

HELLOFRESH
GROUP

Half-Year Report 2022

HelloFresh SE

HelloFresh at a Glance

Key figures	3 months ended 30-Jun-22	3 months ended 30-Jun-21	YoY growth	6 months ended 30-Jun-22	6 months ended 30-Jun-21	YoY growth
Key Performance Indicators						
Group						
Active customers (in millions)	8.00	7.68	4.1 %			
Number of orders (in millions)	32.26	30.98	4.1 %	66.83	60.28	10.9 %
Orders per customer	4.03	4.03	— %			
Meals (in millions)	269.8	254.1	6.2 %	557.1	493.1	13.0 %
Average order value (EUR) (excl. retail)	60.4	50.2	20.3 %			
Average order value constant currency (EUR) (excl. retail)	55.6	50.2	10.8 %			
USA						
Active customers (in millions)	4.03	3.82	5.3 %			
Number of orders (in millions)	16.59	15.58	6.5 %	34.03	30.68	10.9 %
Orders per customer	4.12	4.07	1.1 %			
Meals (in millions)	129.9	118.4	9.7 %	265.8	232.3	14.4 %
Average order value (EUR) (excl. retail)	70.3	54.4	29.2 %			
Average order value constant currency (EUR) (excl. retail)	62.1	54.4	14.2 %			
International						
Active customers (in millions)	3.97	3.86	3.0 %			
Number of orders (in millions)	15.67	15.40	1.7 %	32.80	29.60	10.8 %
Orders per customer	3.95	3.99	(1.2 %)			
Meals (in millions)	139.9	135.7	3.1 %	291.3	260.8	11.7 %
Average order value (EUR) (excl. retail)	49.9	46.0	8.5 %			
Average order value constant currency (EUR) (excl. retail)	48.7	46.0	5.9 %			

Key figures	3 months ended 30-Jun-22	3 months ended 30-Jun-21	YoY growth	6 months ended 30-Jun-22	6 months ended 30-Jun-21	YoY growth
Results of operations						
Group						
Revenue (in MEUR)	1,957.1	1,555.0	25.9 %	3,872.5	2,997.9	29.2 %
Revenue constant currency (in MEUR)	1,802.0	1,555.0	15.9 %	3,626.2	2,997.9	21.0 %
Contribution margin (in MEUR)*	500.2	403.5	24.0 %	982.9	810.2	21.3 %
Contribution margin (in % of revenue)*	25.6 %	25.9 %	(0.3 pp)	25.4 %	27.0 %	(1.6 pp)
AEBITDA (in MEUR)	145.9	157.8	(7.5 %)	245.2	317.0	(22.6 %)
AEBITDA (in % of Revenue)	7.5 %	10.1 %	(2.6 pp)	6.3 %	10.6 %	(4.3 pp)
USA						
Revenue (in MEUR)	1,166.0	846.9	37.7 %	2,266.1	1,649.4	37.4 %
Revenue constant currency (in MEUR)	1,030.2	846.9	21.6 %	2,054.1	1,649.4	24.5 %
Contribution margin (in MEUR)*	315.6	226.7	39.7 %	615.7	460.2	34.0 %
Contribution margin (in % of revenue)*	27.0 %	26.7 %	0.3 pp	27.1 %	27.8 %	(0.7 pp)
AEBITDA (in MEUR)	112.2	91.2	22.9 %	195.4	183.7	6.4 %
AEBITDA (in % of Revenue)	9.6 %	10.8 %	(1.2 pp)	8.6 %	11.1 %	(2.5 pp)
International						
Revenue (in MEUR)	791.0	707.9	11.7 %	1,606.2	1,348.3	19.1 %
Revenue constant currency (in MEUR)	771.7	707.9	9.0 %	1,572.1	1,348.3	16.6 %
Contribution margin (in MEUR)*	192.7	181.7	6.2 %	382.7	359.4	6.5 %
Contribution margin (in % of revenue)*	24.2 %	25.6 %	(1.4 pp)	23.7 %	26.5 %	(2.8 pp)
AEBITDA (in MEUR)	64.8	85.7	(24.5 %)	110.0	171.1	(35.7 %)
AEBITDA (in % of Revenue)	8.1 %	12.1 %	(4.0 pp)	6.8 %	12.7 %	(5.9 pp)
Group Financial Position						
Net working capital (in MEUR)	(352.3)	(288.1)		(352.3)	(288.1)	
Cash flow from operating activities (in MEUR)	(21.0)	103.1		177.1	311.3	
Cash and cash equivalents (in MEUR)	642.2	933.4		642.2	933.4	
Free cash flow (in MEUR)	(155.1)	61.2		(34.4)	232.8	

*excluding share-based compensation (SBC) expenses

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A Interim Group Management Report

of HelloFresh Group as of 30 June 2022

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1 Fundamentals of the Group

The statements made in the annual report 2021 regarding the business model, the Group structure, the performance measurement system, and research and development activities in the HelloFresh Group still substantially apply at the time this interim report was issued for publication.

2 Economic Position

2.1 General Economic Conditions

In January 2022¹, the World Economic Outlook ('WEO') issued by the International Monetary Fund ('IMF') projected a global economic growth for 2022 of 4.4 %, on its latest update of July 2022², the forecast for global economy growth was downgraded to 3.2 %, this represents a 1.2 pp downward revision. The global economic prospect is tilted to the downside given the war in Ukraine, which could lead to lack of gas import to Europe, increasing prices of cost of living, and renewed COVID-19 outbreaks. The forecast is reflecting a slowdown on economy recovery, as well as a rapid price increase for fuel and products, with an elevated inflation as previously expected. Further discussion can be found in **Section 5.1** of this interim group management report.

2.2 Course of Business

In H1 2022 HelloFresh has continued on its robust growth path. Revenues have increased to MEUR 3,872.5, which corresponds to an increase of 21.0 % in comparison with H1 2021 on a constant currency basis. Among other factors, the growth of the Group's revenue was driven by continued growth in its active customer base, rising to 8.00 million in Q2 2022, and strong expansion of its average order value. Moreover, in addition to meal kits, HelloFresh offers an increasing choice of add-on products in certain markets, as well as ready-to-eat options.

HelloFresh is subject to certain macroeconomic trends, including rising inflation for ingredients, fuel and labor costs. The Company also sees a normalization of its marketing expenses, coming out of the COVID-19 period and continues on its investment plan in capacity expansion, infrastructure, and people. As a result, the Group's AEBITDA has decreased to MEUR 245.2 in H1 2022, corresponding to a margin of 6.3 %.

2.3 HelloFresh Share and Share Capital Structure

The HelloFresh shares are listed at the Frankfurt Stock Exchange (Prime Standard). During the first half of 2022, the share price of HelloFresh SE decreased by 54.3 %, from EUR 67.54 as of 31 December 2021 to EUR 30.85 as of 30 June 2022. Among the key indices, HelloFresh has been a member of the DAX Index since September 2021. Additionally, the HelloFresh has also been member of the STOXX 600 Europe Index since 23 December 2019, and of the MSCI Europe and MSCI World indexes since 30 November 2020.

Since May 2020, HelloFresh has a MEUR 175.0 convertible bond outstanding, with a maturity of 13 May 2025, and allowing the holder to convert into shares at a conversion price of EUR 50.76, which at full conversion would result in issue of 3.5 million shares.

Further details regarding the share capital structure is included in **NOTE 10** of the interim condensed consolidated financial statements.

¹ <https://www.imf.org/en/Publications/WEO/Issues/2022/01/25/world-economic-outlook-update-january-2022>

² <https://www.imf.org/en/Publications/WEO/Issues/2022/07/26/world-economic-outlook-update-july-2022>

3 Position of the Group

The interim 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	3 months ended			6 months ended		
	30-Jun-22	30-Jun-21	YoY	30-Jun-22	30-Jun-21	YoY
Revenue	1,957.1	1,555.0	25.9 %	3,872.5	2,997.9	29.2 %
Procurement expenses	(672.3)	(532.7)	(26.2 %)	(1,333.6)	(1,020.0)	(30.7 %)
% of revenue	(34.4 %)	(34.3 %)	(0.1 pp)	(34.4 %)	(34.0 %)	(0.4 pp)
Fulfilment expenses	(792.0)	(623.5)	(27.0 %)	(1,569.6)	(1,176.6)	(33.4 %)
% of revenue	(40.5 %)	(40.1 %)	(0.4 pp)	(40.5 %)	(39.2 %)	(1.3 pp)
Contribution margin	492.8	398.8	23.6 %	969.3	801.4	21.0 %
Contribution margin (excl. SBC)	500.2	403.5	24.0 %	982.9	810.2	21.3 %
% of revenue	25.6 %	25.9 %	(0.3 pp)	25.4 %	27.0 %	(1.6 pp)
Marketing expenses	(307.8)	(213.4)	(44.2 %)	(646.8)	(431.4)	(49.9 %)
% of revenue	(15.7 %)	(13.7 %)	(2.0 pp)	(16.7 %)	(14.4 %)	(2.3 pp)
Marketing expenses (excl. SBC)	(305.0)	(213.7)	(42.7 %)	(641.6)	(431.5)	(48.7 %)
% of revenue	(15.6 %)	(13.7 %)	(1.9 pp)	(16.6 %)	(14.4 %)	(2.2 pp)
General and administrative expenses, other operating income and expenses	(99.3)	(54.4)	(82.5 %)	(192.0)	(105.0)	(82.9 %)
% of revenue	(5.1 %)	(3.5 %)	(1.6 pp)	(5.0 %)	(3.5 %)	(1.5 pp)
General and administrative expenses, other operating income and expenses (excl. SBC)	(89.7)	(58.2)	(54.8 %)	(173.7)	(105.9)	(64.1 %)
% of revenue	(4.6 %)	(3.7 %)	(0.9 pp)	(4.5 %)	(3.5 %)	(1.0 pp)
EBIT	85.7	131.0	(34.6 %)	130.5	265.0	(50.8 %)
% of revenue	4.4 %	8.4 %	(4.0 pp)	3.4 %	8.8 %	(5.4 pp)
Depreciation and amortization	36.4	24.8	(46.8 %)	68.5	40.4	(69.6 %)
EBITDA	122.1	155.9	(21.6 %)	199.0	305.4	(34.8 %)
% of revenue	6.2 %	10.0 %	(3.8 pp)	5.1 %	10.2 %	(5.1 pp)
Special items (excl. SBC)*	4.2	1.3	(223.1 %)	9.2	3.8	(142.1 %)
Share-based compensation expenses	19.7	0.6	nm	37.0	7.8	(374.4 %)
AEBITDA	146.0	157.8	(7.5 %)	245.2	317.0	(22.6 %)
% of revenue	7.5 %	10.1 %	(2.6 pp)	6.3 %	10.6 %	(4.3 pp)
AEBIT	109.6	133.0	(17.6 %)	176.7	276.6	(36.1 %)
% of revenue	5.6 %	8.6 %	(3.0 pp)	4.6 %	9.2 %	(4.6 pp)

*Special items consist of share-based compensation (SBC) 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.

During the first half of 2022, HelloFresh continued to deliver substantial revenue growth of 29.2 % on Euro basis, and 21.0 % on constant currency basis compared with the same period in 2021. In absolute values, the Group revenue increased from MEUR 2,997.9 in H1 2021 to MEUR 3,872.5 in H1 2022. Revenue growth has been driven by: (i) a year-on-year increase in active customers, reaching 8.00 m in Q2 2022 compared to 7.68 m in the same period 2021, and an increase in the number of orders, (ii) an increase in the average order value due to customers ordering more meals per order, increased take-up of add-ons due to the continued roll-out of HelloFresh Market, and increased take-up of surcharge products per order, and price increases in certain markets, and (iii) an appreciation of the US dollar, which resulted in a favorable FX effect for revenue in the US segment. Moreover, YouFoodz contributed to the result of H1 2022 in comparison with 2021.

Contribution margin (excluding share-based compensation expenses) as a percentage of revenue has decreased to 25.4 % in H1 2022, compared to 27.0 % in H1 2021. Procurement expenses as percentage of revenue have increased for the Group to 34.4 % in H1 2022, compared to 34.0 % in H1 2021, as a result of meaningful ingredient price inflation across most categories, partly offset by price increases and other measures taken by HelloFresh. Fulfilment expenses as

percentage of revenue increased by 1.3 pp from H1 2021 to H1 2022. This year-on-year increase is primarily driven by (i) inflationary trend in fuel expenses resulting in higher logistic costs, (ii) higher production-related wages compared to the first half of 2021, (iii) the impact of continued rapid expansion of our fulfilment capacity, and associated launch and ramp-up costs, especially in Q1 2022, (iv) ramp-up of new businesses and geographies.

Marketing expenses (excluding share-based compensation expenses) as a percentage of revenues have increased by 2.2 pp to 16.6 % in H1 2022, compared to 14.4 % in previous year's period. While H1 2021 was still impacted by the COVID-19 pandemic, and capacity constraints especially in Q1 2021, we have returned to a more normal environment during H1 2022 and therefore more normalized marketing spending. This also resulted in higher customer acquisition expenses compared to H1 2021, which was still impacted by COVID-19 effects.

General and administrative expenses, other operating income and expenses (including share-based compensation expenses) as a percentage of revenue have increased from 3.5 % in H1 2021 to 5.0 % in the H1 2022. In absolute terms, these expenses increased from MEUR 105.0 in the H1 2021 to MEUR 192.0 in the current period. General and administrative expenses, other operating income and expenses (excluding share-based compensation expenses) as percentage of revenue have also increased from 3.5 % in H1 2021 to 4.5 % in the H1 2022. Key driver for the increase is further built out of key functions, especially our tech and data teams as well as other central functions.

Reported EBIT amounts to MEUR 130.5 in H1 2022, a positive margin of 3.4 %, compared to a positive margin in H1 2021 of 8.8 %. This is a result of the factors described above.

Special items (excl. SBC) for H1 2022 mainly relate to a write down of a tax credit, and the management incentive programs that are in place for Factor75 and YouFoodz.

Share-based compensation expenses amounts to MEUR 37.0 in H1 2022, compared to MEUR 7.8 in the same period 2021. The increase is mainly caused by (i) a change in the program during Q1 2022, resulting in recognition of expenses as per graded vesting schedule compared to the linear vesting that is still used for programs granted in previous years; and (ii) an increased number of participants in the program.

AEBITDA amounts to MEUR 245.2, a positive margin of 6.3 %, compared to MEUR 317.0 in the first half of 2021.

AEBIT amounts to MEUR 176.7, a positive margin of 4.6 %, compared to MEUR 276.6 in the H1 2021.

EBIT to AEBITDA

In MEUR	6 months ended 30-Jun-22	6 months ended 30-Jun-21	YoY
EBIT	130.5	265.0	(50.8 %)
Depreciation and amortization	68.5	40.4	
EBITDA	199.0	305.4	(34.8 %)
Special items* (excl. SBC)	9.2	3.8	
Share-based compensation expenses	37.0	7.8	
AEBITDA	245.2	317.0	(22.6 %)
AEBITDA margin	6.3 %	10.6 %	(4.3pp)
AEBIT	176.7	276.6	(36.1 %)
AEBIT margin	4.6 %	9.2 %	(4.6pp)

*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.

3.2 Financial Position of the Group

The cash flow from operating activities in H1 2022 decreased to MEUR 177.1 as compared with MEUR 311.3 in H1 2021. This change was mainly driven by: i) lower profit for the period, which decreased to MEUR 89.5 in H1 2022 as compared with MEUR 185.4 in H1 2021, ii) higher income taxes paid during the period amounting to MEUR 105.6 (2021: MEUR 47.6), and iii) lower positive inflow from the change in the working capital of MEUR 42.9 in H1 2022 as compared to MEUR 70.6 in H1 2021.

The cash outflow from investing activities amounted to MEUR (214.5) in the first half of 2022, versus MEUR (67.1) for the same period of 2021. The outflow increased mainly due to expenditure for property, plant and equipment of

MEUR (164.4), and due to the first tranche of the earn-out payment for the Factor75 acquisition of MEUR 24.8 in H1 2022. Key geographies for capital expenditure in H1 2022 were the US, Germany, France, Australia, Canada and the UK.

The cash outflow from financing activities of MEUR (168.2) in H1 2022 is primarily a result of the share buy back of MEUR 125.1, payout for employee share-based compensation amounting to MEUR 15.9, and lease payments (in accordance with IFRS 16) amounting to MEUR 24.8 in the H1 2022.

In MEUR	30-Jun-22	30-Jun-21
Cash and cash equivalents at the beginning of the period	827.1	729.0
Net Cash flows from operating activities	177.1	311.3
Net Cash flows from investing activities	(214.5)	(67.1)
Net Cash flows from financing activities	(168.2)	(50.7)
Effects of exchange rate changes and other changes on cash and cash equivalents	20.7	10.9
Cash and cash equivalents at the end of the period	642.2	933.4

The Group's free cash flow position is as below:

In MEUR	30-Jun-22	30-Jun-21
Cash flow from operating activities	177.1	311.3
Net capital expenditure	(186.7)	(70.4)
Repayment of lease liability excluding interest	(24.8)	(8.1)
Free cash flow for the period	(34.4)	232.8

HelloFresh maintained a strong cash level to MEUR 642.2. In addition, the Company has increased and extended its existing revolving credit facility to MEUR 400.0 of which MEUR 369.3 were not utilized, and were available at the end of the H1 2022.

3.3 Asset Position of the Group

The asset position of property, plant and equipment, net of depreciation, significantly increased by MEUR 225.5 up to MEUR 844.1 in the first half of 2022 compared with MEUR 618.6 at the year end in 2021. As of 30 June 2022, property, plant and equipment, net of depreciation, includes: i) MEUR 338.6 of IFRS16 related lease assets (31 Dec 2021: MEUR 277.0), primarily composed of our fulfilment centers across our 17 markets, and ii) MEUR 505.5 of other tangible fixed assets (31 Dec 2021: MEUR 341.6), primarily composed of equipment and machinery used in our fulfilment centers to produce our meal boxes and refrigerate facilities. Intangible assets increased in the first half of 2022 to MEUR 98.7 from MEUR 82.6 as of 31 December 2021, which was mainly driven by capitalizing internally developed software and the acquisition of software for our fulfilment centers. Goodwill remained broadly stable at MEUR 292.0 as compared to MEUR 274.1 as of 31 December 2021 where the change in Goodwill in H1 2022 is exclusively reflecting foreign currency fluctuations.

In MEUR	As at 30-Jun-22	As at 31-Dec-21
Assets		
Non-current assets	1,319.7	1,055.5
Cash and cash equivalents	642.2	827.1
Other current assets	386.6	326.0
Total assets	2,348.5	2,208.6
Equity and liabilities		
Equity	917.7	896.6
Non-current liabilities	501.5	486.7
Current liabilities	929.3	825.3
Total equity and liabilities	2,348.5	2,208.6

The Group's current assets and liabilities as of 30 June 2022 mainly consist of cash and cash equivalents (MEUR 642.2) and its working capital. The latter consists of trade receivables of MEUR 20.6 (31 Dec 2021: MEUR 21.4), inventory of ingredients and packaging material for MEUR 259.5 (31 Dec 2021: MEUR 220.4), trade payables for MEUR 539.6

(31 Dec 2021: MEUR 440.7), deferred revenue MEUR 110.9 (31 Dec 2021: MEUR 103.7), and other non-financial liabilities for MEUR 106.8 (31 Dec 2021: MEUR 80.2).

Non-current liabilities primarily is composed of: (i) lease liabilities under IFRS 16 for MEUR 311.6 (31 Dec 2021: MEUR 257.0), and (ii) debt part of our convertible bonds of MEUR 157.8 (31 Dec 2021: MEUR 155.0).

3.4 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, France, Germany, Italy, Japan, Luxembourg, 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 geographical significance of the 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.

3.4.1 Financial Performance of the US Segment

In MEUR	3 months ended			6 months ended		
	30-Jun-22	30-Jun-21	YoY	30-Jun-22	30-Jun-21	YoY
Revenue (total)	1,169.8	849.0	37.8 %	2,273.2	1,653.0	37.5 %
Revenue (external)	1,166.0	846.9	37.7 %	2,266.1	1,649.4	37.4 %
Procurement expenses	(360.8)	(253.0)	(42.6 %)	(695.3)	(487.2)	(42.7 %)
% of revenue	(30.8 %)	(29.8 %)	(1.0 pp)	(30.6 %)	(29.5 %)	(1.1 pp)
Fulfilment expenses	(499.3)	(372.2)	(34.1 %)	(973.1)	(710.9)	(36.9 %)
% of revenue	(42.7 %)	(43.8 %)	1.1 pp	(42.8 %)	(43.0 %)	0.2 pp
Contribution margin	309.7	223.7	38.4 %	604.8	454.9	33.0 %
Contribution margin (excl. SBC)	315.6	226.7	39.7 %	615.7	460.2	34.0 %
% of revenue	27.0 %	26.7 %	0.3 pp	27.1 %	27.8 %	(0.7 pp)
Marketing expenses	(190.7)	(122.9)	(55.0 %)	(393.7)	(254.7)	(54.5 %)
% of revenue	(16.3 %)	(14.5 %)	(1.8 pp)	(17.3 %)	(15.4 %)	(1.9 pp)
Marketing expenses (excl. SBC)	(189.0)	(123.0)	(53.5 %)	(390.6)	(254.6)	(53.3 %)
% of revenue	(16.2 %)	(14.5 %)	(1.7 pp)	(17.2 %)	(15.4 %)	(1.8 pp)
General and administrative expenses, other operating income and expenses	(75.3)	(72.9)	(3.3 %)	(150.4)	(143.2)	(5.0 %)
% of revenue	(6.4 %)	(8.6 %)	2.2 pp	(6.6 %)	(8.7 %)	2.1 pp
Thereof holding fee	(40.6)	(46.5)	12.7 %	(80.2)	(98.5)	(18.6 %)
General and administrative expenses, other operating income and expenses (excl. SBC and holding fee*)	(31.9)	(27.0)	(18.1 %)	(64.9)	(44.6)	(45.5 %)
% of revenue	(2.7 %)	(3.2 %)	0.5 pp	(2.9 %)	(2.7 %)	(0.2 pp)
EBIT	43.7	27.9	57.2 %	60.7	57.0	6.5 %
% of revenue	3.7 %	3.3 %	0.4 pp	2.7 %	3.4 %	(0.7 pp)
EBIT (excl. holding fee*)	84.3	74.3	13.3 %	140.9	155.5	(9.4 %)
% of revenue	7.2 %	8.8 %	(1.6 pp)	6.2 %	9.4 %	(3.2 pp)
Depreciation and amortization	15.8	14.0	(12.9 %)	29.3	20.0	(46.5 %)
EBITDA (excl. holding fee*)	100.1	88.3	13.1 %	170.2	175.5	(2.9 %)
% of revenue	8.6 %	10.4 %	(1.8 pp)	7.5 %	10.6 %	(3.1 pp)
Special items (excl. SBC)**	1.8	0.7	(157.1 %)	5.9	2.7	(118.5 %)
Share-based compensation expenses	10.4	2.2	(372.7 %)	19.3	5.5	(250.9 %)
AEBITDA	112.3	91.2	22.9 %	195.4	183.7	6.4 %
% of revenue	9.6 %	10.7 %	(1.1 pp)	8.6 %	11.1 %	(2.5 pp)

In MEUR	3 months ended			6 months ended		
	30-Jun-22	30-Jun-21	YoY	30-Jun-22	30-Jun-21	YoY
AEBIT	96.5	77.2	24.7 %	166.1	163.7	1.5 %
% of revenue	8.2 %	9.1 %	(0.9 pp)	7.3 %	9.9 %	(2.6 pp)

*Holding fees represent a remuneration for high value-adding services performed by the holding, and for using the HelloFresh intellectual property rights.

**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.

External revenue of our US Segment increased by 37.4 % from MEUR 1,649.4 in the first half of 2021 to MEUR 2,266.1 in the first half of 2022. On a constant currency basis, this represents a 24.5 % growth rate. In line with the trend described for the group, this is driven by (i) an increase in active customers and therefore orders, and (ii) an increase in meals per order, more take-up of add-ons and surcharge offerings and price increases, all increasing average order value.

The contribution margin as a percentage of revenue, excluding share-based compensation expenses, decreased by 0.7 pp to 27.1 %, mainly due to inflationary trends in food pricing increasing procurement costs in relation to revenue. Fulfilment expenses as a percentage of revenue improved slightly by 0.2 pp due to increasing productivity in production, despite meaningful inflation in shipping costs from higher fuel prices, year-on-year increased production wages and a ramp-up of additional production capacities.

In line with the trend on Group level, US marketing expenses as a percentage of revenue, excluding share-based compensation expenses, have increased from 15.4 % in first half of 2021 to 17.2 % in H1 2022, reflecting an increase of (1.8 pp).

General and administrative expenses, other operating income and expenses, excluding share-based compensation expenses, expressed in terms of revenue have slightly increased to 2.9 % compared to 2.7 % in first half of 2021.

Reported EBIT, excluding holding fee, decreased to MEUR 140.9 in H1 2022, a positive margin of 6.2 %, compared to MEUR 155.5 the first half of 2021, corresponding to a margin of 9.4 %. This is a result of the factors described above.

AEBITDA increased to MEUR 195.4, a positive margin of 8.6 %, compared to MEUR 183.7 in the first half of 2021, corresponding to a margin of 11.1 %.

AEBIT increased to MEUR 166.1, a positive margin of 7.3 %, compared to MEUR 163.7 in the first half of 2021, corresponding to a margin of 9.9 %.

3.4.2 Financial Performance of the International Segment

In MEUR	3 months ended			6 months ended		
	30-Jun-22	30-Jun-21	YoY	30-Jun-22	30-Jun-21	YoY
Revenue (total)	796.4	710.4	12.1 %	1,616.2	1,353.9	19.4 %
Revenue (external)	791.0	707.9	11.7 %	1,606.2	1,348.3	19.1 %
Procurement expenses	(311.5)	(279.6)	(11.4 %)	(638.4)	(532.5)	(19.9 %)
% of revenue	(39.1 %)	(39.4 %)	0.3 pp	(39.5 %)	(39.3 %)	(0.2 pp)
Fulfilment expenses	(293.1)	(249.5)	(17.5 %)	(597.0)	(462.8)	(29.0 %)
% of revenue	(36.8 %)	(35.1 %)	(1.7 pp)	(36.9 %)	(34.2 %)	(2.7 pp)
Contribution margin	191.7	181.3	5.8 %	380.8	358.5	6.3 %
Contribution margin (excl. SBC)	192.7	181.7	6.2 %	382.7	359.4	6.5 %
% of revenue	24.2 %	25.6 %	(1.4 pp)	23.7 %	26.5 %	(2.8 pp)
Marketing expenses	(113.7)	(88.7)	(28.2 %)	(246.7)	(173.4)	(42.3 %)
% of revenue	(14.3 %)	(12.5 %)	(1.8 pp)	(15.3 %)	(12.8 %)	(2.5 pp)
Marketing expenses (excl. SBC)	(113.2)	(88.7)	(27.6 %)	(245.7)	(173.5)	(41.5 %)
% of revenue	(14.2 %)	(12.5 %)	(1.7 pp)	(15.2 %)	(12.8 %)	(2.4 pp)
General and administrative expenses, other operating income and expenses	(59.3)	(61.4)	3.4%	(110.9)	(120.9)	8.3 %
% of revenue	(7.4 %)	(8.6 %)	1.2 pp	(6.9 %)	(8.9 %)	2.0 pp
Thereof holding fee	(25.0)	(44.5)	43.8 %	(46.8)	(87.1)	46.3 %
General and administrative expenses, other operating income and expenses (excl. SBC and holding fee*)	(33.1)	(16.9)	(95.9 %)	(62.0)	(33.5)	(85.1%)
% of revenue	(4.2 %)	(2.4 %)	(1.8 pp)	(3.8 %)	(2.5 %)	(1.3 pp)
EBIT	18.7	31.2	(40.1 %)	23.2	64.2	(63.7 %)
% of revenue	2.4 %	4.4 %	(2.0 pp)	1.4 %	4.7 %	(3.3 pp)
EBIT (excl. holding fee*)	43.7	75.7	(42.3 %)	70.0	151.3	(53.7 %)
% of revenue	5.5 %	10.7 %	(5.2 pp)	4.3 %	11.2 %	(6.9 pp)
Depreciation and amortization	17.2	9.2	(87.0 %)	32.8	17.6	(86.4 %)
EBITDA (excl. holding fee*)	60.9	84.9	(28.3 %)	102.8	168.9	(39.2 %)
% of revenue	7.6 %	12.0 %	(4.4 pp)	6.4 %	12.5 %	(6.1 pp)
Special items (excl. SBC)**	1.3	0.6	(116.7 %)	2.2	1.0	(120.0 %)
Share-based compensation expenses	2.7	0.2	nm	5.0	1.1	(354.5 %)
AEBITDA	64.9	85.7	(24.5 %)	110.0	171.1	(35.8 %)
% of revenue	8.1 %	12.1 %	(4.0 pp)	6.8 %	12.6 %	(5.8 pp)
AEBIT	47.7	76.5	(37.8 %)	77.2	153.5	(49.8 %)
% of revenue	6.0 %	10.8 %	(4.8 pp)	4.8 %	11.3 %	(6.5 pp)

*Holding fees represent a remuneration for high value-adding services performed by the holding, and for using the HelloFresh intellectual property rights.

**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.

External revenue of the International Segment increased by 19.1 % from MEUR 1,348.3 in the first half of 2021 to MEUR 1,606.2 in the first half of 2022. On a constant currency basis, this represents a 16.6 % growth rate. This was mainly driven by the factors described on the Group level in [Section 3.1](#) but with less overall growth in the International segment compared to the US segment.

Contribution margin (excluding share-based compensation expenses) of the International Segment as a percentage of revenue decreased by (2.8 pp) from 26.5 % in H1 2021 to 23.7 % in H1 2022. This was primarily driven by the trends described earlier for the Group. Procurement expenses as a percentage of revenue increased by 0.2 pp in H1 2022, in comparison with the same period 2021, as a result of ingredient price inflation, mitigated by selected price increases and other measures taken. Fulfilment expenses as a percentage of revenue increased by 2.7 pp in H1 2022 compared with the same period 2021, driven by the factors described on Group level, including an increase in shipping expenses and the expenses due to the ramp-up of new markets.

Marketing expenses (excluding share-based compensation expenses) as a percentage of revenue increased from 12.8 % in the first half of 2021 to 15.2 % in the first half of 2022, driven by the factors described on Group level.

General and administrative expenses, and other operating income and expenses (excluding share-based compensation expenses and holding fee) as a percentage of revenue increased to 3.8 % in H1 2022 compared to 2.5 % in first half of 2021.

Reported EBIT (excluding holding fee) amounts to MEUR 70.0 in H1 2022, reflecting a positive margin of 4.3 % compared to 11.2 % in the first half of 2021. This is a result of the factors described above.

AEBITDA amounts to MEUR 110.0, reflecting a margin of 6.8 %, compared to MEUR 171.1 in the first half of 2021 corresponding to a margin of 12.6 %.

AEBIT amounts to MEUR 77.2, reflecting a positive margin of 4.8 %, compared to MEUR 153.5 in the first half of 2021 corresponding to a margin of 11.3 %.

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

The H1 2022 reporting period was characterized by continued year-on-year growth, against an increasingly uncertain macroeconomic backdrop. Both segments have shown positive revenue growth dynamics including in Q2 2022. So far, we have successfully controlled spiraling inflation without just passing it through to our customers, we have further improved customer experience, by adding more meals to our menus and strengthening relative affordability, we are improving productivity in our fulfilment centers and are on plan with the rollout of new infrastructure and markets. At the same time we have maintained a strong margin profile with an AEBITDA margin of 6.3 % in H1 2022, and retain a largely unlevered balance sheet with a cash position of MEUR 642.2 through our free cash flow.

Overall, we are satisfied with the good result for H1 2022, despite the current macroeconomic situation with an accelerated inflation and a material reduction in consumer confidence. We are proud to have enabled 8.00 million customers to receive 557.1 million meals from HelloFresh during H1 2022. Even though the current global economic situation confronts us with more uncertainty, we consider ourselves in a good position to further expand our global leadership role and progress towards our mid-term strategic targets of EUR 10 billion revenue and an AEBITDA margin of at least 10 %.

4 Risk and Opportunity Report

HelloFresh's risk management system provides a framework to consistently assess HelloFresh's risks in a changing environment. The first half of 2022 has been shaped by market and geopolitical developments, such as accelerating inflation throughout the world & the war in Ukraine, all resulting in a higher level of uncertainty for the second half of the fiscal year 2022 for all market participants. Despite the significant challenges brought about by these events, we have not identified any risks that might threaten HelloFresh as a going concern.

Due to the improvement of COVID-19 circumstances in several geographies, including high vaccination rates, lower infection rates, and easing of government-mandated restrictions the net risk in relation to the risks noted below has changed as follows from the Group Annual Report 2021 to the H1 2022 assessment:

High to moderate risk:

- Increase in fulfilment expenses and decrease in productivity that could lead to meaningful business interruption due to the COVID-19 situation.
- 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).

5 Outlook

5.1 Economic Conditions

In January 2022, the World Economic Outlook ('WEO')¹ issued by the International Monetary Fund ('IMF') projected a global economic growth for 2022 of 4.4 %. Subsequently, on its latest update of July 2022², the IMF decreased its 2022 forecast for global economy growth to 3.2 %, with an estimation of 2.9 % for 2023. The global economic prospect is tilted to the downside given the war in Ukraine, which could lead to lack of gas import to Europe, increasing prices of cost of living, and renewed COVID-19 outbreaks. Inflation on commodity prices, oil and gas, and food prices is mostly driven by the impact of the war in Eastern Europe. The downward shift for 2023 reflects current geopolitical challenges and focus on the importance of global cooperation including support within humanitarian crisis, post pandemic recovery and progress in climate change actions².

In January 2022 WEO¹, inflation was expected to remain elevated during 2022. Moreover, in the forecast of July 2022² it is considered as a central concern, while it is projected to stay elevated for longer periods than envisioned previously. In advanced economies the inflation reached its highest level in the last decades leading to its projection of 6.6 % in 2022².

The IMF predicts for the USA a growth of 2.3 % for 2022, and 1.0 % for 2023², mostly affected by a continued supply chain disruption while growth of the Canadian economy is expected to 3.4 % for 2022, and 1.8 % for 2023².

For the Euro area the GDP growth is expected to be 2.6 % in 2022, and 1.2 % in 2023. Alongside the international trend, inflation in June reached 8,6%, mostly driven by war-induced commodity price increases, in particular for cereals, broadening price pressures, and export restrictions. For the United Kingdom, the IMF estimates GDP growth of 0.5 % in 2023, compared to 3.2 % in 2022².

In concern to our other markets, the Australian economy is expected to grow by 3.8 % for 2022, and 2.2 % in 2023; while Japan economic growth is expected to be 1.7 % for 2022, and 1.7 % in 2023².

5.2 Outlook

During 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.

In December 2021, the Group announced that the Company expects for 2022 revenue growth for the HelloFresh Group on a constant currency basis between 20 % and 26 %, and an adjusted EBITDA ("AEBITDA") for the HelloFresh Group for the full year 2022 between MEUR 500 and MEUR 580.

However, since that publication, the overall macro environment has evolved significantly, with an accelerating inflation throughout the world, the war in the Ukraine, and a material reduction in consumer confidence, all resulting in a higher level of uncertainty for the second half of the fiscal year 2022 for all market participants. Therefore, the Company announced on 20 July 2022, that despite its strong performance in the first half of the fiscal year 2022, the Company reduces its revenue growth outlook for the fiscal year 2022 for the HelloFresh Group on a constant currency basis from previously between 20 % and 26 % to now between 18 % and 23 %. The Company also correspondingly reduces its outlook regarding an adjusted EBITDA ("AEBITDA") for the HelloFresh Group for the full year 2022 from previously between MEUR 500 and MEUR 580 to now between MEUR 460 and MEUR 530.

¹ <https://www.imf.org/en/Publications/WEO/Issues/2022/01/25/world-economic-outlook-update-january-2022>

² <https://www.imf.org/en/Publications/WEO/Issues/2022/07/26/world-economic-outlook-update-july-2022>

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Interim Condensed Consolidated Statement of Financial Position

as of 30 June 2022

In MEUR	Notes	As at 30-Jun-22	As at 31-Dec 2021
Assets			
Non-current assets			
Property, plant and equipment		844.1	618.6
Intangible assets		98.7	82.6
Goodwill		292.0	274.1
Investments in associates accounted at equity	7	—	0.0
Other financial assets	9	30.9	27.0
Other non-financial assets		0.3	0.4
Deferred income tax assets		53.7	52.8
Total non-current assets		1,319.7	1,055.5
Current assets			
Inventories		259.5	220.4
Trade receivables	9	20.6	21.4
Other financial assets	9	10.6	11.3
Other non-financial assets		95.9	72.9
Cash and cash equivalents	9	642.2	827.1
Total current assets		1,028.8	1,153.1
Total assets		2,348.5	2,208.6

Interim Condensed Consolidated Statement of Financial Position (continued)

as of 30 June 2022

In MEUR	Note	As at 30-Jun-22	As at 31-Dec 2021
Equity and liabilities			
Equity			
Share capital	10	173.9	173.9
Treasury shares		(126.3)	(1.3)
Capital reserves	10	470.3	472.8
Other reserves		103.2	82.1
Accumulated gains		289.3	199.1
Other comprehensive income/(loss)		7.1	(30.9)
Equity attributable to the Company's shareholders		917.5	895.7
Non-controlling interests		0.2	0.9
Total equity		917.7	896.6
Non-current liabilities			
Other financial liabilities	9	317.6	304.3
Deferred income tax liability		12.5	16.1
Long-term debt	9	158.0	155.2
Provisions		12.6	10.2
Other non-financial liabilities		0.8	0.9
Total non-current liabilities		501.5	486.7
Current liabilities			
Trade payables	9	539.6	440.7
Other financial liabilities	9	105.3	91.7
Provisions		28.9	26.2
Deferred revenue		110.9	103.7
Income tax liabilities		37.8	82.8
Other non-financial liabilities		106.8	80.2
Total current liabilities		929.3	825.3
Total equity and liabilities		2,348.5	2,208.6

Interim Condensed Consolidated Statement of Comprehensive Income

for the period ended as of 30 June 22

In MEUR	Notes	3 months ended		6 months ended	
		30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
Revenue	8	1,957.1	1,555.0	3,872.5	2,997.9
Procurement expenses		(672.3)	(532.7)	(1,333.6)	(1,020.0)
Fulfilment expenses		(792.0)	(623.5)	(1,569.6)	(1,176.6)
Marketing expenses		(307.8)	(213.4)	(646.8)	(431.4)
General and administrative expenses		(90.3)	(46.8)	(173.7)	(92.6)
Other operating income		4.0	2.5	7.5	4.8
Other operating expenses		(13.0)	(10.1)	(25.8)	(17.2)
Operating profit		85.7	131.1	130.5	264.9
Results from Investment in associates		—	(0.9)	—	(1.8)
Interest income		0.3	0.1	0.4	0.2
Interest expense		(5.3)	(4.8)	(10.5)	(9.1)
Other finance income		18.8	(0.7)	30.8	10.6
Other finance expense		(2.3)	(1.8)	(4.7)	(3.1)
Profit before income tax expense		97.2	123.0	146.5	261.7
Income tax expense	12	(34.7)	(39.2)	(57.0)	(76.3)
Profit for the period		62.5	83.8	89.5	185.4
attributable to:					
Owners of the Company		62.9	83.7	90.2	185.3
Non-controlling interests		(0.4)	0.1	(0.7)	0.1
Other comprehensive income (loss):					
Items that may be subsequently reclassified to profit or loss					
Exchange differences on net investments in foreign operations		—	—	—	—
Exchange differences on translation to presentation currency		11.3	(1.6)	18.7	3.6
Revaluation of non-controlling interests put options		5.3	(8.3)	19.3	(7.4)
Other comprehensive income (loss) for the period		16.6	(9.9)	38.0	(3.8)
Total comprehensive income for the period		79.1	73.9	127.5	181.6
Total comprehensive income attributable to:					
Owners of the Company		79.5	73.8	128.2	181.5
Non-controlling interests		(0.4)	0.1	(0.7)	0.1
Basic profit per share (in EUR)	13	0.36	0.48	0.52	1.07
Diluted profit per share (in EUR)	13	0.35	0.46	0.51	1.02

Interim Condensed Consolidated Statement of Changes in Equity

for the period ended as of 30 June 22

In MEUR	Attributable to the owners of the Company						Total	Attributable to non-controlling interests	Total
	Share capital	Treasury shares	Capital reserves	Other reserves	Accumulated gains (losses)	Other comprehensive income (loss)			
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 period	—	—	—	—	185.3	—	185.3	0.1	185.4
Currency translation	—	—	—	—	—	3.6	3.6	—	3.6
Put options ¹	—	—	(2.0)	—	—	(7.4)	(9.4)	—	(9.4)
Total comprehensive income (loss)	—	—	(2.0)	—	185.3	(3.8)	179.5	0.1	179.6
Transfer of treasury shares	—	0.2	—	—	—	—	0.2	—	0.2
Cash payout of share based compensation	—	—	—	(39.3)	—	—	(39.3)	—	(39.3)
Share-based compensation expenses	—	—	—	7.8	—	—	7.8	—	7.8
Balance as at 30 June 2021	173.9	(2.6)	469.7	64.4	128.3	(29.1)	804.6	(0.3)	804.3
Total equity as at 1 January 2022/31 December 2021	173.9	(1.3)	472.8	82.1	199.1	(30.9)	895.7	0.9	896.6
Profit (loss) for the period	—	—	—	—	90.2	—	90.2	(0.7)	89.5
Currency translation	—	—	—	—	—	18.7	18.7	—	18.7
Revaluation of put options ¹	—	—	—	—	—	19.3	19.3	—	19.3
Total comprehensive income (loss)	—	—	—	—	90.2	38.0	128.2	(0.7)	127.5
Transfer of treasury shares	—	(125.0)	(0.1)	—	—	—	(125.1)	—	(125.1)
Cash payout of share based compensation	—	—	—	(15.9)	—	—	(15.9)	—	(15.9)
Put options ¹	—	—	(2.4)	—	—	—	(2.4)	—	(2.4)
Share-based compensation expenses	—	—	—	37.0	—	—	37.0	—	37.0
Balance as at 30 June 2022	173.9	(126.3)	470.3	103.2	289.3	7.1	917.5	0.2	917.7

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.

Interim Condensed Consolidated Statement of Cash Flows

for the period ended as of 30 June 22

In MEUR	30-Jun-22	30-Jun-21
Cash flow from operating activities		
Profit for the period	89.5	185.4
Adjustments for:		
Results from investment in associates	—	1.8
Interest expense	10.5	9.1
Interest income	(0.4)	(0.2)
Other finance income	(30.8)	(10.6)
Other finance expense	4.7	3.1
Income tax	57.0	76.3
Income tax paid	(105.6)	(47.6)
Depreciation of property, plant and equipment	29.2	15.5
Depreciation of right-of-use assets	29.9	16.4
Amortization of intangible assets	9.5	8.4
Loss on disposal of fixed assets	(0.1)	(0.1)
Share-based payment expense (equity-settled)	37.0	7.8
Other non-cash transactions	0.7	(3.5)
Increase / (decrease) in provisions	2.2	2.3
Changes in working capital related to operating activities		
(Increase) / decrease in trade receivables	1.5	3.2
(Increase) / decrease in inventories	(22.1)	(48.1)
Increase / (decrease) in trade and other payables	69.3	120.6
Increase / (decrease) in deferred revenue	(0.3)	(9.0)
Net change in VAT receivables/payables and similar taxes	(5.5)	3.9
(Increase) / decrease in other financial assets	1.9	(5.5)
(Increase) / decrease in other non-financial assets	(7.7)	(8.3)
Increase / (decrease) in other financial liabilities	(0.7)	7.6
Increase / (decrease) in other non-financial liabilities	14.1	(10.0)
Interest received	0.4	0.2
Interest paid	(2.6)	(4.7)
Interest paid - IFRS 16	(4.6)	(2.7)
Net cash from (used in) operating activities	177.1	311.3

Interim Condensed Consolidated Statement of Cash Flows

In MEUR	30-Jun-22	30-Jun-21
Cash flow from investing activities		
Acquisition of subsidiary, net of cash acquired	(24.8)	—
Purchase of property, plant and equipment	(164.4)	(64.5)
Software development expenditure	(16.6)	(5.7)
Purchase of intangible assets	(5.7)	(0.2)
Interest received (IFRS 16)	0.1	0.0
Lease payments received from finance leases (IFRS 16)	0.7	0.6
(Transfer) of cash into / from restricted cash accounts and deposits	(4.9)	(1.0)
(Transfer) Withdrawal of cash into / from restricted cash accounts and deposits	1.1	3.7
Net cash from (used in) investing activities	(214.5)	(67.1)
Cash flow from financing activities		
Repurchase of equity instruments due to share-based compensation	(15.9)	(39.3)
Proceeds from the issuance of share capital	—	0.2
Repurchase under share buyback program	(125.1)	—
Repurchase of shares in subsidiaries	(2.4)	(2.0)
Repayment of long-term debt	—	(1.5)
Repayment of principal under IFRS 16	(24.8)	(8.1)
Net cash from (used in) financing activities	(168.2)	(50.7)
Effects of exchange rate changes and other changes on cash and cash equivalents	20.7	10.9
Cash and cash equivalents at the beginning of the period	827.1	729.0
Cash and cash equivalents at the end of the period	642.2	933.4

Explanatory Notes to the Interim Condensed Consolidated Financial Statements

1 Corporate Information

The accompanying interim 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 182382 B.

The Group’s principal business activity is to provide meal 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). The interpretations of the International Financial Reporting Interpretations Committee (IFRIC) that were applicable in the year under review have also been implemented.

The interim consolidated financial statements are prepared in Euro (EUR), which is 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.

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and should be read in conjunction with the Group’s previous annual consolidated financial statements for the year ended 31 December 2021.

Some new standards and amendments to standards are effective for the period starting from January 1 2022. None of these new standards and amendments to standards are expected to have impact on the Group’s consolidated financial statements.

Selected explanatory notes are included to explain events and transactions which are significant to understand the changes in the Group’s financial position and performance since the previous annual financial statements.

These interim financial statements are unaudited and were authorized for issue by the Company’s board as of 12 August 2022.

3 Significant Accounting Judgements, Estimates and Assumptions

During the preparation of these interim financial statements, the management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expense. Actual results may differ from these estimates. The significant judgements and assumptions made by management in applying the Group’s accounting policies and the key sources of estimation of uncertainty correspond to those described in the Group’s consolidated financial statements as of the year ended 31 December 2021.

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 of the year ended 31 December 2021.

Share Based Compensation

In the first quarter 2022, the share based compensation program for the employees (excluding the management board) was amended to (i) allowing beneficiaries more flexibility for choosing between Restricted Stock Units (RSUs) and Virtual Stock Option Plans (VSOPs), (ii) aligning the vesting period for both programs to quarterly over three years, and (iii) both programs are available to exercise after each vesting. This change in the program, resulted in recognition of IFRS2 expenses as per graded vesting schedule compared to the linear vesting that is still used for programs granted in previous years. Refer to **NOTE 11** for more information.

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 (“US” or “USA”) and International (“International” or “Int’l”). International comprises Australia, Austria, Belgium, Canada, Denmark, France, Germany, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Sweden, Switzerland 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.

The segment information for the six-month period ended 30 June 2022 is set out below:

In MEUR	6-months ended 30 June 2022					
	USA	Int’l	Total segments	Holding	Conso	Group
Total revenue	2,273.2	1,616.2	3,889.4	270.8	(287.7)	3,872.5
Internal revenue	7.1	10.0	17.1	270.6	(287.7)	—
External revenue	2,266.1	1,606.2	3,872.3	0.2	—	3,872.5
Contribution margin (excl. SBC)	615.7	382.7	998.4	262.0	(277.5)	982.9
Adjusted EBITDA	195.4	110.0	305.4	(60.2)	—	245.2
Special items* (excl. SBC)	(5.9)	(2.2)	(8.1)	(1.1)	—	(9.2)
Share-based compensation expenses	(19.3)	(5.0)	(24.3)	(12.7)	—	(37.0)
EBITDA **	170.2	102.8	273.0	(74.0)	—	199.0
Depreciation and amortization	(29.3)	(32.8)	(62.1)	(6.4)	—	(68.5)
EBIT **	140.9	70.0	210.9	(80.4)	—	130.5
Holding fee	(80.2)	(46.8)	(126.9)	127.6	(0.7)	—
EBIT	60.7	23.2	84.0	47.2	(0.7)	130.5
Results from investment in associates	—	—	—	—	—	—
Interest income	0.2	0.1	0.3	3.5	(3.4)	0.4
Interest expense	(5.4)	(4.1)	(9.5)	(4.3)	3.3	(10.5)
Other finance income***	20.4	3.8	24.2	5.9	0.6	30.7
Other finance expense	(0.6)	(2.4)	(3.1)	(1.7)	0.2	(4.6)
Income tax expense	(21.8)	(15.1)	(36.9)	(20.1)	—	(57.0)
Profit for the period	53.5	5.5	59.0	30.5	—	89.5

*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 fees.

***Excluding intercompany dividends.

In MEUR	6-months ended 30 June 2021					
	USA	Int'l	Total segments	Holding	Conso	Group
Total revenue	1,653.0	1,353.9	3,006.9	280.6	(289.6)	2,997.9
Internal revenue	3.6	5.6	9.2	280.4	(289.6)	—
External revenue	1,649.4	1,348.3	2,997.7	0.2	—	2,997.9
Contribution margin (excl. SBC)	460.2	359.4	819.6	275.4	(284.8)	810.2
Adjusted EBITDA	183.7	171.1	354.8	(37.8)	—	317.0
Special items* (excl. SBC)	(2.7)	(1.0)	(3.7)	(0.1)	—	(3.8)
Share-based compensation expenses	(5.5)	(1.1)	(6.6)	(1.2)	—	(7.8)
EBITDA **	175.5	168.9	344.4	(39.0)	—	305.4
Depreciation and amortization	(20.0)	(17.6)	(37.6)	(2.8)	—	(40.4)
EBIT **	155.5	151.3	306.8	(41.8)	—	265.0
Holding fee	(98.5)	(87.1)	(185.6)	185.6	—	—
EBIT	57.0	64.2	121.2	143.8	—	265.0
Results from investments in associates	—	—	—	(1.8)	—	(1.8)
Interest income	0.1	0.1	0.2	—	—	0.2
Interest expense	(3.5)	(1.3)	(4.7)	(4.4)	—	(9.1)
Other finance income***	0.8	3.6	4.4	7.8	(1.6)	10.6
Other finance expense	(2.0)	(1.7)	(3.7)	(1.0)	1.6	(3.1)
Income tax expense	(14.5)	(7.1)	(21.6)	(54.7)	—	(76.3)
Profit for the period	37.9	57.8	95.7	89.7	—	185.4

*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 fees.

***excluding intercompany dividends.

6 Seasonality of the Operations

The Group's operations are subject to seasonality, driven by weather conditions and holiday patterns. We typically foresee lower customer ordering activity, and lower new customer acquisitions during the summer period. Furthermore, orders are usually lower during weeks with local holidays, which is mostly due to short-trips, or traditional family meals. While H1 2021 had been still influenced by COVID-related restrictions, seasonality has been returning to normal in H1 2022.

Overall, comparing quarterly revenue adjusted for the underlying growth, we note 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 expenses to the business seasonality by having a stronger marketing investment during the first quarter, and less spending activity for marketing activities during the second, and parts of the third quarter. 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 year. Since only a fraction of our deliveries is made with refrigerated vehicles, we have therefore a higher expenditure on insulation and cooling materials during the third quarter. These extra expenses will typically lead to higher fulfilment expenses as a percentage of revenue during the third quarter of each year.

7 Investments in Associate Companies at Equity

Carrying amount of equity-accounted investments

In MEUR	As of 30-Jun-22	As of 31-Dec-21
Carrying amount of equity-accounted investments		
Opening balance	—	9.0
Impairment of financial asset	—	(5.0)
Share of profit/loss for the period	—	(4.0)
Change recognized in profit or loss	—	(9.0)
Total of carrying amount of equity-accounted investments	—	0.0

HelloFreshGO has been confronted with a lower demand than expected due to work-from-home environment during the last two years. As a result, they have discontinued their operations in H1 2022. HelloFresh already had impaired its investment in HelloFreshGo to zero at the end of 2021, so no further write-off of the investment was necessary.

8 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.

Disaggregation of revenue from contracts with customers for the 6 months ended 30 June 2022

In MEUR	USA		International		Total	
	2022	2021	2022	2021	2022	2021
Revenue from contracts with customers	2,256.9	1,645.7	1,574.8	1,344.3	3,831.8	2,990.0
Other Revenue*	9.2	3.7	31.4	4.0	40.7	7.8
Total Revenue	2,266.1	1,649.4	1,606.2	1,348.3	3,872.5	2,997.8

*As of 30 June 2022, total other revenue is including external revenue of MEUR 0.1 related to Holding (2021: MEUR 0.1)

Disaggregation of revenue from contracts with customers for the 3 months ended 30 June 2022

In MEUR	USA		International		Total	
	2022	2021	2022	2021	2022	2021
Revenue from contracts with customers	1,160.1	844.1	774.2	706.0	1,934.2	1,550.1
Other Revenue*	6.0	2.8	16.8	1.9	22.9	4.8
Total Revenue	1,166.1	846.9	791.0	707.9	1,957.1	1,554.9

*As of 30 June 2022, total other revenue is including external revenue of MEUR 0.1 related to Holding (2021: MEUR 0.1)

Contract Balances

In MEUR	As at 30 Jun 2022	As at 31 Dec 2021
Trade receivables	20.6	21.4
Contract liabilities	117.8	107.3

The contract liabilities primarily relate to advance payments received from customers amounting to MEUR 110.9 (31 Dec 2021: MEUR 103.7). The payment terms differ from country to country, but a significant amount of revenue is paid upfront. Hence, the pending services are recognized as contract liabilities, for which revenue is recognized when the performance obligation is satisfied.

9 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, and are classified as financial asset at fair value through profit and loss (Level 2). All financial assets are disclosed below:

In MEUR	As at 30 Jun 2022	As at 31 Dec 2021
Other financial assets (non-current)	30.9	27.0
Trade receivables	20.6	21.4
Other financial assets (current)	10.6	11.3
Cash and cash equivalents	642.2	827.1
Total	704.3	886.8

Other financial assets (non-current) consist of (i) 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, (ii) security deposits for long-term lease contracts, and (iii) future lease payment receivables for MEUR 6.1 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. Other financial assets (current) primarily include short-term restricted cash balances and short-term deposits. It also includes tax credit receivables, which has been granted to the Group for the relocation, and expansion of operations in the state of New Jersey by the New Jersey Economic Development Authority (NJEDA) under the Grow New Jersey Assistance Program.

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.

In MEUR	As at 30 Jun 2022	As at 31 Dec 2021
Other financial liabilities (non-current)	317.6	304.3
Trade payables	539.6	440.7
Other financial liabilities (current)	105.3	91.7
Long term debt	0.2	0.2
Convertible bond	157.8	155.0
Total	1,120.5	991.9

Other financial liabilities (non-current and current) include MEUR 311.6 related to IFRS16 liabilities (31 Dec 2021: MEUR 257.0) for more than 1 year, and MEUR 63.6 (31 Dec 2021: MEUR 49.5) for less than 1 year respectively, as well as MEUR 32.1 (31 Dec 2021: MEUR 52.8) of contingent purchase price liability for the acquisition of Factor75. Other financial liabilities also include MEUR 10.1 (31 Dec 2021: MEUR 29.3) as liability for NCI put options.

The present value of the future cash flows for the fixed income component of the convertible bond as of 30 June 2022 was MEUR 157.8 (31 Dec 2021: MEUR 155.0).

The fair value of trade receivables, other financial assets, cash and cash equivalents, trade payables and other financial liabilities approximate their respective carrying amounts largely due to short-term maturities of these instruments. The fair value of long-term deposits and restricted cash approximate their carrying amounts as they bear interest at market rates.

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

10 Share Capital and Capital Reserves

	Ordinary share capital		Treasury shares	Capital reserves		
	Number of shares (in pcs)	Nominal amount (in MEUR)	Number of shares (in pcs)	Additional capital paid in (in MEUR)	Transaction costs (in MEUR)	Total (in MEUR)
As of 1 January 2022	173,942,278	173.9	0.2	482.6	(9.8)	472.8
NCI buy back	—	—	—	(2.4)	—	(2.4)
Issue of ordinary share capital	—	—	—	—	—	—
Share buy back	—	—	2.2	—	(0.1)	(0.1)
As of 30 June 2022	173,942,278	173.9	2.4	480.2	(9.9)	470.3

During H1 2022, HelloFresh bought back 2.2 million number of shares amounting to MEUR 125 under the first tranche of share buy-back program announced in early 2022.

11 Share-Based Compensation

The Group operates share-based compensation plans, under which directors and employees receive equity instruments as part of their compensation. HelloFresh has classified its share based compensation scheme as equity-settled. During first half of 2022, the entity exercised the option of settling the vested grants in cash amounting to MEUR 15.9. The remaining grants and options will still be accounted as equity-settled.

In the first quarter 2022, the share based compensation program for the employees (excluding the management board) was amended to (i) allowing beneficiaries more flexibility for choosing between RSUs and VSOPs, (ii) aligning the vesting period for both programs to quarterly over three years, and (iii) both programs are available to exercise after the vesting period.

All the other program details are in line with the earlier plans, we refer to our annual report 2021 for further details.

The Segment expense is summarized below:

In MEUR	3 months ended 30-Jun-22	3 months ended 30-Jun-21	6 months ended 30-Jun-22	6 months ended 30-Jun-21
USA	10.4	2.2	19.3	5.5
International	2.7	0.2	5.0	1.1
Holding	6.7	(1.9)	12.8	1.1
Total	19.7	0.6	37.0	7.8

Share-based compensation expenses have increased significantly year-on-year in comparison to the first half of 2021. The increase is driven by a number of factors, including that grants given from 2022 onwards are accounted for as "graded vesting", which from an accounting perspective front loads more the realization of related expenses as compared to "linear vesting". This change in methodology was the result of the changes in the program explained above. For prior programs granted in previous years linear vesting is still followed. Other reasons for the increase in IFRS2 expenses in H1 2022 are (i) an overall increase in number of participants to the program, and (ii) a somewhat higher average grant per beneficiary.

A breakdown of the vested and unvested share awards is shown in the table below:

Employee Incentive Plan	Options	RSU	Total
Vested (in mn)	7.0	0.0	7.0
WAEP (in EUR) – vested instruments	13.81	—	13.77
Unvested (in mn)	3.5	1.3	4.8
WAEP (in EUR) – unvested instruments	44.46	—	32.21
Outstanding (in mn)	10.5	1.3	11.8
WAEP (in EUR)	23.96	—	21.24

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. This effective tax rate for half year ended 30 June 2022 is 38.9 % (H1 2021: 29.2 %). The significantly higher tax rate in H1 2022 is mainly caused by a higher negative contribution of relatively recently launched, still loss making Group companies to the Group EBT. For these group companies no deferred tax assets were recognized. The decrease of the absolute tax expense in the amount of MEUR 19.3 to MEUR 57.0 results from a lower EBT compared to H1 2021.

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

In MEUR	6 months ended	
	30 June 2022	30 June 2021
Income tax expense	(57.0)	(76.3)

13 Profit per Share

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

Basic earnings per share is calculated as follows:

	3 months ended 30-Jun-22	3 months ended 30-Jun-21	6 months ended 30-Jun-22	6 months ended 30-Jun-21
Net income for the period attributable to the shareholders of HelloFresh SE (in MEUR)	62.5	83.8	89.5	185.4
Weighted average number of ordinary shares (in millions)	171.5	173.6	171.8	173.6
Basic earning per share in EUR	0.36	0.48	0.52	1.07

Diluted earnings per share is calculated as follows:

	3 months ended 30-Jun-22	3 months ended 30-Jun-21	6 months ended 30-Jun-22	6 months ended 30-Jun-21
Net income after dilution for the period attributable to the shareholders of HelloFresh SE (in MEUR)	63.7	85.0	91.9	187.8
Weighted average number of diluted shares (in millions)	180.2	183.9	180.4	183.9
Diluted earning per share in EUR	0.35	0.46	0.51	1.02

14 Related Party Transactions

The Group did not have any transactions with the management board or supervisory board during the year apart from the share based compensation.

HelloFreshGo GmbH is one of the related parties, of which the Company holds 65.80 % of the shares and records the investment at equity. The Group has transactions with HelloFreshGo GmbH for purchase or sales of goods and rendering or receiving of services in line with the presentation within the annual report 2021.

The other related party is Stiles Pictures, as the partner of YouFoodz Holdings Ltd CEO is a member of Stiles Pictures management. YouFoodz Holdings Ltd has transactions with Stiles Pictures for marketing services which was TAUD 15.8 in the first half of 2022.

15 Events after the Reporting Period

No events of special significance occurred after the end of the reporting period.

Berlin, 12 August 2022

Dominik Richter
Chief Executive
Officer

Thomas Griesel
Chief Executive
Officer International

Christian Gärtner
Chief Financial
Officer

Edward Boyes
Chief Commercial
Officer

C Further Information

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 and 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, 12 August 2022

Dominik Richter
Chief Executive
Officer

Thomas Griesel
Chief Executive
Officer
International

Christian Gärtner
Chief Financial
Officer

Edward Boyes
Chief Commercial
Officer

Auditor Review Report

To HelloFresh SE, Berlin

We have reviewed the interim condensed consolidated financial statements of HelloFresh SE, Berlin, – comprising interim condensed consolidated statement of financial position, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity, interim condensed consolidated statement of cash flows and explanatory notes to the interim condensed consolidated financial statements – together with the interim group management report of HelloFresh SE, Berlin, for the period from 1 January 2022 to 30 June 2022 that are part of the semi annual financial report according to Section 115 WpHG [“Wertpapierhandelsgesetz“: “German Securities Trading Act”]. The preparation of the condensed interim consolidated financial statements in accordance with International Accounting Standard IAS 34 “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 report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) [Institute of Public Accountants in Germany Incorporated Association]. Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, “Interim Financial Reporting” as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor’s report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, “Interim Financial Reporting” as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Berlin, 12 August 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Waubke
Wirtschaftsprüfer
[German Public Auditor]

Knorr
Wirtschaftsprüfer
[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 expense, 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 (excluding retail revenue) divided by the number of orders in the corresponding period.

Constant currency

Revenue denominated in a currency other than 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 period.

Contribution margin

Contribution margin is defined as the 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 of property, plant and equipment, and amortization of 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 (IFRS 16).

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 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 reorganizations and restructurings and prior period related effects.

Financial Calendar 2022

Publication of Quarterly Financial Statements Q3 2022 and Earnings Call

27 October 2022

Imprint

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