



HELLOFRESH

GROUP

Q2 2023 Results
August 10th, 2023

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Our Mission

We change the way
people eat forever

Our Vision

The world's leading,
fully integrated foods
solution group



Q2 2023 Highlights

Constant currency revenue growth of 1% as the decrease in active customers is more than offset by an AOV increase of 8% on a constant currency basis, and continued strong AORs of 4.1

Operational efficiencies on both procurement and fulfilment expenses drive very substantial contribution margin uplift by 3pp y-o-y to 28.4%

Disciplined spend approach in a relatively soft consumer environment translates into broadly flat relative marketing expenses

Highest ever quarterly AEBITDA of €192m, a margin of 10%

Free cash flow positive in both Q2 and H1

Guidance narrowed to 2-8% CC revenue growth and €470m-540m AEBITDA for FY 2023

Well positioned for a reacceleration of topline growth towards year end, as (i) Factor production capacity is de-bottlenecked, (ii) comparative period benchmarks become easier, (iii) a number of product enhancements start to hit

HelloFresh has been actively using and developing artificial intelligence for 6+ years as a part of its tech platform

6+
years

Working on developing AI / ML tools and know how

70+

AI/ML dedicated data scientists and machine learning engineers

1500+

Models trained and deployed per week, on multiple use cases




Exclusive ownership of largest and richest customer database of taste preferences


Select current applications

- Menu creation
- Customer lifetime value prediction
- Price incentive optimization
- Customer care interactions
- Load balancing of picks across picking lines

We are excited about the potential application of AI/ML and GenAI to many parts of our value chain, and have seen positive early results in controlled testing

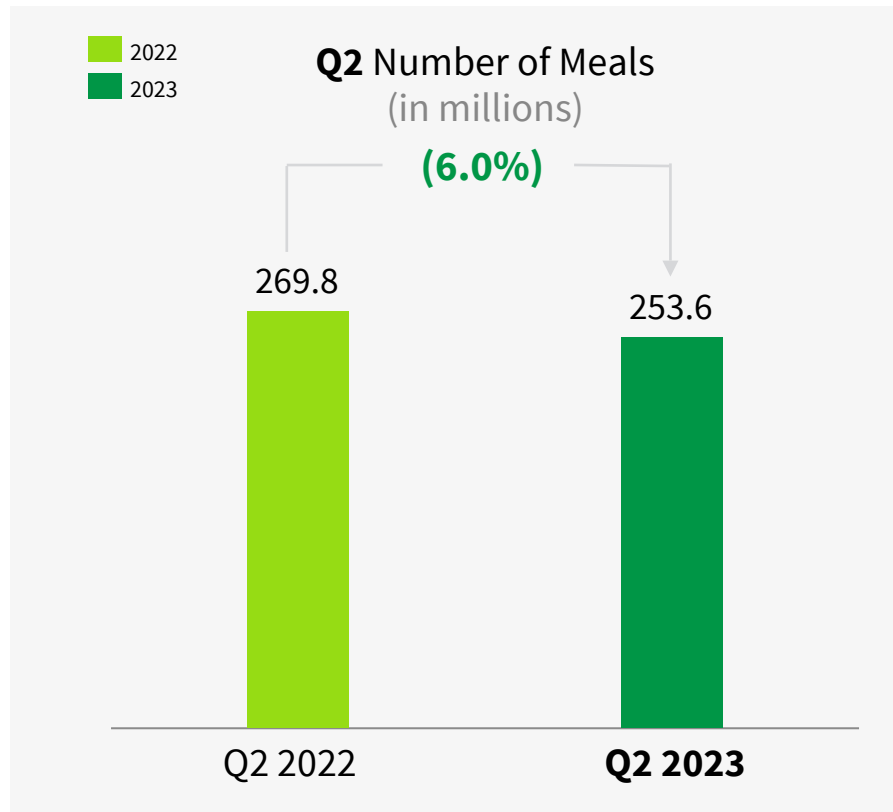
Revenue	Procurement	Fulfilment	Marketing	G&A
Recipe choice customization	Recipe design generation	Dynamic packaging optimization	Incentive individualization	Code assist
Pausing behavior anticipation	Demand forecasting	AI driven automated pick&pack	Ad bidding optimization	Personalized conversational customer interface
Fraud detection	Quality assurance w/ computer vision	Last-mile network real time optimization	Creation of creative content and visuals	

 Piloting/ controlled testing already started

 Possible application in the future

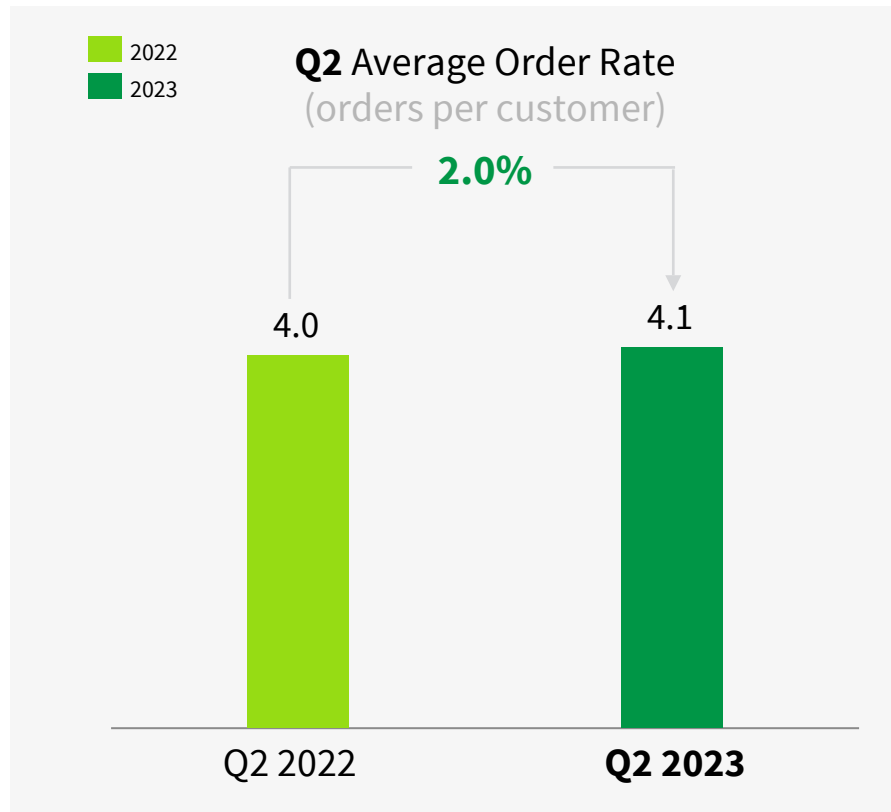
We delivered 254m meals in Q2 2023

- Driven by lower active customers, number of meals down (6.0%) y-o-y
- Disciplined approach to growth marketing, in the context of:
 - Softer consumer environment in certain geographies, including the US
 - Capacity constraints in RTE US
 - Travel / seasonality effects (above trends)
- Resilient behavior displayed by existing customers, with engagement and number of meals per order up y-o-y



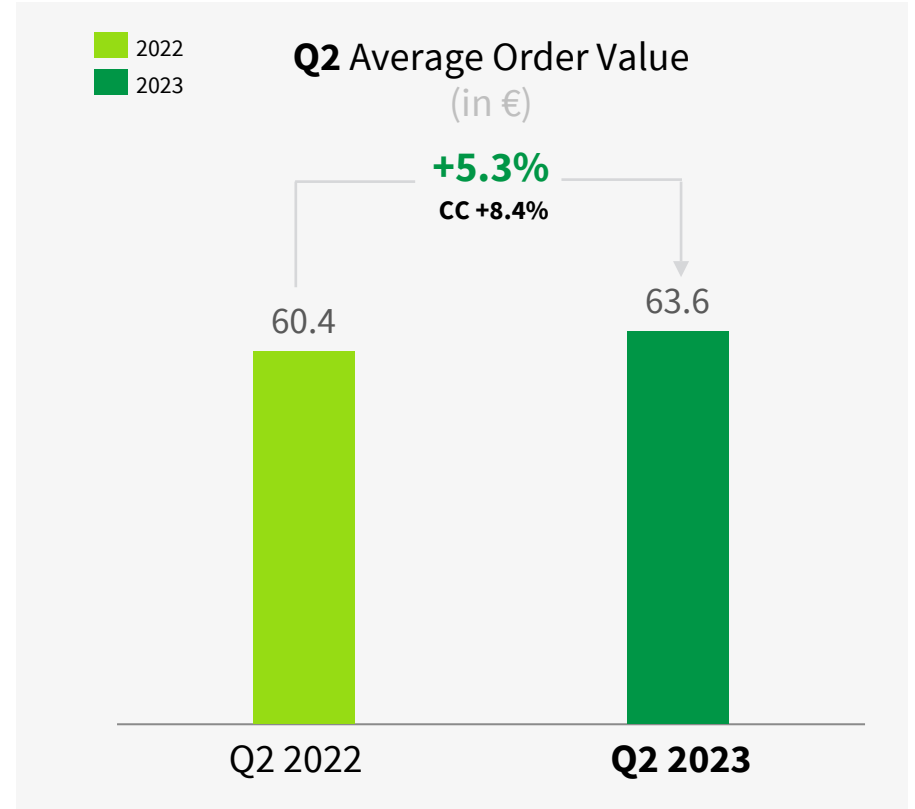
Against an already very healthy benchmark, we have further increased average order rate

- Average order rate increased by 2% y-o-y to 4.1
- Driven by continued improvements to:
 - menu choices
 - product quality
 - relative affordability
- AOR increased by ~14% versus pre-pandemic levels (Q4 2019)



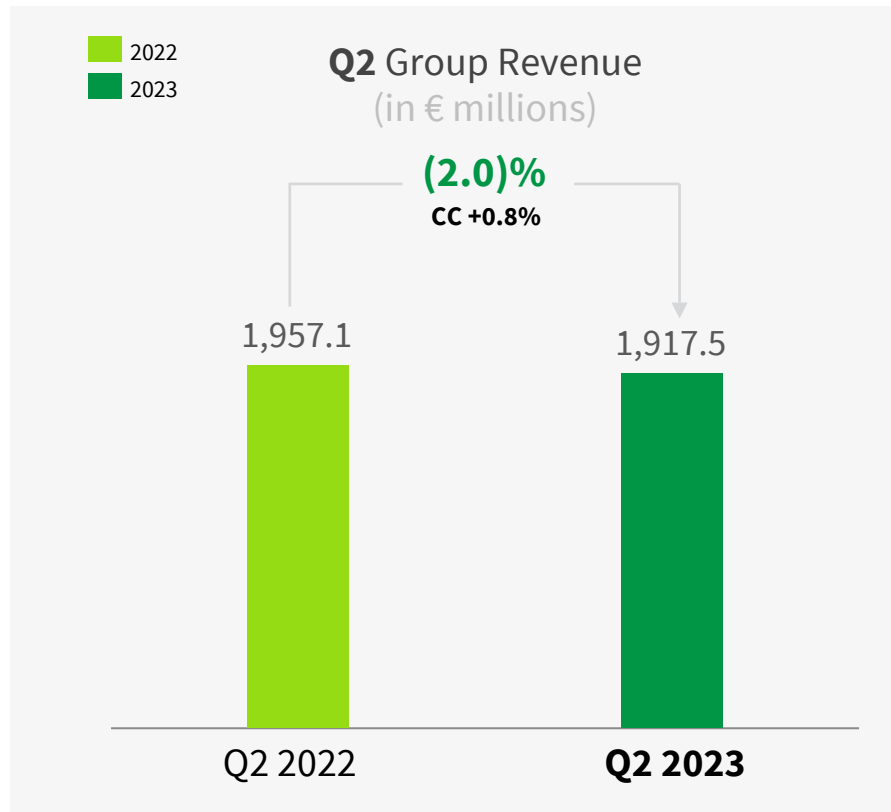
Average order value expansion has been the key driver of revenue growth in Q2

- Group AOV increased 8.4% on a CC basis
- Both segments showed meaningful increase in AOV:
 - NA: 9.7% (CC)
 - Intl: 6.5% (CC)
- AOV increase primarily driven by:
 - Higher price per meal from price increases during H2 2022 and higher RTE contribution
 - Higher take-up of HF market products and surcharge meals



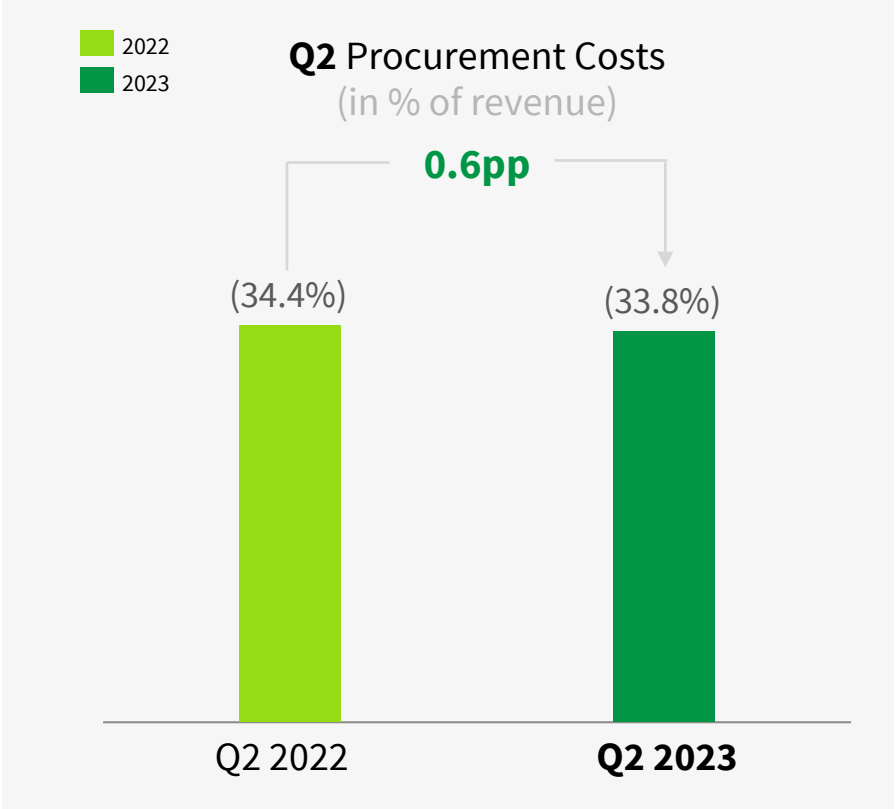
We generated 1% CC revenue growth through further AOV and AOR expansion

- Revenue growth in CC of 0.8%
 - US CC revenue growth of 1.3%
 - Intl CC revenue growth flat
- Revenue growth supported by meaningful AOV growth and AOR expansion, more than offsetting decline in active customers
- €-reported revenue softer due to a y-o-y strengthening of the Euro against all relevant major currencies
- Re-acceleration of growth expected in H2'23 supported by:
 - Factor production capacity expansion
 - comparative period benchmarks become easier
 - various product enhancements starting to hit



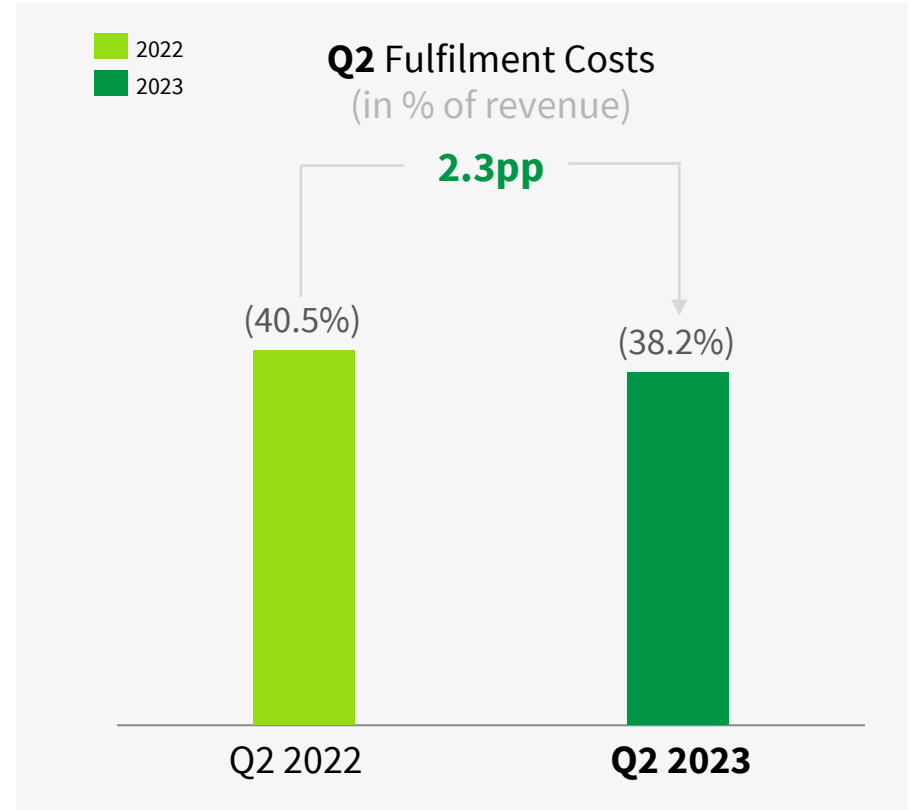
Successful procurement costs reduction by 1pp, despite ongoing food price inflation

- Overall ingredient prices still inflationary, even though at lower vehemence than in 2022
- Against this backdrop, strong cost control exercised across both segments
- In H2, given ramp-up of new Factor facility and overall strong product pipeline, expect y-o-y expansion of relative procurement expenses



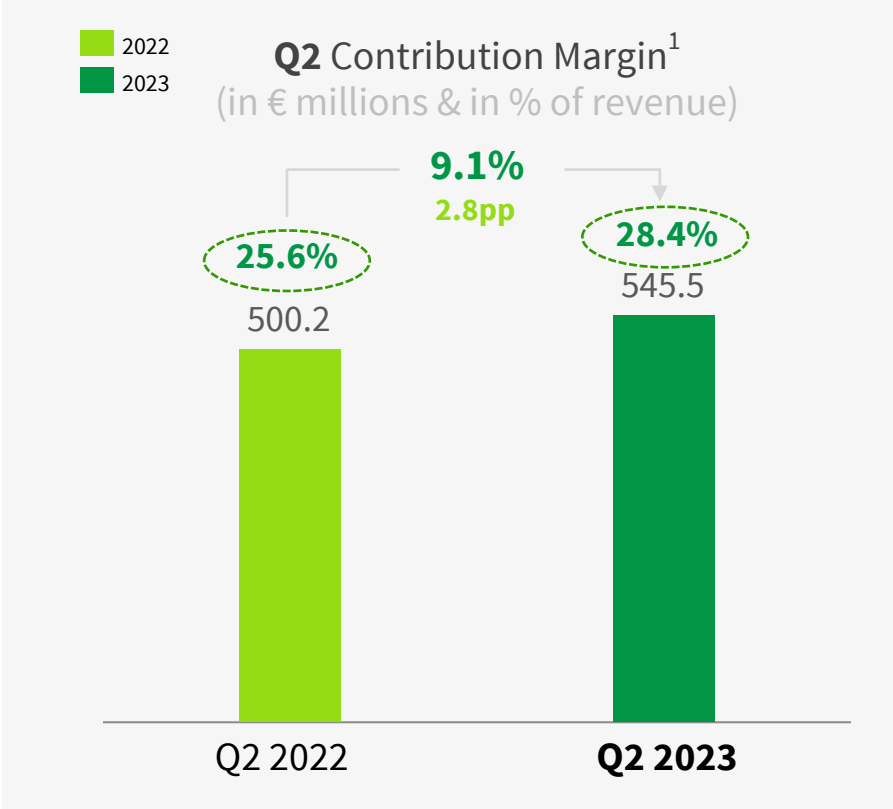
Continued progress on realizing fulfilment efficiencies, adding 2pp to margin expansion

- Continued progress on production efficiencies:
 - Raising maturity and optimizing footprint of fulfilment center network
 - Ongoing roll-out of FC technology and automation
- Good realization of margin expansion also across other key fulfilment cost lines, such as logistics and packaging
- Additionally, beneficial mix impact from higher RTE share



Contribution margin expanded to 28%, a ~3pp increase y-o-y

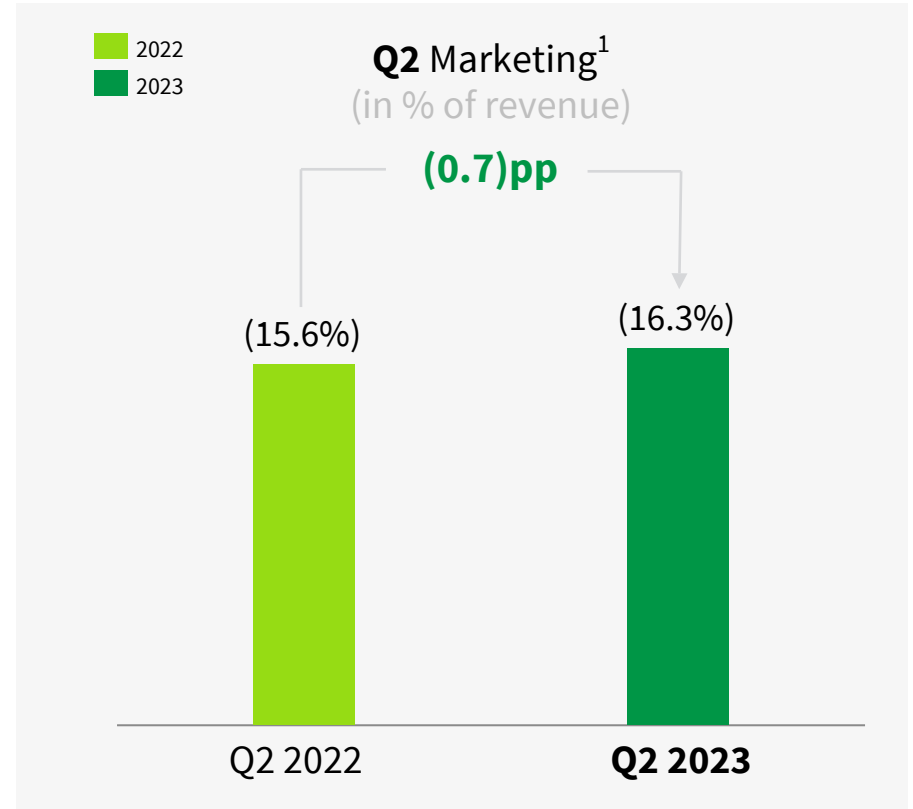
- Successful execution of our contribution margin expansion program, despite ongoing factor inflation and the continued ramp-up of new businesses and brands
 - 4th quarter in a row with y-o-y margin expansion
- Both segments contributing positively to trend



¹ Excl. SBC

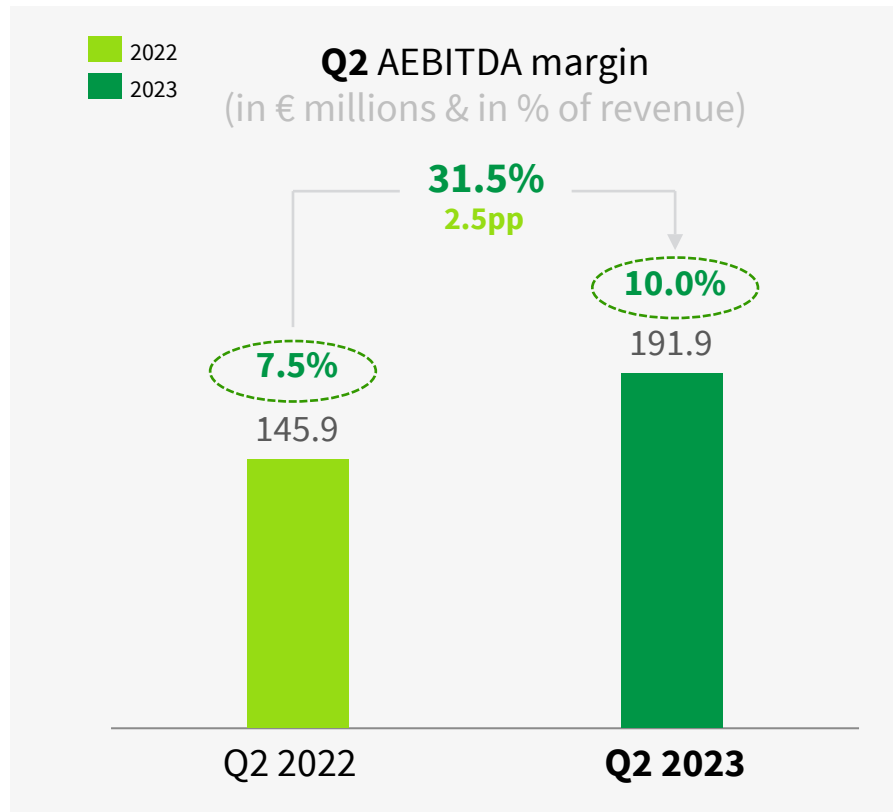
Disciplined approach to marketing spend in Q2 2023 against a reasonably soft consumer environment

- 16.3% of revenue spent in marketing, broadly in line with same period last year
- Capital allocation discipline exercised against a backdrop of:
 - Overall reasonably soft consumer confidence in certain geographies
 - Ongoing capacity constraints at Factor75
- Some growth spend planned to be shifted to post-summer “back-to-school” period



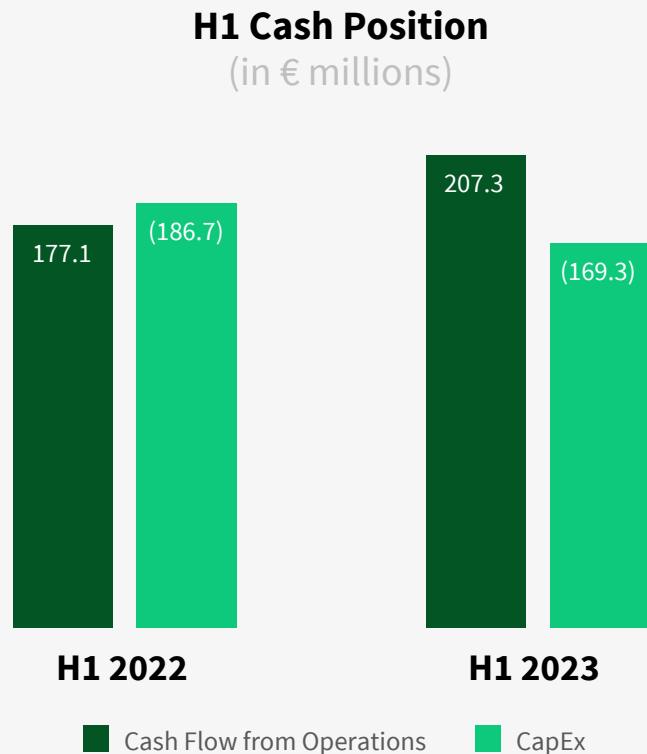
Highest-ever quarterly AEBITDA of €192m delivered in Q2, a 10% margin and >30% y-o-y absolute growth

- Successful expansion of AEBITDA margin to 10%
- Growth in AEBITDA margin primarily driven by:
 - Strong contribution margin expansion
 - Disciplined marketing spend
 - Strong retention and ordering behavior from existing customers
- Total H1 AEBITDA of €258m, 5.3% above last year

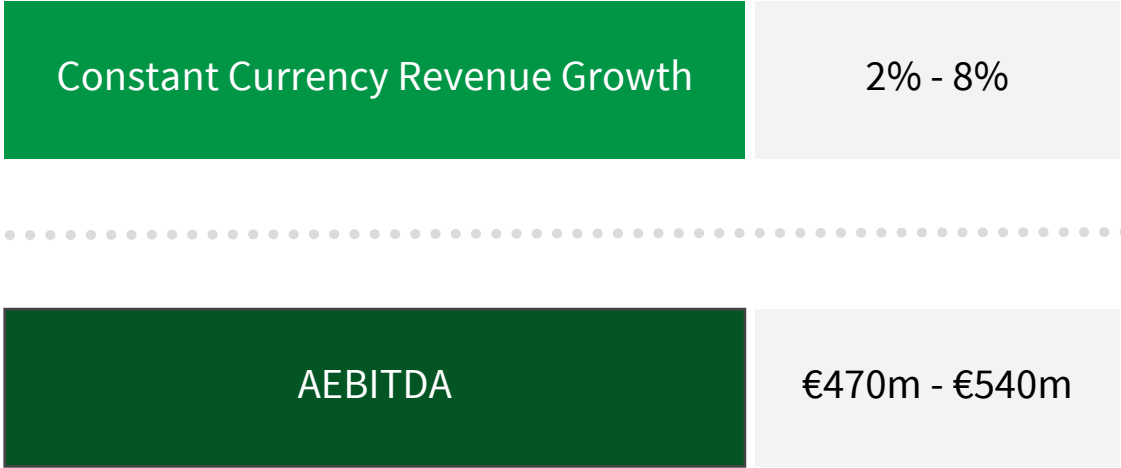


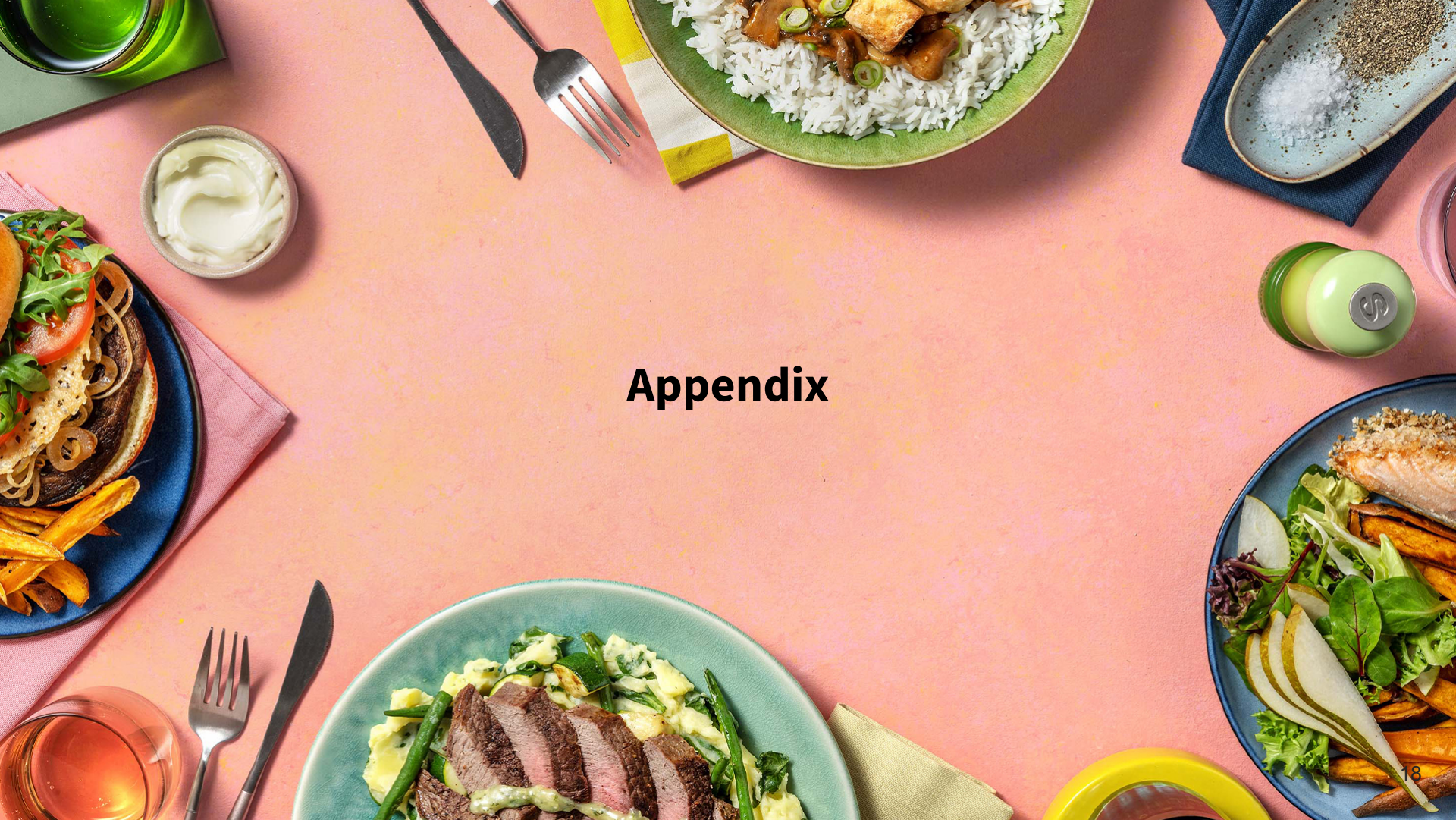
We have successfully increased cash flow from operating activities in H1 and have returned to positive free cash flow

- H1 2023 Cash flow from operating activities at €207m, an increase of 17.1% vs H1 2022
- H1 2023 capex of €169m. Still tracking towards the €m “mid 300s” number for the full year
- Already FCF positive in H1 2023 with €38m
- Continued strong cash position at €465m
- HFG’s strong financial position and balance sheet has also been recognized by investment grade (BBB-) rating recently received from S&P



FY 2023 outlook narrowed to 2% – 8% CC revenue growth and €470m - €540m AEBITDA

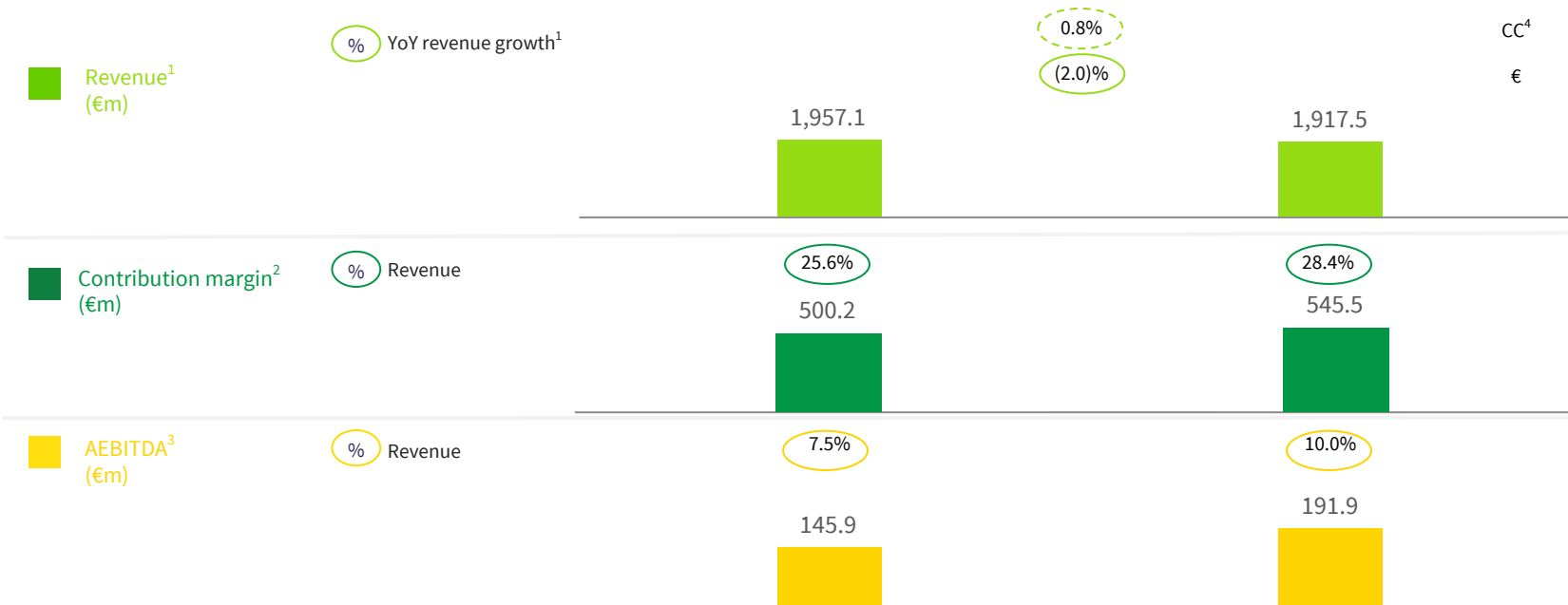




Appendix

Group: Operational and Financial KPIs

	Q2 22	Q2 23
Active Customers (m)	8.0	7.3
Average Order Rate	4.0	4.1
Average Order Value (€) (excl. retail)	60.4	63.6
Average Order Value constant currency (€)	60.4	65.5



1. Revenue post promotional discounts, customer credits, refunds and excluding VAT; YoY stands for year on year and compares the respective quarter with the same quarter of the previous year

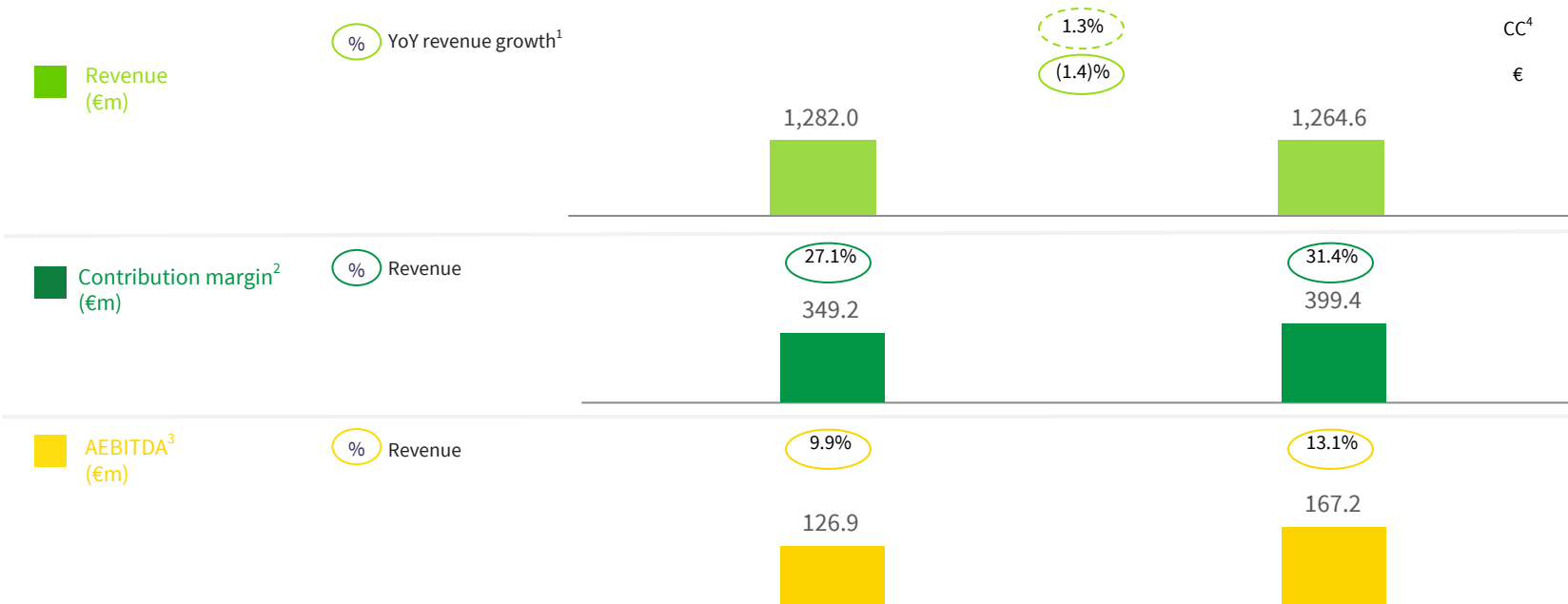
2. Contribution margin is defined as revenue less cost of goods sold and fulfilment expenses, excluding share-based compensation expenses

3. AEBITDA is calculated by adjusting EBITDA for special items and share-based compensation expenses; AEBITDA margin is defined as % of revenue

4. Based on constant currency

North America: Operational and Financial KPIs

	Q2 22	Q2 23
Active Customers (m)	4.6	4.1
Average Order Rate	4.1	4.2
Average Order Value (€)	69.3	74.0
Average Order Value constant currency (€)	69.3	76.0



1. Revenue post promotional discounts, customer credits, refunds and excluding VAT; YoY stands for year on year and compares the respective quarter with the same quarter of the previous year

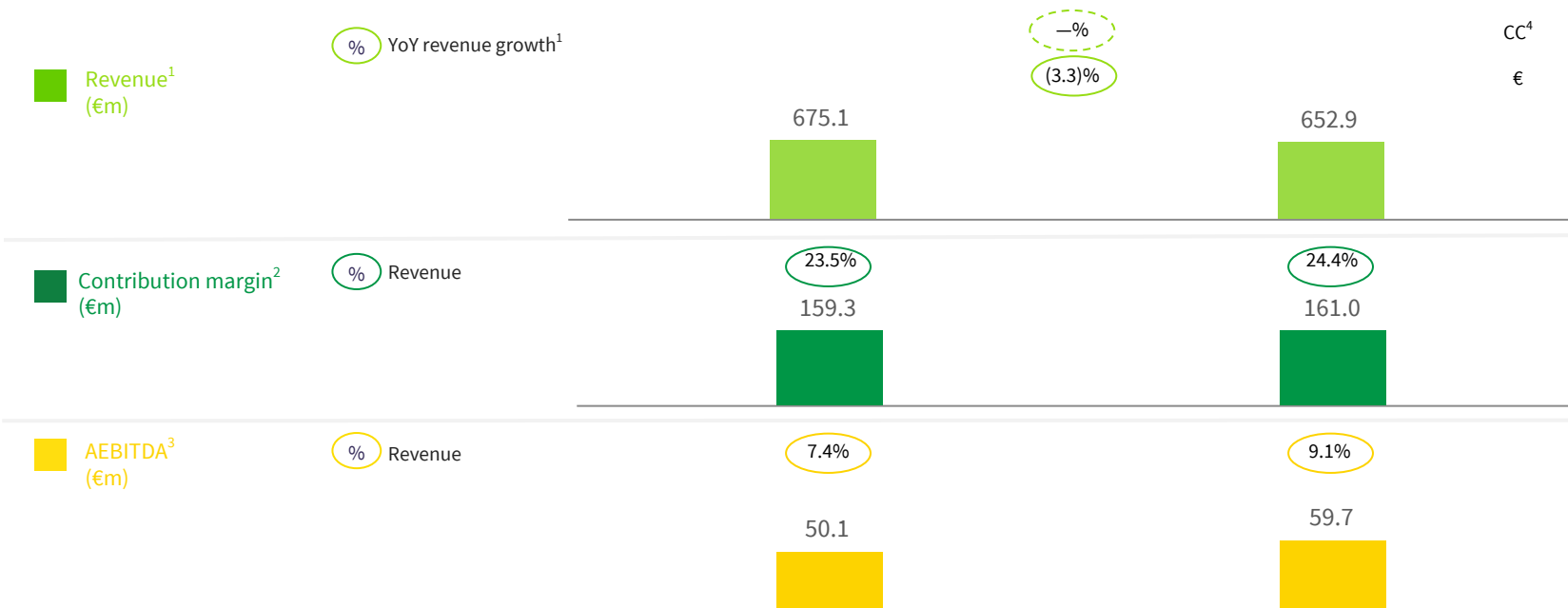
2. Contribution margin is defined as revenue less cost of goods sold and fulfilment expenses, excluding share-based compensation expenses

3. AEBITDA is calculated by adjusting EBITDA for special items and share-based compensation expenses; AEBITDA margin is defined as % of revenue

4. Based on constant currency

International: Operational and Financial KPIs

	Q2 22	Q2 23
Active Customers (m)	3.4	3.2
Average Order Rate	4.0	4.1
Average Order Value (€)	48.4	49.9
Average Order Value constant currency (€)	48.4	51.5



1. Revenue post promotional discounts, customer credits, refunds and excluding VAT; YoY stands for year on year and compares the respective quarter with the same quarter of the previous year

2. Contribution margin is defined as revenue less cost of goods sold and fulfillment expenses, excluding share-based compensation expenses

3. AEBITDA is calculated by adjusting EBITDA for special items and share-based compensation expenses; AEBITDA margin is defined as % of revenue

4. Based on constant currency

Profit and Loss Statement

	3 months ended		Change %	6 months ended		Change %
	30-Jun-23	30-Jun-22	YoY	30-Jun-23	30-Jun-22	YoY
Revenue	1,917.5	1,957.1	(2.0)%	3,933.6	3,872.5	1.6%
Procurement Expense	(648.4)	(672.3)	(3.6)%	(1,371.2)	(1,333.6)	2.8%
Fulfilment Expense	(732.7)	(792.0)	(7.5)%	(1,503.2)	(1,569.6)	(4.2)%
Contribution Margin	545.5	500.2	9.1%	1,059.3	969.3	9.3%
<i>% of Revenue</i>	28.4%	25.6%	2.8pp	27.4%	25.4%	2.0pp
Marketing Expense	(316.0)	(307.8)	2.7%	(731.4)	(646.8)	13.1%
G&A, other income and expenses	(119.9)	(96.7)	24.0%	(236.2)	(178.5)	32.3%
EBIT	100.6	88.3	13.9%	91.6	144.0	(36.4)%
<i>% of Revenue</i>	5.2%	4.5%	0.7pp	2.3%	3.7%	(1.4)pp
Financial Result	(3.3)	11.5	128.7%	(19.7)	16.0	223.1%
EBT	97.3	99.8	(2.5)%	71.9	160.0	(55.1)%
Income Tax (Expense) / Benefit	(31.0)	(34.7)	10.7%	(31.0)	(57.0)	45.6%
Net Income / (Loss)	66.3	65.1	1.8%	40.9	103.0	(60.3)%

Reconciliation starting at EBIT

EBIT	100.6	88.3	13.9%	91.6	144.0	(36.4)%
D&A	51.4	36.4	41.2%	101.8	68.5	48.6%
EBITDA	152.0	124.7	21.9%	193.4	212.5	(9.0)%
<i>% of Revenue</i>	7.9%	6.4%	1.5pp	4.9%	5.5%	(0.6)pp
Special items	14.9	4.2	254.8%	19.7	9.2	114.1%
SBC	24.9	17.0	46.5%	45.0	23.5	91.5%
AEBITDA	191.9	146.0	31.4%	258.0	245.2	5.2%
<i>% of Revenue</i>	10.0%	7.5%	2.5pp	6.6%	6.3%	0.3pp

Balance Sheet & Cash Flow Statement

In MEUR	As at 30-Jun-23	As at 31-Dec-22
Assets		
Non-current assets	1,737.9	1,623.0
Cash and cash equivalents	464.5	504.0
Other current assets	357.6	408.2
Total assets	2,560.0	2,535.2
Equity and liabilities		
Equity	1,037.4	959.6
Non-current liabilities	661.8	605.1
Current liabilities	860.8	970.5
Total equity and liabilities	2,560.0	2,535.2

In MEUR	30-Jun-23	30-Jun-22
Cash and cash equivalents at the beginning of the period	504.0	827.1
Net Cash flows from operating activities	207.3	177.1
Net Cash flows from investing activities	(203.3)	(214.5)
Net Cash flows from financing activities	(39.0)	(168.2)
Effects of exchange rate changes and other changes on cash and cash equivalents	(4.5)	20.7
Cash and cash equivalents at the end of the period	644.5	642.2

Share Count

As of June 30, 2023

Types of share

Stock exchange

Market Segment

Number of shares issued

Number of shares outstanding

Ordinary shares

Frankfurt Stock Exchange

Regulated Market (Prime Standard)

172,403,460

172,171,505

Employee Incentive Plan	Options	RSU	Total
Vested (in mn)	8.2	0.3	8.5
WAEP (in EUR) – vested instruments	18.65	–	18.02
Unvested (in mn)	4.5	3.6	8.1
WAEP (in EUR) – unvested instruments	31.08	–	17.31
Outstanding (in mn)	12.7	3.9	16.5
WAEP (in EUR)	23.06	–	17.68

*Weighted average exercise price (WAEP)



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