Berlin, 12 May 2021

Dear Shareholder,

We noted that ISS published on 8 May 2021 a recommendation to vote against item 8 on the agenda of our upcoming AGM, which concerns our management board remuneration system. We therefore wanted to take the opportunity to provide to you further background on our remuneration system and directly address the key concerns raised by ISS.

Background and benchmarking

Our supervisory board has benchmarked the management board's total target compensation, as well as its individual components, against two sets of peer groups, by using the help of an external compensation advisor (HKP):

- DAX and MDAX companies: please note in that context that we have over the last months consistently fulfilled the size criteria for a potential DAX inclusion in September 2021
- A group of international and US ecommerce and food-delivery peers with comparable geographic footprint, business models and size

Overall structure of HelloFresh's remuneration system

The design of our compensation system tries to achieve three targets:

1) **Total target compensation** should be **in line with peers**
2) The **vast majority of the compensation** should be **directly tied to shareholder value creation**. I.e. any guaranteed fixed base compensation should be set below peer average and variable compensation should only become meaningful when the company's long-term value significantly increases.
3) The management board's variable compensation should be composed of the **same** two **share based compensation programs**, which are used to incentivise employees **group-wide**: (i) a short term Restricted Stock Unit (RSU) program; (ii) a long-term virtual stock option program (VSOP) that maximises shareholder value creation and alignment.

Total target compensation in line with peers

Based on the benchmarking provided by the external compensation advisor HKP, the total target compensation for the next years for the CEO and the remaining management board members sits within the 4th decile of the management board compensation of DAX/ MDAX peers and around the median with respect to the international ecommerce and food-delivery peers.

Vast majority of the compensation directly tied to long-term shareholder value creation

The management board has on purpose agreed to a **fixed compensation meaningfully below peer average:** The CEO's fixed compensation of €150k is the lowest of all DAX/ MADAX peers and the fixed compensation of the other management board members of €500k sits within the lowest tier of the DAX/ MDAX peers.

With regards to the variable compensation, management board members have to at least allocate 75%[1] to a long-term virtual stock options plan ("VSOP"), which is subject to three year vesting and a four year waiting period. In addition, the vesting is subject to certain long-term performance targets, laid out in more detail below.

We agree that the weighting of the compensation to the long-term equity component is very important in order to achieve long-term alignment of interest between the management board (which includes the two founders who are still 2 of the company's top 15 shareholders) and its co-shareholders.

It is also worthwhile to note that HFG's management board remuneration system does not include any additional perks: i.e. contributions to our health plans are the legal minimum, the management board adheres to the same travel & expense policy as all other c. 12,000 colleagues and there is no pension plan in existence for management board members. In short, HelloFresh's management board doesn't want high base salaries or perks, but the supervisory board with the help of its external compensation advisor has tried to structure a shareholder value incentive-aligned compensation system, while meeting the total compensation benchmarks of both national and global peers.

Same share-based compensation programs as for all key employees

It is important to the management board and the supervisory board that the variable compensation programs of the management board consist of the same components (virtual stock options and RSUs) as those of all other key employees in order to align interest across the company.

However, other than for the rest of the employees, the management board's variable compensation has to mandatorily be weighted to its long-term VSOP component, as described above. Our other employees have more discretion to split their variable compensation between the short and long-term components.

We would also like to directly address some of the key points of concern raised by ISS, which we believe are somewhat short-sighted and do not reflect the spirit of our compensation philosophy:

- *"No variable component caps/ too high caps on total remuneration"*: ISS considers the total remuneration caps of €14m for the CEO and €11m for all other management board members as too high.

  The supervisory board has proposed these caps under the guiding principle of allocating a maximum amount of total target compensation to long-term company value creation and in line with the advice by ist external compensation advisor HKP. Taking the CEO compensation as an illustrative example:
  - €3.638m (73% of total annual target compensation, 75% of variable annual target compensation) are tied-up in long-term VSOPs as described above.
  - €4.850m (97% of total annual target compensation) are tied to the share price performance, to our knowledge the highest amount in the universe of DAX/ MDAX companies

[1] 60% during the last 2 years of the management board member's tenure, due to the 3 year vesting period of the long-term VSOPs

Even leaving aside the impact of value accretion of the RSUs, for our CEO to hit the proposed cap, the underlying share price would need to increase by c. 120% during the lifetime of the VSOPs, taking current share price and option values as an illustrative basis. By comparison, our share price has increased by 526% since IPO in November 2017 and has been a top percentile performer of the top 600 European stocks since IPO and over each of 2019 and 2020. In essence this means if we manage to create significant long-term value accretion for our shareholders, we may well hit those caps proposed by the supervisory board. Within the structure proposed by the supervisory board, it is more than just a possibility that the management board will participate significantly less in the future value accretion than all of our shareholders.

- *"Lack of separate short-term incentive criteria"*: ISS is criticising the fact that both the management and supervisory board have not made the short-term variable compensation component subject to additional performance criteria, even though it consists of RSUs whose value is directly tied to share price performance and hence strongly aligned with all shareholders.
  Our RSU program is primarily a tool to incentivize our broader key employee base, by allowing them to allocate up to 75% or their variable equity compensation to this program. For the compensation of the management board the RSUs play a minor role, as the management board members have to allocate 75%[2] of their variable compensation to long-term target bound VSOPs.
  The management and the supervisory board are convinced that it would be to the detriment of the company to attach additional performance criteria to the RSU plan. We are globally competing for talent, including in our US business, which represents more than 50% of our group revenues and profits. New hires in the US typically have multiple competing offers which entail equity components that are only subject to time-based vesting, i.e. don't have additional performance criteria. Introducing additional hurdles bears the risk that we will not be able to attract the talent we need and therefore curbing our success in our by far most important single market. We already suffer from attaching performance criteria to our LTIP in the war for global talent, a practice that is unknown and uncommon in the US, where a large part of our employees sit.

- *"Insufficient target disclosure"*: ISS considers the description of the VSOP performance targets as too general and criticizes that targets in exceptional circumstances could be amended by the supervisory board.
  From our perspective the targets are clear: The supervisory board sets 3-year targets for the company on (i) revenue, (ii) AEBITDA, and starting from 2021 also (iii) CO_2 emission reduction and (iv) food waste reduction. Revenue and AEBITDA are by far the most common success and valuation metrics used by the 15 sell-side brokers covering our stock and the majority of investors we interact with regularly. To provide an example of the target setting process: in early December 2020, our supervisory board has set 2023 revenue and AEBITDA performance targets. The revenue target was set in line with broker

[2] 60% during the last 2 years of the management board member's tenure, due to the 3 year vesting period of the long-term VSOPs

consensus for 2023 at that time, the AEBITDA target corresponds to a margin of 10%, in line with our midterm communicated margin target range and is meaningfully superior to the vast majority of internet/ ecommerce companies. The CO2 reduction and food waste reduction targets will be set consistently with our publicly communicated ESG targets, i.e. a 60% reduction of carbon emissions per Euro revenue and a 50% reduction of food waste per Euro revenue. We consider both targets as very ambitious, considering that already now we are performing meaningfully better on both dimensions compared to traditional grocers, i.e. the targeted extent of incremental improvement is hard to achieve. Unlike our competitors who we compete for talent with, we have strict performance criteria applied to receiving our LTIP and not only time-based vesting. This already makes the compensation packages of the management board relatively less attractive than what is offered at global peer companies.
With respect to ISS criticism that the supervisory board has discretion to amend targets in exceptional circumstances: The management and supervisory board consider this fair, given the dynamic and still early-stage nature of our industry, which was effectively invented in this form by our two founders ten years ago, reflecting the higher margin for error on setting multi-year targets in our industry given its early-stage state.

- *"Special bonus and additional benefits"*: ISS criticizes that the supervisory board has the ability to allocate specific bonuses or benefits to management board members in exceptional circumstances and after careful consideration.

  The most practical theoretical case where this feature could come to application would be in case the supervisory board decided to add a new member to the management board, who would require a sign-on bonus for forfeiture under her/his then current employment contract, a standard practice among leading Global Tech companies.

We hope the context we tried to provide here is useful. In case you would like to follow-up further on any of these points we are happy to do so.

Best regards,

Management Board of
HelloFresh SE

Supervisory Board of
HelloFresh SE