



HALF-YEAR REPORT

— ENDED 30 JUNE 2018 —

HELLOFRESH AT A GLANCE

Key Figures	APR 1 - JUN 30, 2018	APR 1 - JUN 30, 2017	YoY growth	JAN 1 - JUN 30, 2018	JAN 1 - JUN 30, 2017	YoY growth
Key Performance Indicators						
Group (incl. Green Chef)						
Active customers (in millions)	1.84	1.25	47.4%			
Number of orders (in millions)	6.70	4.67	43.6%	13.31	8.87	50.1%
Orders per customer	3.6	3.7	(2.6%)			
Meals (in millions)	48.9	33.7	44.9%	97.2	64.3	51.1%
Average order value (EUR) *	47.5	49.3	(3.6%)	46.2	49.1	(6.0%)
Average order value constant currency (EUR) *	50.6	49.3	2.5%	50.1	49.1	2.1%
USA (incl. Green Chef)						
Active customers (in millions)	1.12	0.80	41.1%			
Number of orders (in millions)	3.79	2.70	40.3%	7.69	4.95	55.4%
Orders per customer	3.4	3.4	(0.6%)			
Meals (in millions)	25.0	18.3	36.7%	51.5	33.7	53.0%
Average order value (EUR) *	49.6	53.0	(6.5%)	47.8	53.3	(10.3%)
Average order value constant currency (EUR) *	53.9	53.0	1.7%	53.5	53.3	0.5%
International						
Active customers (in millions)	0.72	0.46	58.3%			
Number of orders (in millions)	2.91	1.98	47.3%	5.62	3.94	42.8%
Orders per customer	4.0	4.3	(7.0%)			
Meals (in millions)	23.8	15.4	54.6%	45.7	30.6	49.1%
Average order value (EUR) *	44.9	43.9	2.1%	43.9	43.7	0.5%
Average order value constant currency (EUR) *	46.2	43.9	5.1%	45.5	43.7	4.0%

Key Figures	APR 1 - JUN 30, 2018	APR 1 - JUN 30, 2017	YoY growth	JAN 1 - JUN 30, 2018	JAN 1 - JUN 30, 2017	YoY growth
Results of operations						
Group (excl. Green Chef)						
Revenue (in MEUR)	306.0	230.1	33.0%	601.6	435.4	38.2%
Revenue constant currency (in MEUR)	325.1	230.1	41.3%	653.3	435.4	50.0%
Contribution Margin (in MEUR)**	87.9	50.8	73.0%	164.9	92.4	78.5%
Contribution Margin (in % of Revenue)	28.7%	22.1%	6.6 pp	27.4%	21.2%	6.2 pp
AEBITDA (in MEUR)	(0.10)	(16.9)	99.4%	(21.8)	(46.5)	53.1%
AEBITDA (in % of Revenue)	0.0%	(7.4%)	7.4 pp	(3.6%)	(10.7%)	7.1 pp
Group (incl. Green Chef)						
Revenue (in MEUR)	319.7	230.1	38.9%	615.2	435.4	41.3%
Revenue constant currency (in MEUR)	339.9	230.1	47.7%	668.0	435.4	53.4%
Contribution Margin (in MEUR)**	89.2	50.8	75.5%	166.2	92.4	79.8%
Contribution Margin (in % of Revenue)	27.9%	22.1%	5.8 pp	27.0%	21.2%	5.8 pp
AEBITDA (in MEUR)	(3.9)	(16.9)	76.7%	(25.6)	(46.5)	44.9%
AEBITDA (in % of Revenue)	(1.2%)	(7.4%)	6.1 pp	(4.2%)	(10.7%)	6.5 pp
USA (excl. Green Chef)						
Revenue (in MEUR)	175.3	143.3	22.3%	354.7	263.4	34.7%
Revenue constant currency (in MEUR)	190.5	143.3	33.0%	397.7	263.4	51.0%
Contribution Margin (in MEUR)**	52.9	31.4	68.5%	101.0	53.7	88.1%
Contribution Margin (in % of Revenue)	30.2%	21.9%	8.3 pp	28.5%	20.4%	8.1 pp
AEBITDA (in MEUR)	3.5	(8.5)	141.2%	(10.2)	(31.5)	67.6%
AEBITDA (in % of Revenue)	2.0%	(5.9%)	7.9 pp	(2.9%)	(12.0%)	9.1 pp
USA (incl. Green Chef)						
Revenue (in MEUR)	188.9	143.3	31.8%	368.3	263.4	39.8%
Revenue constant currency (in MEUR)	205.3	143.3	43.3%	412.5	263.4	56.6%
Contribution Margin (in MEUR)**	54.2	31.4	72.7%	102.3	53.7	90.4%
Contribution Margin (in % of Revenue)	28.7%	21.9%	6.8 pp	27.8%	20.4%	7.4 pp
AEBITDA (in MEUR)	(0.3)	(8.5)	96.2%	(14.0)	(31.3)	55.3%
AEBITDA (in % of Revenue)	(0.2)%	(5.9)%	5.7 pp	(3.8)%	(11.9)%	8.1 pp

Key Figures	APR 1 - JUN 30, 2018	APR 1 - JUN 30, 2017	YoY growth	JAN 1 - JUN 30, 2018	JAN 1 - JUN 30, 2017	YoY growth
International						
Revenue (in MEUR)	130.8	86.8	50.5%	246.9	172.0	43.5%
Revenue constant currency (in MEUR)	134.6	86.8	54.9%	255.6	172.0	48.5%
Contribution Margin (in MEUR)**	35.5	20.6	72.5%	65.0	40.9	58.9%
Contribution Margin (in % of Revenue)	27.1%	23.7%	3.4 pp	26.3%	23.8%	2.5 pp
AEBITDA (in MEUR)	5.4	(4.2)	227.8%	4.3	(8.1)	153.0%
AEBITDA (in % of Revenue)	4.1%	(4.9%)	9.0 pp	1.8%	(4.7%)	6.5 pp
Group Financial Position						
Net working capital (in MEUR)	(75.4)	(46.1)		(75.4)	(46.1)	
Cash and Cash equivalents (in MEUR)	307.6	112.8		307.6	112.8	
Cash flow used in operating activities (in MEUR)	(15.7)	(26.2)		(9.1)	(29.3)	

* EXCLUDING RETAIL OPERATION IMPACT

** NET OF SHARE-BASED COMPENSATION EXPENSES

ALL DATA MARKED "incl. GREEN CHEF" CONSOLIDATES GREEN CHEF FINANCIAL RESULTS FOR THE 3 MONTHS ENDED 30 JUNE 2018

CONTENTS

A	INTERIM GROUP MANAGEMENT REPORT	6
1	Fundamentals of the Group	7
2	Economic Position	7
3	Position of the Group	7
4	Risk and Opportunity Report	14
5	Outlook	15
B	INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	16
	Interim Condensed Consolidated Statement of Financial Position	17
	Interim condensed consolidated statement of Comprehensive Income	19
	Interim Condensed Consolidated Statement of Equity	20
	Interim Condensed Consolidated Statement of Cash Flows	21
	Explanatory Notes	23
	Responsibility Statement by the Management Board	32
C	FURTHER INFORMATION	32
	Responsibility Statement by the Management Board	32
	Auditor Review Report	33
	Glossary	34
	Financial Calendar 2018	36
	Imprint	37

A INTERIM GROUP MANAGEMENT REPORT

of HelloFresh Group as of 30 June 2018

1	FUNDAMENTALS OF THE GROUP	7
2	ECONOMIC POSITION	7
2.1	General Economic Conditions	7
2.2	Course of business	7
2.3	HelloFresh Share and Share Capital Structure	7
3	POSITION OF THE GROUP	7
3.1	Earnings Position of the Group	8
3.2	Financial Position of the Group	10
3.3	Asset Position of the Group	10
3.4	Financial Performance of the Reportable Segments	11
4	RISK AND OPPORTUNITY REPORT	14
5	OUTLOOK	15
5.1	Economic conditions	15
5.2	Guidance	15

1 FUNDAMENTALS OF THE GROUP

The statements made in the annual report 2017 on the business model, the group structure, the performance measurement system, and on research and development in the HelloFresh Group still primarily apply at the time this interim report was issued for publication.

2 ECONOMIC POSITION

2.1 General Economic Conditions

The global economic growth in the first half of 2018 was slightly stronger than projected in our annual report 2017. As a result, the IMF marginally increased its growth forecast for the 2018 from 3.7% to 3.9%. We refer to the discussion in section 5.1 *Outlook: economic conditions* of this interim group management report.

2.2 Course of business

HelloFresh maintains its robust year-on-year growth trajectory and continues its consistent margin expansion in the first half of 2018. The second quarter 2018 marks a new milestone in the company's history, as it is the first quarter in which the company has recorded a positive AEBITDA in both its operational segments (excluding Green Chef) and has been quasi breakeven (excluding Green Chef) on the Group level, with an AEBITDA margin of 0.0%. End of March 2018 HelloFresh acquired the US based company Green Chef Corporation offering organic meal-kit plans.

In addition to its core direct-to-consumer meal-kits offering, HelloFresh has started by the end of the first half of 2018 to also distribute two-person meal-kits in several hundred grocery stores in the US, after having run several trials over the last 15 months in three geographies.

As of May 22 2018, HelloFresh has launched its operations in Northern France.

In the annual general meeting held on 05 June 2018 it was resolved that the number of supervisory board members was decreased from 7 to 5 members. All five current members of the supervisory board have already been members since November 2015.

2.3 HelloFresh Share and Share Capital Structure

The HelloFresh share is listed in the Frankfurt Stock Exchange (Prime Standard). In the first half of 2018, the share price of HelloFresh SE increased by 9.8% from EUR 11.90 as of 31 December 2017 to EUR 13.07 as of 30 June 2018. In June 2018 HelloFresh was included in the SDAX index. For further details in respect to share capital structure refer to the **NOTE 10** to the interim condensed consolidated financial statements.

3 POSITION OF THE GROUP

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

3.1 Earnings Position of the Group

In MEUR	APR 1 - JUN 30			JAN 1 - JUN 30		
	2018	2017	YoY	2018	2017	YoY
Revenue	319.7	230.1	38.9%	615.2	435.4	41.3%
Costs of goods sold	(117.9)	(93.4)	26.2%	(234.0)	(180.5)	29.6%
% of Revenue	(36.9%)	(40.6%)	3.7pp	(38.0%)	(41.5%)	3.4pp
Fulfillment expenses	(113.0)	(85.9)	31.5%	(215.6)	(162.8)	32.5%
% of Revenue	(35.3%)	(37.3%)	2.0pp	(35.1%)	(37.4%)	2.3pp
Contribution margin	88.8	50.8	74.9%	165.6	92.1	79.7%
Contribution margin (excl. SBC*)	89.2	50.8	75.5%	166.2	92.4	79.8%
% of Revenue	27.9%	22.1%	5.8pp	27.0%	21.2%	5.8pp
Marketing expenses	(74.3)	(58.5)	27.1%	(158.3)	(123.1)	28.6%
% of Revenue	(23.3%)	(25.4%)	2.2pp	(25.7%)	(28.3%)	2.5pp
Marketing expenses (excl. SBC*)	(74.0)	(58.2)	27.1%	(157.8)	(122.6)	28.7%
% of Revenue	(23.1%)	(25.3%)	2.2pp	(25.7%)	(28.2%)	2.5pp
General and administrative expenses, other income and expenses	(28.1)	(12.5)	125.5%	(48.7)	(21.9)	122.8%
% of Revenue	(8.8%)	(5.4%)	(3.4pp)	(7.9%)	(5.0%)	(2.9pp)
General and administrative expenses, other income and expenses (excl. SBC*)	(23.7)	(12.1)	96.1%	(41.3)	(20.9)	97.4%
% of Revenue	(7.4%)	(5.2%)	(2.2pp)	(6.7%)	(4.8%)	(1.9pp)
Operating loss	(13.6)	(20.2)	(32.5%)	(41.5)	(52.9)	(21.5%)
% of Revenue	(4.3%)	(8.8%)	4.5pp	(6.7%)	(12.1%)	5.4pp
EBITDA	(10.0)	(18.3)	(45.1%)	(35.4)	(49.1)	(27.8%)
% of Revenue	(3.1%)	(7.9%)	4.8pp	(5.8%)	(11.3%)	5.5pp
AEBITDA	(3.9)	(16.9)	(76.7%)	(25.6)	(46.5)	(44.9%)
% of Revenue	(1.2%)	(7.4%)	6.1pp	(4.2%)	(10.7%)	6.5pp
AEBITDA excl. Green Chef	(0.10)	(16.9)	99.4%	(21.8)	(46.5)	53.1%
% of Revenue	0.0%	(7.4%)	7.3 pp	(3.6%)	(10.7%)	7.1 pp

*excluding share-based compensation expenses

Revenue grew from MEUR 435.4 in the first half 2017 to MEUR 615.2 in the first half 2018, representing a 41.3% growth rate on a euro basis and 53.4% on a constant currency basis including Green Chef, which revenues are consolidated as of the second quarter. The second quarter results saw a 38.9% growth rate on a euro basis and 47.7% on a constant currency basis, where revenue totaled MEUR 319.7 (Q2 2017: MEUR 230.1). Excluding Green Chef, revenue growth in the first half of 2018 on a constant currency basis was 50.0% and 41.3% in Q2 2018.

The revenue growth was primarily driven by a continued year-on-year increase of active customers reaching 1.84 million in the second quarter of 2018, up from 1.25 million in the same period in 2017. Furthermore, 48.9 million meals were served in the three months preceding 30 June 2018 (compared with 33.7 million in the same period 2017). For the first half of 2018 HelloFresh delivered 97.2 million meals up from 64.3 million meals in the first half of 2017. This robust level of growth in H1 2018 has been driven by (i) strong subscriber growth in the first quarter 2018 across the group, enabled by our seasonally higher marketing activities in that quarter, (ii) a meaningful reacceleration of growth in our International markets in both first quarters this year vs. the same periods last year, and (iii) by the acquisition of Green Chef at the end of Q1 2018; our growth is enabled by continuous build-out of our infrastructure, focusing particularly on technology improvements and our fulfilment backbone undertaken in 2015 - 2017. Our average order value in constant currency has increased slightly both in Q2 2018 as well as in H1 2018; in EUR it has decreased to EUR47.5 in the second quarter of 2018 versus EUR49.3 in Q2 2017 due to a strengthening of the EUR vs. most other currencies during that period vs. the same period last year. Our order rate per customer has remained stable at 3.6.

Contribution margin, excluding share based compensation expenses, improved significantly in the first half of 2018 to 27.0% of revenue compared with 21.2% in the prior period, increasing further the second quarter of 2018 to 27.9%. Excluding Green Chef and share based compensation expenses, contribution margin in Q2 2018 has been 28.7%.

Fulfilment expenses improved to (35.1%) of revenue in the first half of 2018 compared with (37.4%) in the same period in 2017, as the benefits from our fulfilment infrastructure expansion and the impact of increased economies of scale are beginning to materialize. Marketing expenses (as a percentage of revenue) decreased to (25.7%) in the first half year of 2018 as compared to (28.3%) in the same period in 2017 reflecting benefits from efficiencies of our marketing campaigns.

G&A expenses have increased relatively meaningfully year-on-year from 5.0% of revenue to 7.9% of revenue, and to 6.7% if adjusted for non-cash SBC expenses. This increase is primarily due to further investment in our tech team, certain projects we have implemented in our first year as a public company, the consolidation of Green Chef and some other special items.

EBITDA margin has improved favorably from (11.3%) in the first half of 2017 to (5.8%) in the first half of 2018.

AEBITDA, which excludes the impact of share-based compensation expenses and special effects, saw an increase by 44.9% from MEUR (46.5) to MEUR (25.6). AEBITDA margin improved from (10.7%) in the first half of 2017 to (4.2%) in the first half of 2018. Especially in the second quarter of 2018, our business has demonstrated a very strong AEBITDA margin performance: Excluding Green Chef, AEBITDA margin already reached quasi break-even with (0.0)% in Q2 2018 (including Green Chef (1.2%)), driven primarily by the efficiencies in COGS and fulfilment described above.

3.2 Financial Position of the Group

The Group has consumed cash of MEUR (9.1) in its operating activities in the first half of 2018 and therefore significantly below the cash consumption during the prior-year period (MEUR 29.3). The development results primarily from the positive development of operating results. Cash flow from investing activities amounted to MEUR (24,4) (Q1 2017 MEUR (7.0)). In addition to increased investments in intangible assets and Property, Plant and equipment, the change was mainly due to the acquisition of Green Chef; in addition we ramped-up a new fulfilment center in the Netherlands in June 2018, requiring MEUR (4.3) of PPE capex and deposit payments.

Cash flow from financing activities amounted to MEUR 0.6 following the Company's capital increase in May 2018 (see also [NOTE 10](#)).

In MEUR	JAN 1 - JUN 30	
	2018	2017
Cash flows from operating activities	(9.1)	(29.3)
Cash flows from investing activities	(24.4)	(7.0)
Cash flows from financing activities	0.6	92.9
Cash and cash equivalents at the end of the year	307.6	112.8

3.3 Asset Position of the Group

The Group continues to operate internationally an asset-light business model through local subsidiaries.

Property, plant and equipment, net of depreciation, amounted to MEUR 47.3 in H1 2018 compared to MEUR 37.2 in 2017. Our fixed assets primarily represent equipment and machinery used in our fulfilment centers to produce our meal boxes and chill the respective facilities. Intangible assets increased in 2018 from MEUR 4.6 to MEUR 5.6, primarily driven by internally developed software. Goodwill of MEUR 9.5, partly includes the acquisition of Green Chef in the amount of MEUR 4.6 as of 30 June 2018.

In MEUR	30 June 2018	31 December 2017
Assets		
Non-current assets	86.1	66.1
Current assets	353.1	386.8
Total assets	439.2	452.9
Equity and liabilities		
Equity	266.4	303.3
Non-current liabilities	42.6	41.6
Current liabilities	130.2	108.0
Total equity and liabilities	439.2	452.9

Besides our robust cash position, the Group's balance sheet as of 30 June 2018 mainly consists of its working capital, comprised of trade receivables MEUR 8.4, inventories of packaging material and primarily non-perishable ingredients of MEUR 19.2 and trade payables (MEUR 87.0). We focus, where reasonable, on local sourcing and fresh produce. Our weekly business cycle allows us to operate on the basis of a just in time delivery set up, resulting in very low inventories. Most customers pay us on or before the day of receipt of their delivery. We typically pay our suppliers within market standard periods, i.e., generally within 2 to 4 weeks after delivery. As a result of these factors, our business has historically shown a negative working capital that beneficially impacts our operating cash flow as long as we grow our operations.

We expect that net working capital as a percentage of quarterly revenue will remain broadly stable, subject to normal fluctuation, including due to seasonal effects.

3.4 Financial Performance of the Reportable Segments

HelloFresh's business activities are organized into two operating segments: the USA and all markets except the USA ("International" or "Int'l"). The composition of the segment has not changed as compared to our annual report 2017.

3.4.1 Financial Performance of US Segment

In MEUR	APR 1 - JUN 30			JAN 1 - JUN 30		
	2018	2017	YoY	2018	2017	YoY
Revenue	188.9	143.3	31.8%	368.3	263.4	39.8%
Costs of goods sold	(63.7)	(56.6)	12.5%	(129.8)	(107.3)	21.0%
% of Revenue	(33.7%)	(39.5%)	5.8pp	(35.2%)	(40.7%)	5.5pp
Fulfillment expenses	(71.1)	(55.4)	28.4%	(136.4)	(102.5)	33.1%
% of Revenue	(37.6%)	(38.6%)	1.0pp	(37.0%)	(38.9%)	1.9pp
Contribution margin	54.1	31.3	72.8%	102.1	53.6	90.7%
Contribution margin (excl. SBC*)	54.2	31.4	72.7%	102.3	53.7	90.4%
% of Revenue	28.7%	21.9%	6.8pp	27.8%	20.4%	7.4pp
Marketing expenses	(47.9)	(36.4)	31.6%	(104.4)	(79.4)	31.5%
% of Revenue	(25.3%)	(25.4%)	0.1pp	(28.3%)	(30.1%)	1.8pp
Marketing expenses (excl. SBC*)	(47.7)	(36.1)	31.9%	(104.1)	(78.9)	31.9%
% of Revenue	(25.2%)	(25.2%)	0.0pp	(28.3%)	(30.0%)	1.7pp
General and administrative expenses, other income and expenses	(9.3)	(4.6)	100.4%	(15.8)	(7.7)	106.6%
% of Revenue	(4.9%)	(3.2%)	(1.7pp)	(4.3%)	(2.9%)	(1.4pp)
Operating loss	(3.1)	(9.7)	(68.2%)	(18.1)	(33.5)	(45.9%)
% of Revenue	(1.6%)	(6.8%)	5.2pp	(4.9%)	(12.7%)	7.8pp
EBITDA	(1.3)	(8.9)	(85.7%)	(15.3)	(31.8)	(51.7%)
% of Revenue	(0.7%)	(6.2%)	5.6pp	(4.2%)	(12.1%)	7.9pp
AEBITDA	(0.3)	(8.5)	(96.2%)	(14.0)	(31.3)	(55.3%)
% of Revenue	(0.2%)	(5.9%)	5.7pp	(3.8%)	(11.9%)	8.1pp

*excluding share-based compensation expenses

Revenue of our US segment increased from MEUR 263.4 in H1 2017 to MEUR 368.3 in H1 2018, representing an annual growth rate of 39.8% (62.2% on a constant currency basis), driven by growth in active customers from 0.80 million in H1 2017 to 1.12 million in H1 2018 and a corresponding trend in meals delivered and the acquisition of Green Chef. Excluding Green Chef, US revenue growth in the first half 2018 on a constant currency basis was 51.0% and 33.0% in Q2 2018.

Contribution margin (excl. share-based compensation) of our US segment increased significantly in H1 2018 from MEUR 53.7 in H1 2017 to MEUR 102.3 in H1 2018 representing an annual growth of 90.4%. The financial improvements have come on the back of savings achieved in our procurement function, improving efficiencies in our production operations and economies of scale realized across our fulfilment operations. Contribution margin (excl. share-based compensation) as % of revenue expanded from 20.4% in H1 2017 to 27.8% in H1 2018, despite margin dilutive impact from Green Chef.

Marketing spend (excl. share based compensation) in absolute terms has increased to MEUR 104.1 in H1 2018 compared with MEUR 78.9 in H1 2017; however, as percentage of revenue, marketing spend has decreased by 1.7% points from 30.0% in H1 2017 to 28.3% in H1 2018.

EBITDA of our US segment improved from MEUR (31.8) in H1 2017 to MEUR (15.3) in H1 2018. EBITDA margin improved from (12.1%) in H1 2017 to (4.2%) in H1 2018. AEBITDA increased from MEUR (31.3) in 2017 to MEUR (14.0) in 2018, and AEBITDA margin therefore improved from (11.9)% to (3.8)%. Excluding Green Chef, Q2 2018 marks the first quarter in which our US operations have been AEBITDA positive, with a margin of 2.0%.

3.4.2 Financial Performance of International Segment

In MEUR	APR 1 - JUN 30			JAN 1 - JUN 30		
	2018	2017	YoY	2018	2017	YoY
Revenue	130.8	86.8	50.6%	246.9	172.0	43.5%
Costs of goods sold	(53.9)	(36.6)	47.3%	(103.7)	(72.8)	42.4%
% of Revenue	(41.2%)	(42.1%)	0.9pp	(42.0%)	(42.3%)	0.3pp
Fulfillment expenses	(41.7)	(29.6)	40.5%	(78.8)	(58.5)	34.6%
% of Revenue	(31.9%)	(34.2%)	2.3pp	(31.9%)	(34.0%)	2.1pp
Contribution margin	35.2	20.6	71.1%	64.4	40.7	58.4%
Contribution margin (excl. SBC*)	35.5	20.6	72.5%	65.0	40.9	58.9%
% of Revenue	27.1%	23.7%	3.4pp	26.3%	23.8%	2.5pp
Marketing expenses	(25.0)	(21.4)	16.7%	(51.6)	(42.4)	21.7%
% of Revenue	(19.1%)	(24.7%)	5.6pp	(20.9%)	(24.7%)	3.7pp
Marketing expenses (excl. SBC*)	(24.9)	(21.4)	16.6%	(51.5)	(42.4)	21.5%
% of Revenue	(19.1%)	(24.6%)	5.6pp	(20.9%)	(24.6%)	3.8pp
General and administrative expenses, other income and expenses	(7.3)	(3.7)	95.9%	(12.7)	(7.6)	67.2%
% of Revenue	(5.6%)	(4.3%)	(1.3pp)	(5.1%)	(4.4%)	(0.7pp)
Operating loss	2.9	(4.5)	(164.6%)	0.1	(9.3)	(101.4%)
% of Revenue	2.2%	(5.2%)	7.5pp	0.1%	(5.4%)	5.5pp
EBITDA	4.1	(3.9)	(203.3%)	1.8	(8.2)	(121.8%)
% of Revenue	3.1%	(4.5%)	7.6pp	0.7%	(4.8%)	5.5pp
AEBITDA	5.4	(4.2)	(227.8%)	4.3	(8.1)	(153.0%)
% of Revenue	4.1%	(4.9%)	9.0 pp	1.8%	(4.7%)	6.5pp

*excluding share-based compensation expenses

Revenue of our International segment increased from MEUR 172.0 in H1 2017 to MEUR 246.9 in H1 2018, representing an annual growth rate of 43.5% (48.5% on a constant currency basis), in line with our growth in active customers from 0.46 million in H1 2017 to 0.72 million in H1 2018 and a corresponding trend in meals delivered.

Contribution margin (excl. share-based compensation) of our International segment increased in H1 2018 from MEUR 40.9 in 2017 to MEUR 65.0 in 2018. On a relative basis, as a percentage of revenue, contribution margin increased from 23.8% in H1 2017 to 26.3% in H1 2018. This is largely driven by efficiencies realized in our fulfillment processes and to a lesser extent by efficiencies in our procurement operations.

Marketing spend (excl. share based compensation) has increased in absolute terms to MEUR 51.5 in H1 2018 compared with MEUR 42.4 in H1 2017, but decreased as % of revenue from 24.6% in H1 2017 to 20.9% in H1 2018.

EBITDA of our International segment increased from MEUR (8.2) in H1 2017 to MEUR 1.8 in H1 2018. AEBITDA increased from MEUR (8.1) in H1 2017 to MEUR 4.3 in H1 2018. AEBITDA margin improved from (4.7%) in H1 2017 to 1.8% in H1 2018 and reached a 4.1% margin in Q2 2018.

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

The reporting period was characterized by continued robust year-on-year growth, where our International segment has shown even higher growth dynamics than our US segment in the 2nd quarter 2018. At the same time, we managed to improve our margin profile for the group and for both segments on all levels, consistently throughout the first half of the year. Q2 2018 marks a milestone for our company, as it is the first quarter in which both our operating segments have been AEBITDA profitable (excl. Green Chef) and the Group has been quasi AEBITDA breakeven (excl. Green Chef) with a (0.0)% margin.

Overall, we are satisfied with the progress made in H1 2018 and we consider ourselves in a good position to further expand the global leadership position in our category by growing year-on-year revenues and margins in the 2nd half of 2018.

4 RISK AND OPPORTUNITY REPORT

The risks and opportunities that can have a significant influence on profitability, cash flows and financial position of HelloFresh Group, as well as detailed information on our risk and opportunity management system, are presented in our annual report 2017 and have not significantly changed.

5 OUTLOOK

5.1 Economic conditions

As compared with the economic outlook from November 2017, the OECD¹ slightly increases its forecast of the global economy growth in 2018 from 3.7% to 3.9%, which is also in line with IMF² projection. Positive revision reflects stronger prospects for the euro area and the US market.

According to IMF, in the US growth is expected to rise to 2.9% in 2018 as compared with projection in our latest annual report of 2.5% growth rate. The upward reflection reflects stronger than expected activity in 2017 and the expected macroeconomic impact of the new fiscal policy, which is anticipated to stimulate short-term activity. The revision also reflects higher public spending following the February 2018 bipartisan budget agreement.

According to IMF, the Eurozone will also experience slightly higher economic growth in 2018 than anticipated in January 2018; the projection is up to 2.4% from 2.1% stated in our annual report 2017. It reflects stronger than expected domestic demand across the currency area and supportive monetary policy. UK growth is expected to be up to 1.6% in 2018 as compared to 1.2% reported in our annual report 2017.

Growth of the Australian economy of 3.0% remains unchanged as reported in our annual report 2017.

5.2 Guidance

Based on robust start of the year, with the publication of its Q1 2018 financial results, HelloFresh had increased its outlook for group revenue growth to approximately 30% - 35% for the full year 2018 on a constant currency basis (excluding Green Chef) from previously 25% - 30%. After having completed now the first two quarters of the year and based on certain additional growth measures outlined below, we are further raising our revenue growth guidance on a constant currency basis (excluding Green Chef) for the full year 2018 to 32% to 37%.

Our 2018 expectations for contribution margin of above 25% for the full year remain unchanged to what we outlined in the annual report 2017.

Given our robust margin development in H1 2018, we have decided to implement certain strategic growth measures in H2 2018, including: increased choice and a price reduction for certain HelloFresh meal kits in the US, ramp-up of our US value brand, improved customer experience for our Green Chef customers and further investment in certain new initiatives. As a consequence of these investments, we expect that our previous target of AEBITDA breakeven for the Group (excluding Green Chef) in Q4 2018 will be reached during the course of 2019.

The outlook presented above is based on a constant currency basis, on our current geographic footprint and does not consider the impact of changes in the competitive environment, potential exchange rate fluctuations or any acquisition activity.

¹ Organization for Economic Co-operation and Development, "OECD Economic Outlook and Interim Economic Outlook" (May 2018), <http://www.oecd.org/eco/outlook/economic-outlook/>

² International Monetary Fund "World Economic Outlook: Cyclical Upswing, Structural Change" (update April 2018), www.imf.org

B INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	17
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME.....	19
INTERIM CONDENSED CONSOLIDATED STATEMENT OF EQUITY	20
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS.....	21
EXPLANATORY NOTES	23
1 Corporate Information.....	23
2 Basis of Accounting.....	23
3 Significant Accounting Judgements, Estimates and Assumptions	23
4 Summary of Significant Accounting Policies	23
5 New Accounting Pronouncements	25
6 Segment Information	25
7 Seasonality of the operations	27
8 Business combination.....	27
9 Financial Instruments	28
10 Share Capital and Capital Reserves	29
11 Share-Based Compensation	29
12 Income Taxes	30
13 Loss per Share	30
14 Transactions with Related Parties	30
15 Events after the Reporting Period	31

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In MEUR	Note	30 June 2018	31 December 2017
Assets			
Non-current assets			
Property, plant and equipment		47.3	37.2
Intangible assets		5.6	4.6
Goodwill	8	9.5	4.6
Other financial assets	9	19.7	14.2
Other non-financial assets		0.7	0.9
Deferred income tax assets		3.3	4.6
Total non-current assets		86.1	66.1
Current assets			
Inventories		19.2	13.8
Trade receivables	9	8.4	14.2
Other financial assets	9	3.8	4.9
Other non-financial assets		14.1	14.0
Cash and cash equivalents	9	307.6	339.9
Total current assets		353.1	386.8
Total assets		439.2	452.9

Interim Condensed Consolidated Statement Of Financial Position

In MEUR	Note	30 June 2018	31 December 2017
Equity and liabilities			
Equity			
Share capital	10	161.6	161.0
Treasury shares		(9.0)	(10.0)
Capital reserves	10	441.3	442.2
Other reserves	11	48.8	40.2
Accumulated losses		(374.0)	(328.0)
Other comprehensive loss		(2.0)	(1.9)
Equity attributable to the Company's shareholders		266.6	303.5
Non-controlling interests		(0.2)	(0.2)
Total equity		266.4	303.3
Non-current liabilities			
Other financial liabilities	9	-	0.1
Long-term debt	9	30.0	29.3
Provisions		1.1	0.7
Other non-financial liabilities		11.5	11.5
Total non-current liabilities		42.6	41.6
Current liabilities			
Trade payables	9	87.0	77.1
Other financial liabilities	9	1.1	3.2
Provisions		1.7	3.4
Income tax liabilities		2.0	0.6
Other non-financial liabilities		38.4	23.7
Total current liabilities		130.2	108.0
Total equity and liabilities		439.2	452.9

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In MEUR	Note	APR 1 - JUN 30		JAN 1 - JUN 30	
		2018	2017	2018	2017
Revenue	6	319.7	230.1	615.2	435.4
Cost of goods sold		(117.9)	(93.4)	(234.0)	(180.5)
Gross profit		201.8	136.7	381.2	254.9
Fulfilment expenses		(113.0)	(85.9)	(215.7)	(162.8)
Marketing expenses		(74.3)	(58.5)	(158.3)	(123.1)
General and administrative expenses		(26.1)	(11.2)	(44.9)	(20.5)
Other operating income		0.3	0.5	0.7	1.0
Other operating expenses		(2.3)	(1.8)	(4.5)	(2.4)
Operating loss		(13.6)	(20.2)	(41.5)	(52.9)
Finance income		0.9	0.4	1.4	0.6
Finance expense		(0.4)	(3.3)	(2.0)	(4.8)
Loss before income tax benefit (expense)		(13.1)	(23.1)	(42.1)	(57.1)
Income tax benefit	12	(2.1)	0.4	(2.9)	0.4
Loss for the year		(15.2)	(22.7)	(45.0)	(56.7)
attributable to:					
Owners of the Company		(15.2)	(22.7)	(44.9)	(56.6)
Non-controlling interests		-	-	(0.1)	(0.1)
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss					
Exchange differences on translation to presentation currency		(8.5)	11.0	(4.6)	12.2
Exchange differences on net investments in foreign operations		8.8	(11.5)	4.5	(12.9)
Other comprehensive income (loss) for the year		0.3	(0.5)	(0.1)	(0.7)
Total comprehensive loss for the year		(14.9)	(23.2)	(45.1)	(57.4)
Total comprehensive loss attributable to:					
Owners of the Company		(14.8)	(23.2)	(45.0)	(57.3)
Non-controlling interests		(0.1)	-	(0.1)	(0.1)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF EQUITY

		Attributable to the owners of the Company								
In MEUR	Note	Share capital	Treasury shares	Capital reserves	Other reserves	Accumulated losses	Other comprehensive (loss) income	Total	Attributable to non-controlling interests	Total
As at 1 January 2017		127.0	(10.0)	113.4	27.1	(236.2)	(0.7)	20.6	-	20.6
Loss for the period						(56.6)		(56.6)	(0.1)	(56.7)
Currency translation							(0.7)	(0.7)		(0.7)
Total comprehensive loss								(36.7)	(0.1)	(36.8)
Issue of share capital		6.1		79.5				85.6		85.6
Share-based compensation					7.5			7.5		7.5
Balance as at 30 June 2017		133.1	(10.0)	192.9	34.6	(292.8)	(1.4)	56.4	(0.1)	56.2
Balance as at 31 December 2017 as originally presented		161.0	(10.0)	442.2	40.2	(328.0)	(1.9)	303.5	(0.2)	303.3
Change due to adoption of IFRS 9						(1.1)		(1.1)		(1.1)
Restated total equity as at 1 January 2018		161.0	(10.0)	442.2	40.2	(329.1)	(1.9)	302.4	(0.2)	302.2
Loss for the period						(44.9)		(44.9)	(0.1)	(45.0)
Currency translation							(0.1)	(0.1)		(0.1)
Total comprehensive loss								(45.0)	(0.1)	(45.1)
Issue of share capital	10	0.6	1.0	(0.9)				0.7		0.7
Share-based compensation					8.6			8.6		8.6
Balance as at 30 June 2018		161.6	(9.0)	441.3	48.8	(374.0)	(2.0)	266.7	(0.3)	266.4

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

In MEUR	JAN 1 - JUN 30	
	2018	2017
Cash flow used in operating activities		
Loss for the year	(45.0)	(56.7)
Adjustments for:		
Finance income	(1.4)	(0.6)
Finance expense	2.0	4.9
Income tax (benefit)	2.9	(0.4)
Depreciation of property, plant and equipment	4.4	3.2
Amortization of intangible assets	1.4	0.6
Loss on disposal of property, plant and equipment	0.4	-
Share-based compensation expense (equity-settled)	8.6	2.2
Other non-cash transactions	(1.3)	7.3
(Decrease) Increase in provisions	(1.8)	(0.3)
Changes in working capital related to operating activities		
(Increase) decrease in trade receivables	6.0	0.5
(Increase) in inventories	(3.0)	0.7
Increase (decrease) in trade and other payables	6.1	11.4
Increase in deferred revenue	3.2	2.1
Increase (decrease) in VAT receivable/payable and similar taxes	(1.6)	0.5
(Increase) decrease in other financial assets	2.0	(1.0)
Decrease (increase) in non-current non-financial assets	2.7	2.1
Increase in financial liabilities	(3.2)	0.1
Increase in non-financial liabilities	9.2	2.0
(Decrease) in share-based compensation liabilities	-	(5.6)
Interest received	0.1	-
Interest paid	(0.8)	(2.3)
Net cash used in operating activities	(9.1)	(29.3)
Cash flow used in investing activities		

Interim Condensed Consolidated Statement Of Cash Flows

	JAN 1 - JUN 30	
	2018	2017
In MEUR		
Acquisition of subsidiary, net of cash required	(10.9)	
Purchase of property, plant and equipment	(7.2)	(5.8)
Software development expenditure	(1.5)	(1.9)
Purchase of software licenses	(0.1)	-
Transfer of cash into restricted cash accounts and long-term deposits	(4.7)	0.7
Net cash used in investing activities	(24.4)	(7.0)
Cash flow from financing activities		
Proceeds from the issuance of share capital	0.6	84.0
Net proceeds from the issuance of long-term debt	-	28.9
Repayment of long-term debt	-	(20.0)
Net cash from financing activities	0.6	92.9
Cash and cash equivalents at the beginning of the period	339.9	57.5
Effects of exchange rate and other value changes on cash and cash equivalents	0.6	(1.3)
Cash and cash equivalents at the end of the period	307.6	112.8

EXPLANATORY NOTES

TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 Corporate Information

The accompanying consolidated financial statements as of June 2018 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 is domiciled in Germany with its registered office at Saarbrücker Strasse 37a, 10405 Berlin and is registered in the commercial register of Charlottenburg (Berlin) under HRB 182382 B.

The Group’s principal business activity is to provide fresh, healthy and personalized meal solutions to enable customers to prepare home-cooked meals each week using HelloFresh’s recipes.

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 Securities Trading Act. (WpHG).

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. All percentages and totals have been calculated on the basis of non rounded Euro amounts.

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by EU and should be read in conjunction with the Group’s last annual consolidated financial statements as at and for the year ended 31 December 2017. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements.

This is the first set of the Group’s financial statements where IFRS 15 and IFRS 9 have been applied. The effects are described in **NOTE 4**.

3 Significant Accounting Judgements, Estimates and Assumptions

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements as of December 31, 2017.

4 Summary of Significant Accounting Policies

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 31 December 2017.

IFRS 15 Revenue from contracts with customer

The Group has initially adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018 using the modified retrospective method. Accordingly, the Group presented the comparative period in line with previous rules.

IFRS 15 establishes a comprehensive framework for determining whether, how much, and when revenue is recognized. It replaces the existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programs. Under IFRS 15, revenue is recognized when a customer obtains control of the goods and services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The Group generates revenue primarily from the sale of food ingredients along with corresponding recipes (“meal kits”). IFRS 15 did not have a significant impact on the Group’s accounting policies for revenue recognition: as under IAS 18 the Group acts as principal and recognizes revenue when the goods have been delivered to the customer net of discounts. Similarly, the Group concluded that recognition of revenue for other transactions is not affected by adoption of IFRS 15.

IFRS 9 Financial Instruments

The Group has initially adopted IFRS 9 Financial Instruments from 1 January 2018 and has recognized cumulative transition effects within retained earnings without adjusting the comparative period.

IFRS 9 sets out requirements for classification, measurement and derecognition of financial assets, financial liabilities and some contracts to buy or sell non-financial items as well as introduces new rules for hedge accounting and a new impairment model for financial assets. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

Classification and measurement

IFRS 9 contains a new classification and 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 amortised costs, FVOCI and FVTPL. The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

In accordance with IAS 39 the Group’s financial assets were categorised as loans and receivables and measured at amortised cost. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9.

None of the changes introduced by IFRS 9 with respect to financial liabilities have impact on the classification and measurements of the Group’s financial liabilities.

Impairment

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with a forward-looking ‘expected credit loss’ (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

Within the group, the new impairment model applies to financial assets measured at amortised cost. HelloFresh is using the simplified approach to determine loss allowances and calculates the ECL as a result from all possible default events over the expected life of a financial instrument.

The initial application of these requirements resulted in recognition of additional bad debt provision for trade receivables of EUR 1.1 Mio. There was no material impact on the impairment allowances recognised for other financial assets from the IFRS 9 adoption.

5 New Accounting Pronouncements

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Group has not early adopted them in preparing these condensed consolidated interim financial statements. None of the new standards or amendments are expected to have significant impact on the Group’s consolidated financial statements except for IFRS 16 Leases. The Group has no further updates to information provided in the last annual financial statements as of December 2017 about IFRS 16.

6 Segment Information

The main activity of the Group is the delivery of meal kits 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, France, Germany, Luxembourg, the Netherlands, Switzerland and the United Kingdom (“UK”).

Segment information for the six-month period ended 30 June 2018 is set out on the next page:

	JAN 1 - JUN 30, 2018					
In MEUR	USA	Intenational	Total segments	Holding	Conso	Group
Total revenue	368.3	247.1	615.4	22.4	(22.6)	615.2
Internal revenue	-	0.2	0.2	22.4	(22.6)	-
External revenue	368.3	246.9	615.2	-	-	615.2
Contribution Margin (excl. SBC)	102.3	65.0	167.3	19.8	(20.9)	166.2
Adjusted EBITDA	(14.0)	4.3	(9.7)	(16.0)	-	(25.6)
Special items and holding fees	0.2	1.2	1.5	(0.3)	-	1.2
Share based payment compensation	1.0	1.3	2.3	6.3	-	8.6
EBITDA	(15.3)	1.8	(13.6)	(21.9)	-	(35.4)
Depreciation and amortization	(2.8)	(1.7)	(4.4)	(1.6)	-	(6.1)
EBIT	(18.1)	0.1	(18.0)	(23.5)	-	(41.5)
Finance income	0.1	-	0.1	3.9	(2.6)	1.4
Finance expense	(1.6)	(1.1)	(2.7)	(2.0)	2.6	(2.0)
Income tax expense	-	(2.8)	(2.8)	-	-	(2.8)
Loss for the year	(19.6)	(3.9)	(23.5)	(21.6)	-	(45.0)

	JAN 1 - JUN 30, 2017					
In MEUR	USA	Intenational	Total segments	Holding	Conso	Group
Total revenue	263.4	172.1	435.5	26.6	(26.7)	435.4
Internal revenue	-	0.1	0.1	26.6	(26.7)	-
External revenue	263.4	172.0	435.4	-	-	435.4
Contribution Margin	53.7	40.9	94.6	23.9	(26.1)	92.4
Adjusted EBITDA	(31.3)	(8.1)	(39.4)	(7.1)	-	(46.5)
Special items and holding fees	(0.2)	(0.4)	0.6	0.1	-	0.7
Share based payment compensation	(0.3)	(0.3)	-	1.8	-	1.8
EBITDA	(31.8)	(8.2)	(40.0)	(9.0)	-	(49.0)
Depreciation and amortization	(1.7)	(1.1)	(2.8)	(1.0)	-	(3.8)
EBIT	(33.5)	(9.3)	(42.8)	(10.0)	-	(52.8)
Finance income	-	0.1	0.1	2.4	(1.9)	0.6
Finance expense	(1.0)	(1.1)	(2.0)	(4.8)	1.9	(4.9)
Income tax benefit	-	0.4	0.4	-	-	0.4
Loss for the year	(34.5)	(9.8)	(44.3)	(12.4)	-	(56.7)

7 Seasonality of the operations

The Group's operations are subject to seasonality, driven by weather conditions and holiday patterns. We typically see lower customer engagement during the summer months. Furthermore, orders are typically lower in weeks that contain local holidays, which are either used for short trips or traditional family meals. Due to our strong growth, the full impact of seasonality is partially mitigated by the underlying growth trend. Comparing quarterly revenue adjusted for the underlying growth, we find that customer engagement in the first quarter is typically higher than in the rest of the year. Seasonal trends also influence our marketing and operating expenses. We adapt our marketing spending to the seasonality of our business by spending less on marketing in the second and third quarter and by spending more in the winter. Concerning operating expenses, fixed cost utilization is typically lower in the summer months leading to relatively higher fulfilment expenses; in addition, in most of our countries of operation, temperatures are typically higher in the third quarter than in the rest of the calendar year. Only a fraction of our deliveries is made in refrigerated vehicles and as such, we spend more in the third quarter on insulation and cooling materials. These extra expenses typically lead to higher fulfilment expenses as a percentage of revenue in the three months ended September 30.

8 Business combination

On 26 March 2018, the Group acquired 100% of voting interests in Green Chef Corporation and obtained control. Green Chef is a US based company offering organic meal-kit plans. With this acquisition HelloFresh is able to reach new customer segments through specialist meal kit plans, such as organic, vegan, paleo, ketogenic diets. The acquisition is expected to yield over time synergies in operations, logistics, procurement and marketing. Green Chef is consolidated in HelloFresh's group P&L as of the second quarter 2018 and contributed revenue of 13.6 MEUR and an AEBITDA loss of (3.9) MEUR to the Group's second quarter and H1 results. Acquisition-related expenses incurred in other operating expenses amounted to EUR 189k.

If the acquisition had occurred on 1 January 2018, management estimates that consolidated revenue would have increased by further MEUR 13.1, and AEBITDA loss for the period would have increased by MEUR (5.7).

The fair value of Green Chef's intangible assets has been measured provisionally, pending completion of the valuations of the acquired assets and liabilities. The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition.

In MEUR	
Intangible assets	0.8
Property, plant and equipment	6.5
Other assets	4.1
Cash and cash equivalents	1.5
Total identifiable assets	12.9
Trade payables	1.9
Other liabilities	4.7
Total identifiable liabilities	6.6
Total identifiable net assets acquired	6.3

Goodwill arising from the acquisition has been recognized as follows:

In MEUR	
Total cash consideration transferred	10.9
Net assets acquired	6.3
Goodwill	4.6

The goodwill is attributable mainly to the skills and technical talent of Green Chef's work force, and the synergies expected to be achieved from integrating the company into the Group's existing US business. None of the goodwill recognized is expected to be deductible for tax purposes.

9 Financial Instruments

All financial assets held by the Group are categorized as financial assets at amortized cost; please refer to the accounting policies in **NOTE 4**. All financial assets are disclosed below:

In MEUR	30 June 2018	31 December 2017
Other financial assets (non-current)	19.7	14.2
Trade receivables	8.4	14.2
Other financial assets (current)	3.8	4.9
Cash and cash equivalents	307.6	339.9
Total	339.5	373.2

All financial liabilities are measured at amortized cost and are disclosed below:

In MEUR	30 June 2018	31 December 2017
Other financial liabilities (non-current)	-	0.1
Trade payables	87.0	77.1
Other financial liabilities (current)	1.1	3.2
Long term debt	30.0	29.3
Total	118.1	109.7

The fair values of all financial instruments approximate their carrying amount.

10 Share Capital and Capital Reserves

	Ordinary Share capital		Capital reserves		
	Number of shares (in pcs)	Nominal amount (in MEUR)	Additional capital paid in (in MEUR)	Transaction costs (in MEUR)	Total (in MEUR)
At 1 January 2018	160,987,210	161.0	452	(9.8)	442.2
Issue of ordinary share capital	603,257	0.6	(1.0)	(0)	(1)
At 30 June 2018	161,590,467	161.6	451.0	(9.8)	441.3

The Company's share capital changed in the first half of 2018 due to capital increases arising from the exercise of employee options:

In May 2018, some of the beneficiaries in connection with the Company's call options program exercised parts of their vested options. Consequently, the Company's share capital increased by 603,257 shares to 161,590,467 shares. This capital increase was entered into the commercial register on May 29, increasing the share capital of previously EUR 160,987,210 by a total of EUR 603,257 to EUR 161,590,467.

The Company utilized the proceeds to settle all exercised options which resulted in a decrease of capital reserve in the amount of MEUR 1.

11 Share-Based Compensation

The group operates share-based compensation plans, under which Group companies receive services from directors and employees as consideration for equity instruments of the Company or one of its subsidiaries. The Segment expense is summarized below:

In MEUR	JAN 1 - JUN 30 2018	JAN 1 - JUN 30 2017	APR 1 - JUN 30 2018	APR 1 - JUN 30 2017
USA	1.1	0.3	0.7	0.4
International	1.3	(0.3)	0.8	(0.6)
Holding	6.2	1.8	3.6	0.9
Total	8.6	1.8	5.1	0.7

In April 2018, a new share-based plan, "Restricted Stock Units Program 2018" ("RSU 2018") and a new Virtual Stock Options Program ("VSOP 2018") replacing the previous VSOP 2016 program, were initiated.

Under the new plans, the Management Board and the Supervisory Board are authorized to grant in total up to 7,000,000 Restricted Stock Units ("RSU") and up to 7,250,000 virtual stock options to the beneficiaries in one or more tranches over the next five years.

According to terms stipulated therein, VSOP 2018 options are subject to certain performance criteria and vest over a period of four years. RSUs granted to a participant will vest at the expiration of one year following the Grant Date.

As of 30 June, 2018 no grants were issued under the said program.

12 Income Taxes

The Group calculates the period income tax expense using the tax rate that would be applicable on the expected total annual earnings. For entities for which income tax expenses are not expected, as in most legislation, the tax rate is assumed to be nil for these countries.

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

In MEUR	6 months ended	
	30 June 2018	30 June 2017
Current tax expense	(1.5)	-
Deferred tax benefit	(1.4)	0.4
Income tax benefit	(2.9)	0.4

13 Loss per Share

Loss per share is calculated as follows:

In MEUR	6 months ended	
	30 June 2018	30 June 2017
Loss for the period	(45.0)	(56.7)
Weighted average number of ordinary shares in issue	160.4	131.9
Basic and diluted loss per share (in EUR)	(0.28)	(0.43)

Since any potential shares are anti-dilutive, the diluted loss per share is the same as the basic loss per share.

14 Transactions with Related Parties

As of 30 June 2018, generally no new transactions occurred with related parties compared with the disclosures of transactions reported in the consolidated financial statements as of 31 December 2017.

15 Events after the Reporting Period

On 17 July 2018, HelloFresh has amended its MEUR 60 bank facility to further optimize its debt financing expenses: The company has repaid the drawn MEUR 30 term loan tranche of the facility and upsized at the same time the undrawn revolving credit facility tranche from MEUR 30 to MEUR 60. Given that the undrawn revolving credit facility bears lower interest expenses, HelloFresh has lower interest charges going forward without reducing its available liquidity resources.

On 9 July 2018 HelloFresh signed a new office lease contract for its headquarters in Germany, which bears a lease period of 10 years and become effective in early 2021.

Berlin, 10 August 2018

Dominik S. Richter
Chief Executive Officer

Thomas W. Griesel
Chief Operating Officer
and Chief Executive
Officer International

Christian Gaertner
Chief Financial Officer

Tobias Hartmann
Chief Strategy Officer and
President North America

RESPONSIBILITY STATEMENT BY THE MANAGEMENT BOARD

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the interim Group management report, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Berlin, 10 August 2018

Dominik S. Richter
Chief Executive Officer

Thomas W. Griesel
Chief Operating Officer
and Chief Executive
Officer International

Christian Gaertner
Chief Financial Officer

Tobias Hartmann
Chief Strategy Officer and
President North America

AUDITOR REVIEW REPORT

To HelloFresh SE, Berlin

We have reviewed the condensed consolidated interim financial statements – comprising the consolidated statement of financial position, the consolidated statement of comprehensive income, consolidated statement of equity and consolidated statement of cash flows, and selected explanatory notes – together with the interim group management report of HelloFresh SE, Berlin, for the period from January 1, 2018 to June 30, 2018, which are part of the interim financial report pursuant to Section 115 WpHG, (“Wertpapierhandelsgesetz”: German Securities Trading Act). The preparation of the interim consolidated financial statements in accordance with the IFRSs on interim financial reporting as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the Company`s management. Our responsibility is to issue a review report on the interim condensed consolidated financial statements and the interim group management report based on our review.

We conducted our review of the interim condensed consolidated financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the review to obtain a certain level of assurance in our critical appraisal to preclude that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU and that the interim group management report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports. A review is limited primarily to making inquiries of company personnel and applying analytical procedures and thus does not provide the assurance that we would obtain from an audit of financial statements. In accordance with our engagement, we have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU or that the interim group management report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports.

Berlin, August 10, 2018

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Canzler
Wirtschaftsprüfer

von Michaelis
Wirtschaftsprüfer

GLOSSARY

Active Customers

Active customers refer to the number of uniquely identified customers who received at least one bx within the preceding three months (including first-timers and trial customers, customers who received agree or discounted box and customers who ordered during 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 expense.

Adjusted EBITDA

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

Apps

Applications that were developed to optimize internet use for a specific task with a mobile phone or smartphone.

Average Order Value

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

Contribution

Contribution Margin is defined as the Revenue less the direct costs of sales and the attributable fulfilment costs.

Contribution Margin

Contribution Margin is defined as the Revenue less the direct costs of sales and the attributable fulfilment costs.

Corporate Responsibility

Corporate Responsibility (CR) is a business approach that takes responsibility for social and environmental impacts resulting out of 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 EBIT as a percentage of revenue.

Free Cash Flow

Cash flow from operating activities plus cash flow from investing activities (excluding investments in time Fideposits and restricted cash).

Hack Week

Hack week is our annual innovation week, in which HelloFresh technology employees put their day-to-day tasks to one side in order to fully focus on their own creative ideas, develop new concepts and work on initial prototypes.

Net working Capital

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

Number of Meals

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

FINANCIAL CALENDAR 2018

Publication of Quarterly Financial Statements Q3 2018 and Earnings Call

13 November 2018

IMPRINT

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