1
Included in fulfilment expenses:		
Wages and salaries	400.2	199.8
Social security costs	42.8	39.3
Share-based payment expense	18.4	4.0
Pension expense	2.8	0.8
Included in marketing expenses:		
Wages and salaries	51.7	45.2
Social security costs	6.9	6.8
Share-based payment expense	0.8	3.0
Pension expense	0.8	0.3
Included in general and administrative expenses:		
Wages and salaries	103.1	65.7
Social security costs	12.5	9.5
Share-based payment expense	5.3	16.2
Pension expense	1.6	0.7
Total employee benefit expenses	**679.4**	**419.4**

22. Number of Employees

The number of employees is calculated based on the yearly average of FTEs.

	2021	2020
Australia	1,196	551
Belgium	87	—
Canada	578	356
Denmark	58	27
France	28	8
Germany	2,793	1,483
Italy	12	—
Japan	12	—
Netherlands	659	331
New Zealand	34	24
Norway	3	—
Philippinnes	501	214
Sweden	4	1
Switzerland	2	2
United Kingdom	1,826	634
United States	6,842	2,801
Total	**14,635**	**6,432**

23. Finance and Interest Results

Finance and interest income for the year is comprised as follows:

in MEUR	2021	2020
Interest income from borrowings & leasing	0.5	1.0
Currency translation gains	23.8	5.0
Income from revaluation of contingent purchase price liability	6.8	—
Total	**31.1**	**6.0**

Compared to 2020 currency translation gains have increased in 2021.

Finance and interest expense for the year is comprised as follows:

in MEUR	2021	2020
Interest expense	(20.0)	(10.0)
Currency translation loss	(0.4)	(13.0)
Financial expenses others	(7.1)	—
Total	**(27.5)**	**(23.0)**

Increase in interest expense on borrowings in 2021 is due to interest portion of Factor75 earnout revaluation MEUR 3.6 (2020: NIL), interest on convertible bond amounting to MEUR 6.7 (2020: MEUR 4.1) and interest on leasing liabilities MEUR 6.4 (2020: MEUR 4.6).

24. Income Taxes

Income tax expense recorded in profit or loss is comprised as follows:

in MEUR	2021	2020
Current tax expense	(121.0)	(66.6)
thereof current period	(124.1)	(66.8)
thereof previous periods	3.1	0.2
Deferred tax (expense)/income	(6.7)	39.9
Origination and reversal of temporary differences	(6.4)	4.7
Recognition of previously unrecognized tax losses	6.6	34.1
Reversal of previously recognized deferred tax assets	(7.2)	—
Recognition of previously unrecognized deductible temporary differences	0.3	1.1
Income tax expense	**(127.7)**	**(26.7)**

The income tax expense can be reconciled to the accounting profit (loss) as follows:

in MEUR	2021	2020
Profit before income tax	384.0	395.9
Tax using the tax rate applicable for HelloFresh headquarter	(115.9)	(119.5)
Tax effects of non-deductible expenses	(6.2)	(2.7)
Current tax benefit arising from previously unrecognized tax losses of a prior period used to reduce current tax expense	4.0	52.2
Non-recognition of deferred tax assets	(15.6)	(3.0)
Recognition of previously unrecognized deferred tax assets	6.9	35.2
Prior year current and deferred taxes	(0.7)	0.2
Tax effects on other tax rates	9.3	12.9
Tax effects on other tax base	(11.2)	—
Tax effects from outside basis differences	0.8	(0.8)
Other	0.9	(1.2)
Income tax expense for the year	**(127.7)**	**(26.7)**
Effective tax rate	**33.3%**	**6.7%**

HelloFresh uses the tax rate applicable in Germany (headquarter of HelloFresh) to calculate the expected tax expense. The applicable tax rate in Germany consists of corporate income tax, solidarity surcharge and trade tax and amounts to 30.18% in 2021 (previous year 30.18%). For non-German companies, deferred and current taxes were calculated using the respective state tax rate which differs from 18% to 30%.

Deferred taxes

As of 31 December 2021, deferred tax assets amounted to MEUR 120.0 (2020: MEUR 78.6) and deferred tax liabilities amounted to MEUR 83.3 (2020: MEUR 39.6). The deferred taxes were mainly related to unused tax loss carry forwards and temporary differences. Deferred income tax assets are recognized for tax loss carry forwards to the extent that the realization of the related tax benefit through future taxable profits is probable or deferred tax liabilities are recognized.

in MEUR	As of Jan 1, 2021	Recognized in P&L	Recognized in OCI	Acquired in business combi-nation	Other	As of Dec 31, 2021	Deferred tax assets	Deferred tax liabilities
Intangible assets	(15.2)	1.4	0.1	(1.7)	—	(15.4)	0.1	15.5
Property, plant, equipment and right of use	(12.0)	41.7	2.8	0.4	—	32.9	51.1	18.2
Financial assets	(0.1)	0.1	—	—	—	—	—	—
Other assets	3.7	(6.7)	1.0	—	—	(2.0)	14.9	16.9
Provisions	11.6	10.6	(2.6)	0.8	—	20.4	20.4	—
Other liabilities	11.5	(39.1)	0.2	0.5	—	(26.8)	5.9	32.7
Outside basis differences	(0.8)	0.8	—	—	—	—	—	—
Tax loss carryforwards	40.3	(15.5)	1.7	1.1	—	27.6	27.6	—
Tax assets (liabilities) before set-off	39.0	(6.7)	3.2	1.1	—	36.7	120.0	83.3
Set-off of tax	—	—	—	—	—	—	(67.2)	(67.2)
Tax assets (liabilities)	**39.0**	**(6.7)**	**3.2**	**1.1**	**—**	**36.7**	**52.8**	**16.1**

in MEUR	As of Jan 1, 2020	Recognized in P&L	Recognized in OCI	Acquired in business combi-nation	Other	As of Dec 31, 2020	Deferred tax assets	Deferred tax liabilities
Intangible assets	(3.6)	(2.0)	—	(9.5)	—	(15.2)	2.4	17.6
Property, plant, equipment and right of use	1.0	(11.9)	—	(1.1)	—	(12.0)	5.8	17.8
Financial assets	(0.4)	0.3	—	—	—	(0.1)	—	0.1
Other assets	—	2.5	—	1.2	—	3.7	3.7	—
Provisions	1.0	10.6	—	—	—	11.6	11.7	0.1
Other liabilities	(0.4)	7.1	0.1	3.8	—	11.5	14.7	3.2
Outside basis differences	—	(0.8)	—	—	—	(0.8)	—	0.8
Tax loss carryforwards	3.4	34.1	—	3.0	(0.2)	40.3	40.3	—
Total assets (liabilities) before set-off	1.0	39.9	0.1	(2.6)	(0.2)	39.0	78.6	39.6
Set-off of tax	—	—	—	—	—	—	(33.4)	(33.4)
Total assets (liabilities)	**1.0**	**39.9**	**0.1**	**(2.6)**	**(0.2)**	**39.0**	**45.2**	**6.2**

Deferred taxes of MEUR 3.2 (2020: MEUR 0.1) were attributable to foreign exchange effects and were recognized in other comprehensive income. No deferred taxes were recognized directly against equity.

On temporary differences amounting to MEUR 7.9 (2020: MEUR 0.8) no deferred tax assets have been recognized.

Tax loss carry-forwards

As of 31 December 2021, the Group companies have tax loss carry forwards of MEUR 226,4 (2020: MEUR 221.1).

The allowable time periods and amounts for the recovery of tax losses are disclosed below:

in MEUR		31-Dec-21	31-Dec-20
Denmark	Unlimited	1.9	1.6
Germany	Unlimited	—	3.2
Sweden	Unlimited	5.8	6.6
United States	Unlimited from 2018 onwards*	82.3	136.6
United Kingdom	Unlimited	55.3	29.8
Netherlands	6 years	—	1.1
Canada	20 years	26.8	30.7
Switzerland	7 years	6.4	6.3
France	unlimited	11.7	5.2
Australia	unlimited	26.0	—
Norway	unlimited	6.2	—
Japan	10 years	1.7	—
Italy	unlimited	2.3	—
Total tax losses		**226.4**	**221.1**

* losses accumulated prior to 2020 are still subject to a 20 year carry forward limitation. In general, US losses are subject to expiration and/or limitation in accordance with applicable federal and state law.

Deferred tax assets of tax loss carryforwards of MEUR 26.1 (2020: MEUR 50.4) were not recognized due to tax loss history in single entities. Hereof tax loss carryforwards are usable unlimited in an amount of MEUR 83.2 (2020: MEUR 13.4). MEUR 28.5 (2020: MEUR 37.0) are usable between 6 and 20 years.

Tax loss carryforwards are subject to review and possible adjustment by the tax authorities. Furthermore, in some jurisdictions certain substantial changes in the entity ownership and business may further limit the amount of net operating loss carryforwards, which could be utilized annually to offset future taxable income.

Outside basis differences

Outside basis differences result from differences between the equity of a consolidated entity and its tax base at the level of its shareholder. The realization of this differences, e.g. by dividend distribution or sale may result in additional tax expenses at the level of the shareholder.

The Group controls the reversal of temporary differences related to taxes chargeable on dividends from subsidiaries or on gains upon their disposal (“outside basis differences”). For temporary differences of MEUR 6.1 (2020: MEUR 2.4) no deferred tax liability was recognized.

25. Earnings per Share

The Group reports basic and diluted earnings per share (EPS).

Basic earnings per share is calculated as follows:

	2021	2020
Net income for the period attributable to the shareholders of HelloFresh SE (in MEUR)	256.3	369.0
Basic weighted average number of shares (in millions)	173.6	168.4
Basic earning per share in EUR	**1.48**	**2.19**

Diluted earnings per share is calculated as follows:

	2021	2020
Net income for the period attributable to the shareholders of HelloFresh SE (in MEUR)	261.0	371.9
Weighted average number of diluted shares (in millions)	184.0	177.6
Diluted earnings per share in EUR	**1.42**	**2.09**

The basic earnings per share are determined by dividing the net income for the period attributable to the shareholders of HelloFresh SE by the basic weighted average number of shares.

The diluted earnings per share are determined by adding the post-tax interest component on convertible bonds to the net income for the period attributable to the shareholders and dividing them by diluted weighted average number of shares. The dilutive effect stems from outstanding stock options attributable to VSOP and RSUP programs, call options and the Group's convertible bond.

26. Capital Management

The Company targets to maintain a strong capital structure and liquidity position, as laid out in its treasury policy. As such, the Company aims to not exceed a modest maximum leverage of 1.5 times net debt financial debt to AEBITDA or a longer period of time. In 2021, the Company held a net cash position, i.e. Cash and Cash Equivalents of MEUR 827.1 which exceeded financial interest bearing debt of MEUR 155.2.

The Group has not paid dividend in any of the previous years to its shareholders and instead continued to strengthen its equity position.

The equity ratio and equity to capital employed ratio are key indicators for the Group's capital management:

in MEUR	31 December 21	31 December 20
Total equity	896.6	656.0
Total liabilities	1,312.0	869.6
Total equity and liabilities	2,208.6	1,525.6
Equity ratio in %	**40.6%**	**43.0%**

The equity ratio has remained broadly stable at 40.6% in 2021 compared to 43.0% in 2020. The Group's equity to capital employed ratio was 130.7% in 2021 as compared to 207.0% in 2020.

in MEUR	31 December 21	31 December 20
Total equity	896.6	656.0
Capital employed:		
Non-current assets	975.3	528.0
Net working capital	(289.5)	(211.1)
Equity to capital employed ratio	**130.7%**	**207.0%**

27. Balances and Transactions with Related Parties

HelloFresh identified the related parties in accordance with IAS 24. Parties are considered to be related if they are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. In addition, a related party is any executive officer, director (or nominee for director), including any of their immediate family members and any entity owned or controlled by such persons.

Related individuals

Management and Supervisory Board

In 2021 the members of the Managing Board of HelloFresh SE received cash compensation of MEUR 1.6. The fair value of share-based compensation amounted to MEUR 7.2 for 269,746 virtual options under the virtual stock option program 2019 of HelloFresh SE (VSOP 2019) and to MEUR 2.4 for 32,517 restricted stock units under the restricted stock unit program 2019 of HelloFresh SE (RSUP 2019), granted in the fiscal year 2021. Therefore, in the fiscal year 2021, compensation and benefits, attributable to members of the Managing Board amounted to MEUR 11.2 in total. In fiscal year 2021, expense related to share-based compensation amounted to MEUR 3.7. Compensation attributable to members of the Supervisory Board comprised in fiscal year 2021 base compensation and additional compensation for committee work amounted to MEUR 0.6 in total.

The Group did not have any additional transactions with the management board or supervisory board during the year apart from fixed compensation and share based compensation as mentioned above.

Key Management Personnel

When launching new markets, HelloFresh has the policy to reserve up to 5% (before any subsequent dilution) of the shares in these new entities for local senior management. After a period of four years, and subject to certain conditions, holders of those shares are entitled to put them at market value to HelloFresh. Further information on the put options for non-controlling interest is included in NOTE 14, NOTE 18 as well as in the Consolidated Statements of Changes in Equity.

Additionally, in 2021 loans amounting to MEUR 1.0 have been given to minority shareholders of one subsidiary in order to finance a capital increase.

Associates

The other related party is HelloFreshGO GmbH of which the Company holds 65.80% of the shares as of 31 December 2021 and records the investment at equity. The Company has a significant influence over the operations of HelloFreshGO GmbH along with the other investors since July 2019. The transactions between the Group and HelloFreshGO GmbH are listed below:

All transactions were carried out in accordance with the arm's length principle.

a. purchases or sales of goods (finished and unfinished):

HelloFreshGO GmbH charged the Group EUR 39k (2020: EUR 77k). This relates to subsidies granted by HelloFresh to its employees for HelloFreshGO food products.

b. rendering or receiving of services

The Group charged HelloFreshGO GmbH EUR 387k (2020: EUR 399k) in 2021 of which EUR 90k (2020: EUR 83k) relate to direct charges (centrally purchased services by the HelloFresh SE for HelloFreshGO GmbH). The remaining EUR 297k represent services rendered to HelloFreshGO GmbH. HelloFreshGO GmbH did not lease any vans from the Group in 2021 (2020: EUR 14k).

c. transfers under finance arrangements

The Group granted a loan of EUR 491k in July 2019 with 3.50% interest to HelloFreshGO GmbH. Opening balance of this loan as at 1 January 2021 was EUR 213k, which was fully repaid in 2021.

In March and October 2021, convertible loans were issued by HelloFreshGO GmbH in which the Group invested in total MEUR 2.4. The loans bear interest at 1% and can be converted into equity instruments upon request by the lender during specific conversion events.

28. Contingencies and Commitments

Financial commitments

The Group has other financial commitments from service agreements with third party suppliers as at 31 December 2021 of MEUR 240.8 (2020: MEUR 91.6) which are mainly related to contractual services such as warehouse and office rent, marketing and IT services and CAPEX commitments. The majority of the commitments relate to lease commitments from the opening of new warehouses in the US, Sweden, Germany, France and UK and related CAPEX investments as well as a new office lease for our headquarter in Berlin.

Litigation and other legal risks

For the year ended 31 December 2021, a contingent liability was identified in connection with litigation of a former employee who requests 55k treasury shares from HelloFresh in connection with an employee participation program. No provision is currently recorded as management considers the possibility of a cash outflow at this point not probable. Furthermore, the Group is engaged in various lawsuits resulting from the normal course of business. The risks from those lawsuits are covered by provisions and therefore included in the statement of financial position of the Group.

29. Principal Subsidiaries

The Company held shares in the following subsidiaries at 31 December 2021:

S.No	Entities	Country	Currency	Shareholding	held via no.
	National				
1	HelloFresh Deutschland Management GmbH, Berlin	DE	EUR	100%	
2	HelloFresh Deutschland SE & Co. KG, Berlin*	DE	EUR	100%	
3	HelloFresh Deutschland Produktions SE & Co. KG., Berlin*	DE	EUR	100%	
4	HelloFreshGO GmbH, Berlin	DE	EUR	66%	
	Rest of Europe				
5	HelloFresh Suisse AG, Kölliken	CH	CHF	100%	
6	HelloFresh Benelux B.V., Amsterdam	NL	EUR	100%	
7	Cool Delivery B.V., Amsterdam	NL	EUR	100%	6
8	Cool Delivery Belgium BVBA, Amsterdam	NL	EUR	100%	6
9	Grocery Delivery E-Services UK Ltd., London	UK	GBP	100%	
10	HelloFresh Nordics ApS, Kopenhagen	DK	DKK	95%	
11	HelloFresh Sweden AB, Bjuv	SE	SEK	100%	10
12	HelloFresh Norway AS, Moss	NO	NOK	100%	10
13	Hellofresh France SAS, Neuilly-sur-Seine	FR	EUR	97%	
14	HelloFresh France Livraison SASU, Paris	FR	EUR	100%	13
15	HelloFresh France Preparation SASU, Paris	FR	EUR	100%	13
16	Hellofresh Operations Benelux BV, Amsterdam	NL	EUR	100%	6
17	HelloFresh Italy S.r.l., Milan	IT	EUR	96%	
18	Fresh Grocery Delivery Services Limited, Dublin	IR	EUR	100%	
	North America				
19	Grocery Delivery E-Services USA Inc., New York	US	USD	100%	
20	Green Chef Corp., Wilmington	US	USD	100%	19
21	HelloFresh Canada Inc., Toronto	CA	CAD	100%	
22	Factor75 Inc., Burr Ridge	US	USD	100%	19
23	Factor75 LLC, Burr Ridge	US	USD	100%	22
24	Online Meat & Sea Food Inc., New York	US	USD	94%	19
25	Grocery Delivery Logistics Inc., New York	US	USD	100%	19
	Rest of the world				
26	Grocery Delivery E-Services Australia Pty Ltd., Sydney	AU	AUD	100%	
27	HelloFresh New Zealand Limited, Auckland	NZ	NZD	97%	
28	BeCool Refrigerated Couriers Group Pty Ltd, Chippendale	AU	AUD	100%	
29	HelloConnect Inc., Manila	PH	PHP	100%	
30	HelloFresh Japan G.K., Tokyo	JP	JPY	97%	
31	Cook E Services Australia Pty Ltd., Brisbane	AU	AUD	100%	
32	YouFoodz Holdings Ltd., Brisbane	AU	AUD	100%	31
33	YouFoodz Pty Ltd., Brisbane	AU	AUD	100%	32
34	IDK Pty Ltd., Brisbane	AU	AUD	100%	32
35	Fresh Four Pty Ltd., Brisbane	AU	AUD	100%	32
36	YouJuice Pty Ltd., Brisbane	AU	AUD	100%	32
37	YouFoodz IP Pty Ltd., Brisbane	AU	AUD	100%	32

* Including the limited partnership interests held in trust, the Company holds 100% of the shares in HelloFresh Deutschland SE & Co. KG, Berlin, as well as HelloFresh Deutschland Produktions SE & Co. KG, Berlin.

The Group proportions of the voting rights in the subsidiaries are the same as the ownership interests presented in the table except for HelloFresh Canada Inc., HelloFresh New Zealand Ltd and HelloFresh Nordics ApS, where HelloFresh SE holds 100% of the voting rights.

In 2021 the profit attributable to non-controlling interest amounts to MEUR 0.2 (2020: MEUR 0.1). There were no dividends paid to non-controlling interests during the year ended 2021.

The subsidiary HelloFresh Benelux B.V. is taking advantage of the exception from audit in accordance with Book 2, Section 403 of the Dutch Civil Code.

The subsidiaries HelloFresh Deutschland SE & Co. KG and HelloFresh Deutschland Produktions SE & Co. KG are taking advantage of the exemption from the preparation of stand-alone financial statements and related audit in accordance with Sec. 264b of the German Commercial Code. The subsidiary HelloFresh Deutschland Management GmbH is taking advantage of such exemption in accordance with Sec. 264 of the German Commercial Code.

30. Closed Group Disclosure

The closed group disclosure contains the consolidated financial statements of HelloFresh SE, Berlin and the following subsidiaries (the closed Group):

Name	Country of Incorporation	% of Equity interest	
		2021	2020
Grocery Delivery E-Services Australia Pty Ltd.	Australia	100	100
Grocery Delivery E-Services UK Ltd.	United Kingdom	100	100
BeCool Refrigerated Couriers Group Pty Ltd	Australia	100	100

Entities subject to relief

ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 (Instrument) relieves a company of a specified class that is wholly-owned by an Australian company, a disclosing entity which is an Australian body corporate, or a registered foreign holding company, of the necessity to prepare a financial report and directors' report where the requirements of the Instrument have been met. One of these requirements is that the holding entity and the subsidiaries have become parties to a deed of cross guarantee under which each of the entities guarantees the debts of the others.

HelloFresh SE, Grocery Delivery E-Services Australia Pty Ltd and BeCool Refrigerated Couriers Group Pty Ltd, Grocery Delivery E-Services UK Ltd are party to a deed of cross guarantee and are all members of the closed Group. There are no other members of the extended closed Group included in these consolidated financial statements of this subgroup. All parties to the deed of cross guarantee which are controlled by HelloFresh SE (as the holding entity) are part of this report.

There have been no parties added by an assumption deed, removed by a revocation deed and no parties the subject of a notice of disposal for the financial year ended 31 December 2021. There are no entities of this subgroup which obtained relief at the end of the preceding financial year, but which are ineligible for relief in respect of this financial year.

As all parties to the deed of cross guarantee are consolidated in these financial statements as such there is no requirement to include any further provision in relation to any liabilities which are not consolidated.

The consolidated statement of profit or loss, consolidated statement of comprehensive income or loss and consolidated statement of financial position of the entities that are members of the closed Group are as follows:

Consolidated statement of profit or loss

In MEUR	2021	2020
Revenue	1,376.4	923.5
Procurement Expenses	(405.9)	(293.4)
Fulfilment expenses	(363.2)	(208.8)
Marketing expenses	(240.8)	(138.8)
General and administrative expenses	(124.8)	(90.1)
Other operating income	2.7	3.5
Other operating expenses	(11.0)	(7.1)
Operating Profit	**233.4**	**188.8**
Results from investments in associates	(11.4)	(13.1)
Interest income	0.2	0.3
Interest expense	(10.7)	(5.9)
Other finance income	41.4	15.4
Other finance expense	(10.4)	(8.6)
Profit (loss) before income tax benefit (expense)	**242.5**	**176.9**
Income tax expense	(100.9)	(27.9)
Profit for the period	**141.6**	**149.0**
Consolidated statement of comprehensive income or loss		
Other comprehensive income (loss):		
Items that may be subsequently reclassified to profit and loss		
Exchange differences on net investments in foreign operations	(0.4)	(1.5)
Exchange differences on translation to presentation currency	0.0	3.8
Revaluation of non-controlling interest put options	(15.5)	(13.8)
Other comprehensive income (loss) for the period	**(15.9)**	**(11.5)**
Total comprehensive income for the period	**125.7**	**137.5**

Consolidated statement of financial position

In MEUR	31 December 2021	31 December 2020
Assets		
Non-current assets		
Property, plant and equipment	148.0	68.3
Intangible assets	32.9	20.6
Investments in associates accounted at equity	—	9.0
Other financial assets	506.3	269.6
Other non-financial assets	0.3	0.3
Deferred income tax assets	3.3	10.2
Total non-current assets	**690.8**	**378.0**
Current assets		
Inventories	15.1	9.1
Trade receivables	59.7	70.0
Other financial assets	21.6	2.0
Other non-financial assets	34.1	24.3
Cash and cash equivalents	539.6	565.9
Total current assets	**670.1**	**671.3**
Total assets	**1,360.9**	**1,049.3**
Equity and Liabilities		
Equity		
Share capital	173.9	173.9
Treasury shares	(0.9)	(2.8)
Capital reserves	493.2	483.8
Other reserves	39.3	43.4
Accumulated gains (losses)	203.9	54.0
Other comprehensive income (loss)	(28.9)	(11.7)
Equity attributable to the Company's shareholders	**880.5**	**740.6**
Total equity	**880.5**	**740.6**
Non-current liabilities		
Other financial liabilities	108.2	38.7
Deferred income tax liability	9.4	4.0
Long term debt	155.0	149.6
Other non-financial liabilities	0.7	0.7
Total non-current liabilities	**276.4**	**193.0**
Current liabilities		
Trade payables	75.9	52.9
Other financial liabilities	25.2	13.6
Provisions	1.5	0.8
Income tax liabilities	76.3	25.2
Other non-financial liabilities	24.8	23.2
Total current liabilities	**203.7**	**115.7**
Total equity and liabilities	**1,360.9**	**1,049.3**

31. Auditor's Fees

Principal auditor's fees recognized as an expense in the reporting period, are detailed in the table below:

in MEUR	31-Dec-21	31-Dec-20
Audit fees	0.9	0.6
thereof audit fee to affiliated companies of the auditor	0.4	0.3
Other assurance services	0.1	0.0
Tax advisory fees	0.0	0.0
Other services	—	—
Total	**1.0**	**0.6**

32. Corporate Governance Declaration

The Declaration of Conformity with the German Corporate Governance Code by the Management Board and the Supervisory Board in accordance with Sec. 161 German Stock corporation Act ("AktG") is published on the Company's website:

https://ir.hellofreshgroup.com/websites/hellofresh/English/4000/corporate-governance.html

33. Events after the Reporting Period

On 10 January 2022, HelloFresh announced a share buy-back program of up to MEUR 250 in 2022. The first tranche of MEUR 125 was launched on 11 January 2022 and has been completed at the time of publication.

Berlin, 28 February 2022

Dominik Richter
Chief Executive Officer

Thomas Griesel
Chief Executive Officer International

Christian Gaertner
Chief Financial Officer

Edward Boyes
Chief Commercial Officer

D Further Information

Responsibility Statement by the Management Board

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the financial position, cash flows and profit or loss of the Group, and the Group management report, which has been combined with the management report for HelloFresh, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group. Also, there are reasonable grounds to believe that the members of the extended closed Group NOTE 30 will be able to meet any liabilities to which they are, or may become, subject because of the deed of cross guarantee.

Berlin, 28 February 2022

Dominik Richter
Chief Executive Officer

Thomas Griesel
Chief Executive Officer International

Christian Gaertner
Chief Financial Officer

Edward Boyes
Chief Commercial Officer

Independent Auditor's Report

To HelloFresh SE, Berlin

Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report

Opinions

We have audited the consolidated financial statements of HelloFresh, Berlin and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report of HelloFresh for the financial year from 1 January to 31 December 2021. In accordance with German legal requirements, we have not audited the content of those components of the management report specified in the "Other Information" section of our auditor's report.

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31st, 2021, and of its financial performance for the financial year from 1 January to 31 December 2021, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of the non-financial statement and the corporate governance statement mentioned above.

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

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation No 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the Group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2)(f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from January 1st, 2021 to December 31st, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Recognition of revenue

Please refer to section 3 and section 7 of the notes to the consolidated financial statements and section 4.1. and section 4.4. of the combined management report for the accounting policies that are used.

THE RISK FOR THE FINANCIAL STATEMENTS

The Group's revenues amount to EUR 5.993 million in the 2021 financial year. The revenues are generated from the sale of food ingredients along with corresponding recipes ("meal kits") and ready-to-eat meals as well as add-ons and surcharge products.

HelloFresh recognises revenues when, taking into consideration any sales allowances, the control arising from the sale of meal kits and ready-to-eat meals has passed to the customer. The key markets for the Group are Europe, the US and Canada as well as Australia and New Zealand. For the international deliveries of the meal kits, the Group companies enter into different agreements on the terms and conditions of delivery and payment with the customer and also grant a variety of discounts.

The design of the various sales allowances resulting from discounts and customer programmes makes them complex, and they may have to be reported at different times in the course of the revenue recognition in accordance with IFRS 15.

The large number of transactions, but also necessary accruals in connection with advance payments received from customers mean that there is a risk for the financial statements that the revenue is not presented in the correct amount or in the correct period.

OUR APPROACH IN THE AUDIT

To audit whether the revenue recognition is appropriate, we assessed the design, establishment and effectiveness of the internal controls in relation to the granting of discounts, the correct proof of delivery and the posting of the receipt of payment on an accrual basis as well as the accrual of advance payments throughout the Group.

We reconciled relevant revenue streams for the 2021 financial year with corresponding payment receipts. For a representative sample in accordance with a mathematical-statistical sampling procedure, we assessed whether external proof of delivery exists for the recognized sales of the financial year. In addition, we performed analytical procedures by calculation of expected cost of sales for the individual months based on weekly revenue considering sales deductions and analysing deviations from expected values.

We also examined selected revenue postings using the receipt of payment as well as the confirmation of delivery for a defined period before and after the reporting date on the basis of a mathematical and statistical method and satisfied ourselves that the revenue was recognised on an accrual basis.

Owing to the complexity of the rules governing promotional allowances, rebates and discounts for customer loyalty programmes, we assessed the impacts of these rules on revenue recognition in accordance with IFRS 15 a focal point of our audit. To this end, we assessed the requirements of the group-wide accounting policy with respect to compliance with IFRS 15. Using the individual contractual components of promotional allowance, rebates and customer loyalty programmes and refunds as a basis, we evaluated whether the accounting policy was properly implemented.

OUR CONCLUSIONS

The approach adopted by HelloFresh for recognising revenue using the accrual basis of accounting is appropriate.

Acquisition of YouFoodz Holdings Limited, Brisbane, Australia

Please refer to section 3 and 4 of the notes to the consolidated financial statements for the accounting policies used as well as the assumptions applied. Information on the Acquisition of YouFoodz Holdings Limited, Brisbane, Australia can be found in section 6 of the notes to the consolidated financial statements.

THE RISK FOR THE FINANCIAL STATEMENTS

On 27 October 2021, the HelloFresh Group acquired YouFoodz Holdings Limited, Brisbane, Australia, as part of a public tender offer. The purchase price totalled EUR 81 million. Taking into account acquired net assets of EUR 30 million, goodwill amounted to EUR 51 million.

The identifiable assets acquired and liabilities assumed at the acquisition date are generally recognised at fair value in accordance with IFRS 3.

To determine and measure the identifiable assets acquired and the liabilities assumed, HelloFresh involved an external expert.

The identification and measurement of assets acquired and liabilities assumed is complex and based on assumptions of the Management Board that require judgement. The significant assumptions concern sales planning and development of margins of the acquired operation and the cost of capital.

There is the risk for the consolidated financial statements that the assets acquired and liabilities assumed are identified improperly or measured inaccurately. In addition, there is the risk that the disclosures in the notes to the consolidated financial statements are not complete and appropriate.

OUR APPROACH IN THE AUDIT

With the involvement of our valuation experts, we also assessed the appropriateness of significant assumptions as well as the identification and valuation methods used. For this purpose we gained an understanding of the acquisition, initially on the basis of inquiries of staff of Finance, Controlling and Legal and through an evaluation of the relevant contracts.

We compared the total purchase price with the underlying public tender offer and evidence of payment.

We evaluated the competence, professional skills and impartiality of independent expert engaged by HelloFresh. Furthermore, we evaluated the process of identification of assets acquired and liabilities assumed for compliance with the requirements of IFRS 3 based on our knowledge of the business model of YouFoodz Holdings Limited, Brisbane, Australia. We investigated the valuation methods used for their compliance with the accounting policies.

We discussed projected revenue and margin development with those responsible for planning. Furthermore, we reconciled this information with the budget prepared by management and assessed the consistency of the assumptions with external market assessments. We evaluated the licence fees used for the measurement of intangible assets by inquires using the underlying public data base. Furthermore, we reconciled the assumptions used for current customer fluctuation with business data. With the involvement of our valuation specialists, we compared the assumptions and data underlying the costs of capital, especially the risk-free interest rate, the market risk premium and the beta factor, with our own assumptions and publicly available data.

To assess computational accuracy, we verified selected calculations based on risk criteria. Finally, we assessed whether the notes on the acquisition of YouFoodz Holdings Limited, Brisbane, Australia are complete and appropriate.

OUR CONCLUSIONS

The approach used for identifying and measuring the assets acquired and liabilities assumed is appropriate and in line with the accounting policies to be applied. The key assumptions and data are appropriate and they are completely and properly presented in the notes to the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the following components of the combined management report, whose content was not audited:

- The corporate governance statement pursuant to Section 289f HGB, referred to in the combined management report, and
- the combined non-financial report expected to be available to us after the date of this auditor's report and referred to in the management report.

The other Information includes also the remaining parts of the annual report.

The other Information does not include the consolidated financial statements, the combined management report extraneous to management reports and our auditor’s report thereon.

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

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

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

Responsibilities of Management and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

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

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

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated

financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- perform audit procedures on the prospective information presented by management in the combined management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file "hel-2021-12-31-de (vs 25.02.22).zip" (SHA256-Hashwert: 8e55c7c788a848021154f9099db84873af8cce2c8b10b661c0a2946ff2792774) made available and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained in these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file made available, identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January to 31 December 2021 contained in the "Report on the Audit of the Consolidated Financial Statements and the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the file made available and identified above in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410 (10.2021)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith further described below. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

The Company's management is responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the group management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the company's management is responsible for such internal control that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The supervisory board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the file made available containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, as amended as at the reporting date, on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, as amended as at the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor at the annual general meeting on 26 May 2021. We were engaged by the audit committee on 16 December 2021. We are the group auditor of HelloFresh since financial year 2019.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other matter – Use of the Auditor's Report

Our auditor´s report must always be read together with the audited consolidated financial statements and the audited group management report as well as the examined ESEF documents. The consolidated financial statements and group management report converted to the ESEF format – including the versions to be published in the German Federal Gazette– are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the examined ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Marius Sternberg.

Berlin, 28 February 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft

[signed] Sternberg
Wirtschaftsprüfer
[German Public Auditor]

[signed] Marschner
Wirtschaftsprüferin
[German Public Auditor]

Glossary

Active Customers

Active customers refer to the number of uniquely identified customers who received at least one box within the preceding three months (including first-timers and trial customers, customers who received a discounted box and customers who ordered during the relevant period but discontinued their orders and registration with us before period end) counted from the end of the relevant period.

Adjusted EBIT

We define adjusted EBIT as EBIT before share-based compensation expenses, holding fees, and other non-operating one-time effects („special items").

Adjusted EBITDA

We define adjusted EBITDA as EBITDA before share-based compensation expenses, holding fees, and other non-operating one-time effects („special items").

Average Order Value

Average order value is calculated as the total revenue divided by the number of orders in the corresponding period.

Constant Currency

Revenue denominated in a currency other that the euro for a given month, and the corresponding month in the prior year, which is translated into euro by using the average exchange rate for the respective month in the prior year for each periods.

Contribution Margin

Contribution Margin is defined as revenue less procurement expenses, and fulfilment costs.

Corporate Responsibility

Corporate Responsibility (CR) is a business approach that takes responsibility for social and environmental impacts resulting of a Company activity. The goal is to create long-term value for shareholders, other stakeholders, and communities by embracing the opportunities associated with economic, environmental, and social developments.

EBIT

EBIT is short for Earnings before Interest and taxes.

EBIT Margin

EBIT Margin is EBIT as a percentage of revenue.

EBITDA

EBITDA is short for EBIT before depreciation and amortization of property, plant and equipment, and intangible assets.

EBITDA Margin

EBITDA Margin is EBITDA as a percentage of revenue.

Free Cash Flow

Cash flow from operating activities reduced by net capital expenditure (excluding investments in subsidiaries, time deposits and restricted cash), and repayment of leases (excluding interest).

Net working Capital

We calculate net working capital as the sum of inventories, trade receivables, VAT receivables, and similar taxes less trade payables, deferred revenue, VAT payables, and similar taxes.

Number of Meals (Meals delivered)

Number of meals is defined as the number of individual recipes have been delivered within the corresponding period.

Orders per Customer (Average order rate)

Orders per customer is calculated as the number of orders divided by the active customers in the corresponding period.

Procurement Expenses

Procurement Expenses consist of the purchase price paid to suppliers for ingredients, salaries, ingredients procurement, personnel and inbound shipping charges.

Special Items

Special items consist of share-based compensation expenses and other special items of a nonrecurring nature, which include expenses related to legal and other services incurred in connection with M&A-transactions, one-off costs related to reorganisations and restructurings and prior period related effects.

Financial Calendar

Publication of Quarterly Financial Statements (Q1 2022) and Earnings Call	**28 April 2022**
General Shareholders' Meeting	**12 May 2022**
Publication of Half-Year Financial Statements (Half-Year 2022) and Earnings Call	**15 August 2022**
Publication of Quarterly Financial Statements (Q3 2022) and Earnings Call	**27 October 2022**

Imprint

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