



# HELLOFRESH

GROUP

**Capital Markets Day 2023**

Berlin, 23 March 2023

# Disclaimer

This document has been prepared by HelloFresh SE (the “Company“ and, together with its subsidiaries, the “Group”). All material contained in this document and information presented is for information purposes only and must not be relied upon for any purpose, and does not purport to be a full or complete description of the Company or the Group. This document does not, and is not intended to, constitute or form part of, and should not be construed as, an offer to sell, or a solicitation of an offer to purchase, subscribe for or otherwise acquire, any securities of the Company, nor shall it or any part of it form the basis of or be relied upon in connection with or act as any inducement or recommendation to enter into any contract or commitment or investment decision or other transaction whatsoever. This document is not directed at, or intended for distribution to or use by, any person or entity that is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction. Persons into whose possession this document comes should inform themselves about, and observe, any such restrictions.

No representation, warranty or undertaking, express or implied, is made by the Company or any other Group company as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained herein, for any purpose whatsoever. No responsibility, obligation or liability is or will be accepted by the Company, any other Group company or any of their officers, directors, employees, affiliates, agents or advisers in relation to any written or oral information provided in this document or in connection with the document. All information in this document is subject to verification, correction, completion, updating and change without notice. Neither the Company, nor any other Group company undertake any obligation to provide the recipient with access to any additional information or to update this document or any information or to correct any inaccuracies in any such information.

A significant portion of the information contained in this document, including market data and trend information, is based on estimates or expectations of the Company, and there can be no assurance that these estimates or expectations are or will prove to be accurate. Where any information and statistics are quoted from any external source, such information or statistics should not be interpreted as having been adopted or endorsed by the Company or any other person as being accurate. All statements in this document attributable to third party industry experts represent the Company's interpretation of data, research opinion or viewpoints published by such industry experts, and have not been reviewed by them. Each publication of such industry experts speaks as of its original publication date and not as of the date of this document.

This document contains forward-looking statements relating to the business, financial performance and results of the Company, the Group or the industry in which the Group operates. These statements may be identified by words such as "expectation", "belief", "estimate", "plan", "target" or "forecast" and similar expressions, or by their context. Forward-looking statements include statements regarding: strategies, outlook and growth prospects; future plans and potential for future growth; growth for products and services in new markets; industry trends; and the impact of regulatory initiatives. These statements are made on the basis of current knowledge and assumptions and involve risks and uncertainties. Various factors could cause actual future results, performance or events to differ materially from those described in these statements, and neither the Company nor any other person accepts any responsibility for the accuracy of the opinions expressed in this document or the underlying assumptions. No obligation is assumed to update any forward-looking statements.

This document includes certain financial measures not presented in accordance with IFRS, including, but not limited to, AEBITDA. These financial measures are not measures of financial performance in accordance with IFRS and may exclude items that are significant in understanding and assessing the Company's financial results. Therefore, these measures should not be considered in isolation or as an alternative to result for the period or other measures of profitability, liquidity or performance under IFRS. You should be aware that the Company's presentation of these measures may not be comparable to similarly titled measures used by other companies, which may be defined and calculated differently. See the appendix for a reconciliation of certain of these non-IFRS measures to the most directly comparable IFRS measure.

# Today's Agenda & Speakers

|    | Section                | Time       | Speaker                  |                            |
|----|------------------------|------------|--------------------------|----------------------------|
|    | Reception              | 11.30      |                          |                            |
|    | Welcome Remarks        | 12:25      | Dominik Richter          | Founder and Group CEO      |
| 1. | Strategic Update       | 12:30      | Dominik Richter          | Founder and Group CEO      |
| 2. | Operational Excellence | 13:30      | Uwe Voss<br>Joanna Hicks | US CEO<br>SVP – Operations |
| 3. | Marketing Update       | 14:00      | Ed Boyes                 | Group CCO                  |
|    | Break                  | 30 minutes | Culinary Show            |                            |
| 4. | Financial Update       | 15:00      | Christian Gaertner       | Group CFO                  |
| 5. | Q&A Session            | 15:30      |                          |                            |



**1. Strategic Update**

**2. Operational Excellence**

**3. Marketing Update**

**4. Financial Update**

**5. Q&A**

## Our Mission

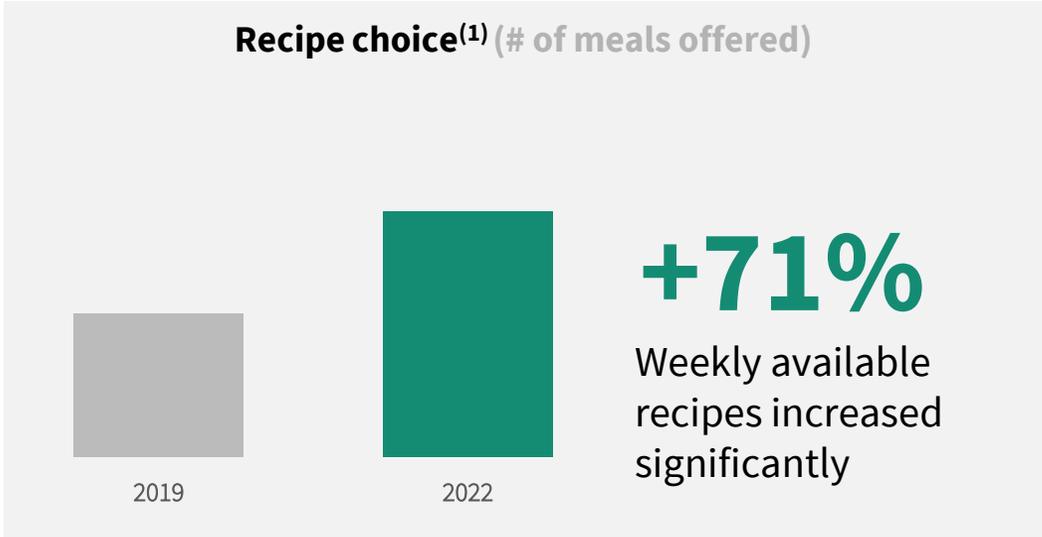
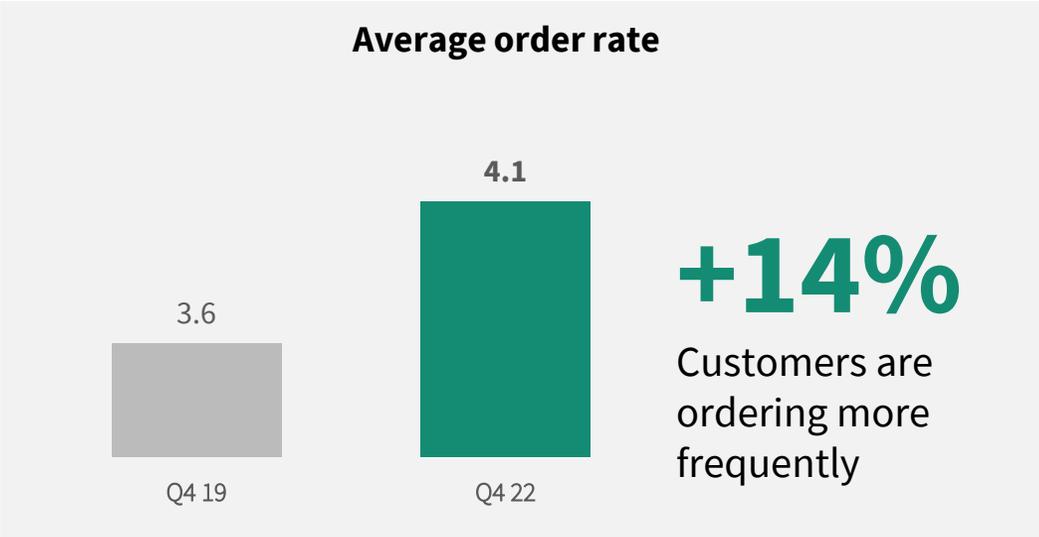
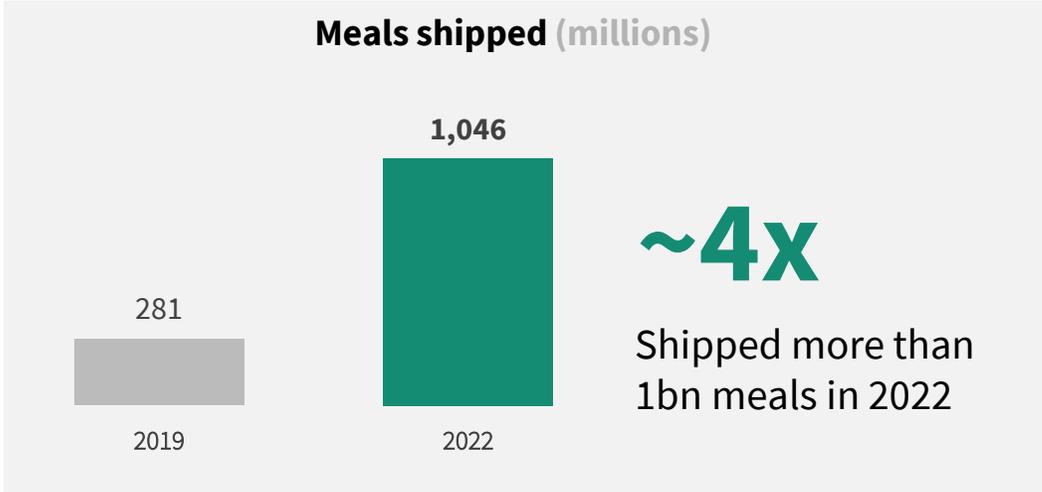
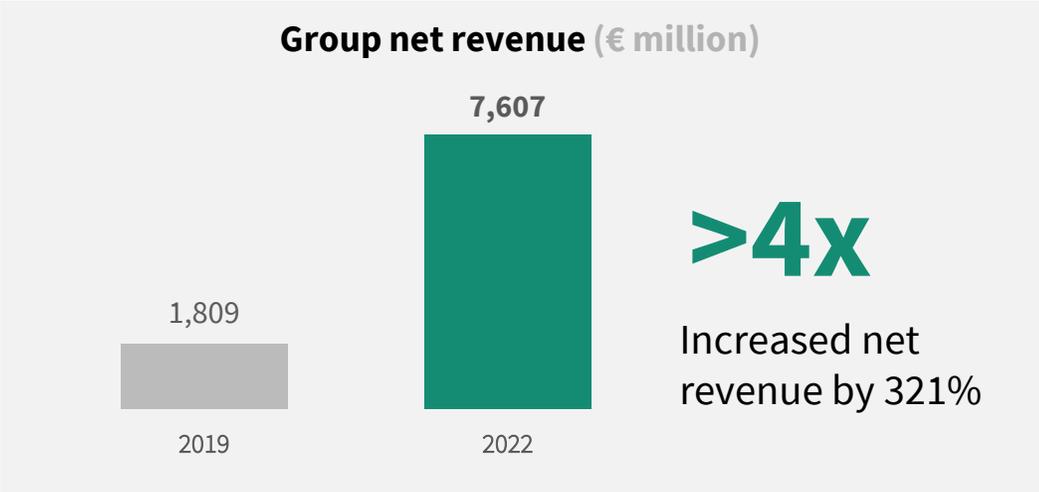
We change the way  
people eat forever

## Our Vision

The world's leading,  
fully integrated  
food solutions group



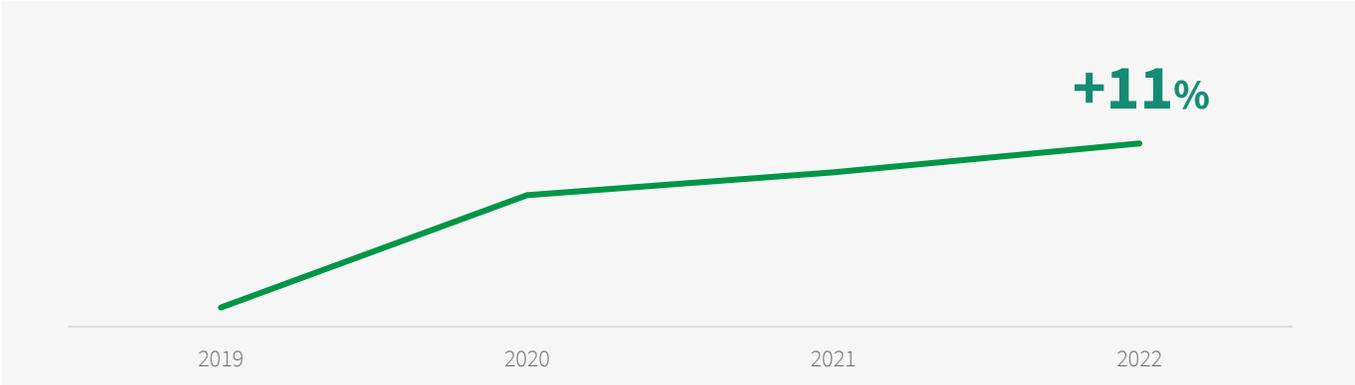
# After three extraordinary years, we are a very different company today than in 2019



<sup>(1)</sup> Like-for-like comparison, no new markets considered since 2019. Number of weekly recipes on offer

# Our customers are finding more value than ever in our product range...

Number of meals/box



...which translated into strong market share gains<sup>(2)</sup>



**+11pp** US meal kits share



**+9pp** Intl. meal kits share



**+52pp** US RTE share

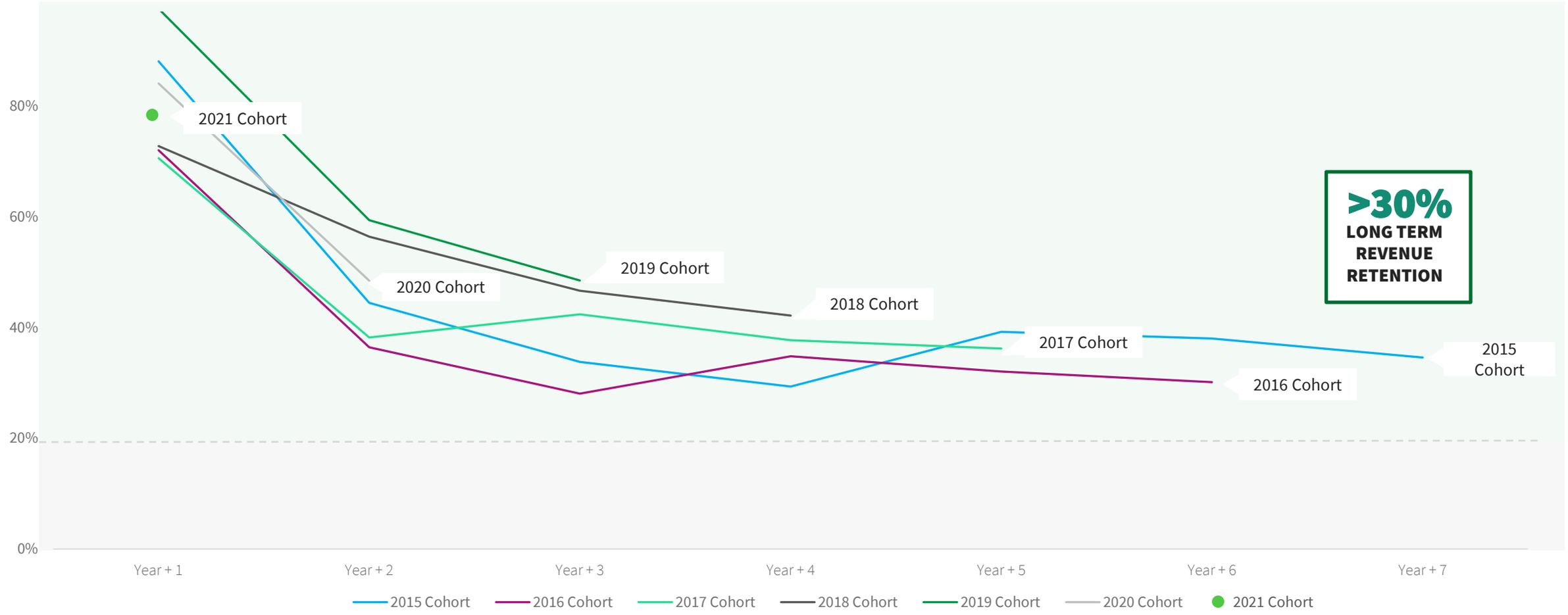
Group cancellation rate<sup>(1)</sup>



<sup>(1)</sup> Company data (Group excl. Youfoodz and Good Chop)  
<sup>(2)</sup> Credit card data of respective countries (Q1 2020 vs Q4 2022)

# We have continued to build a long-term loyal customer base that shows very healthy retention dynamics

## Revenue retention



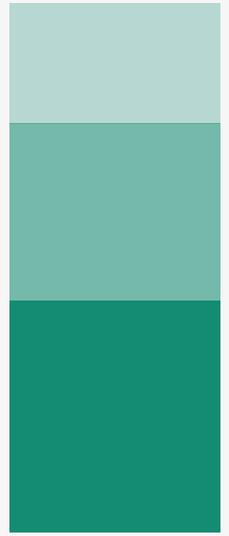
**>30%**  
LONG TERM  
REVENUE  
RETENTION

# We generated strong cash-flow from operations and re-invested the bulk of it back into the business, while preserving strong balance sheet and capital discipline

## Cumulative cash flow from operating activities

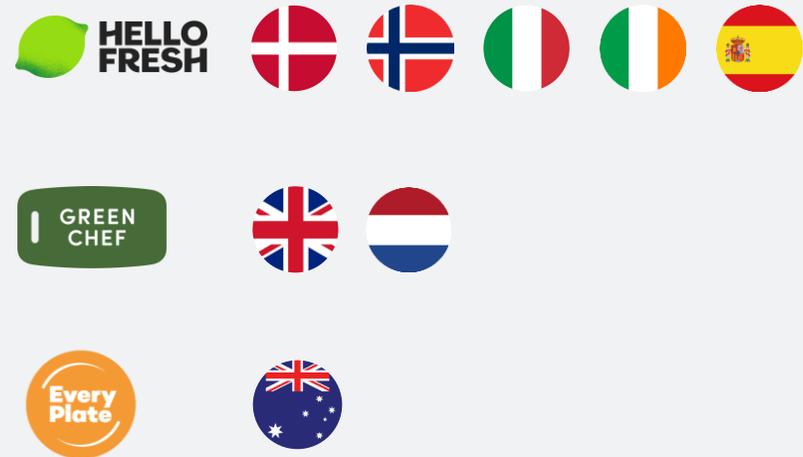
For 2020-2022

€1.4bn



■ 2020 ■ 2021 ■ 2022

### 1 Meal kit TAM Expansion



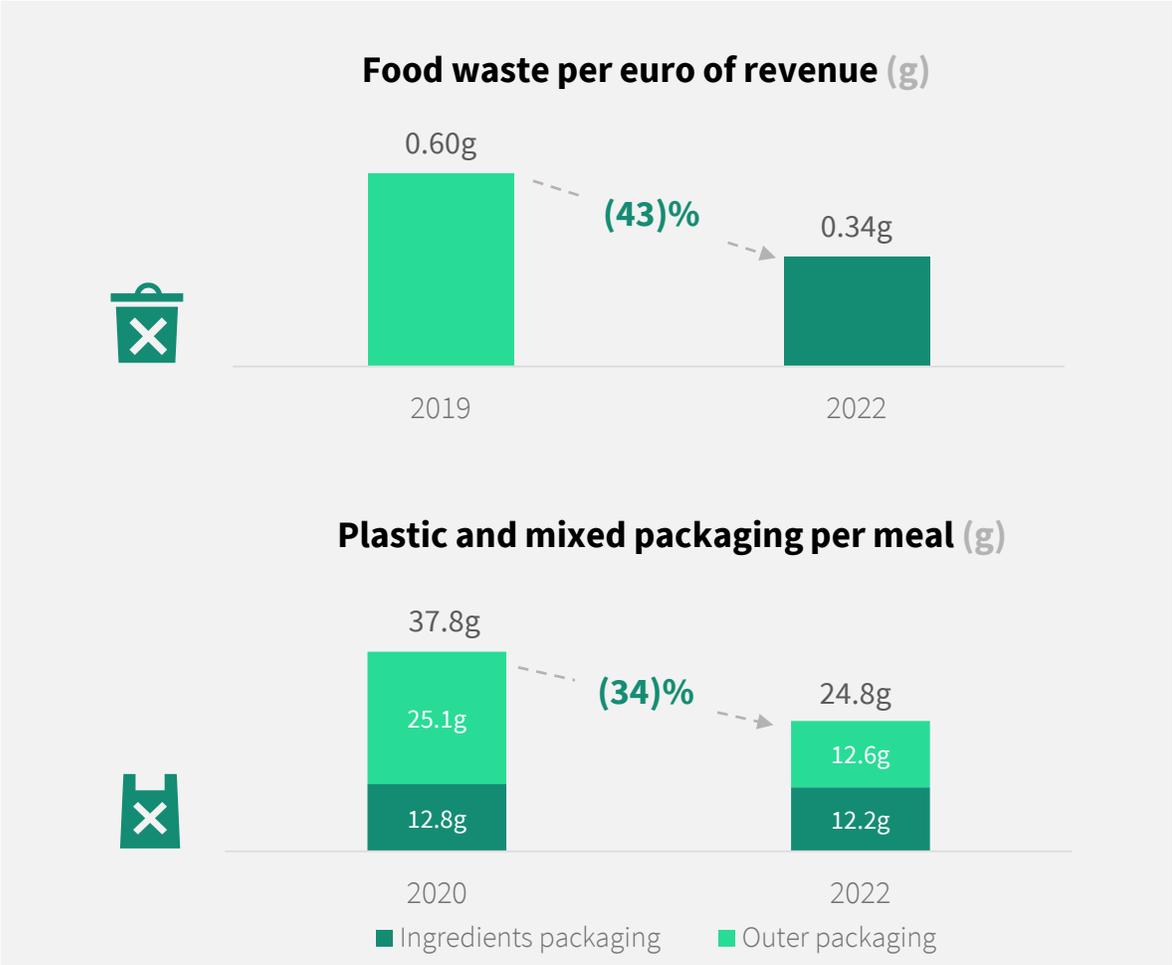
### 2 RTE launch



### 3 Fulfillment network expansion

### 4 Share buyback

# Throughout the pandemic years we left things better than we found them, and got recognized for it



|                | 2022                                   | 2021           |
|----------------|--|----------------|
| MSCI           | <b>AA</b><br>‘Leader’                  | A<br>‘Average’ |
| ISS            | <b>C-</b>                              | D+             |
| Sustainalytics | <b>20.3</b><br>(20 or less = low risk) | 25.4           |

# Strong adaptability in the face of a challenging macro backdrop and post pandemic normalization



Covid effects  
remain in Q1  
benchmark for  
2023



Persistent  
ingredient  
inflation

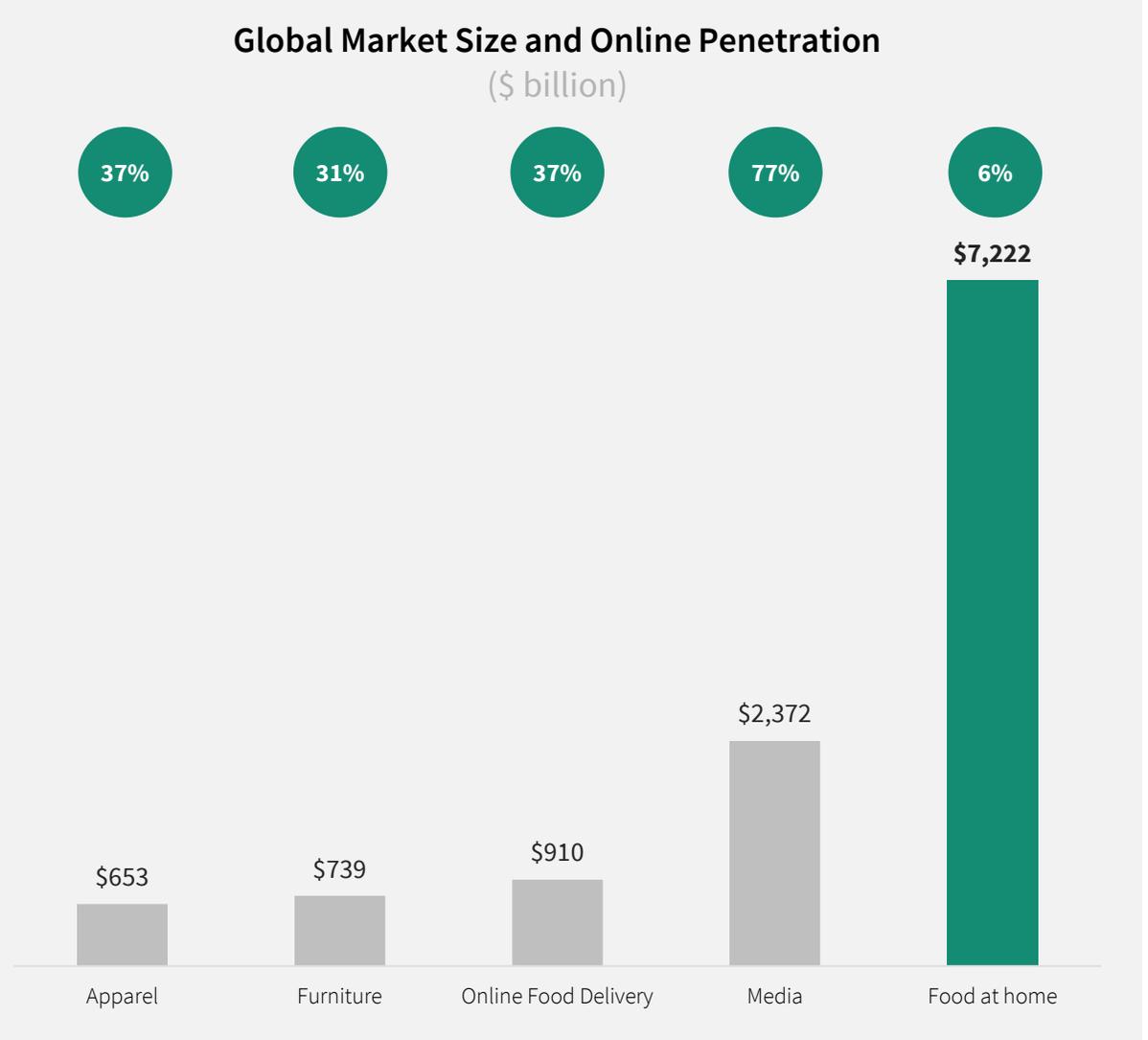


Uncertainty in  
consumer  
confidence

**We remain bullish  
on our long-term  
opportunity as an  
Integrated Food  
Solutions Group**



# Grocery remains the less penetrated, yet the largest consumer category globally



Unparalleled growth opportunity

Online penetration remains below 5%<sup>(1)</sup> in some HelloFresh markets

Opportunity to catch up to food delivery

# We have become the best D2C food operator with impenetrable competitive moats

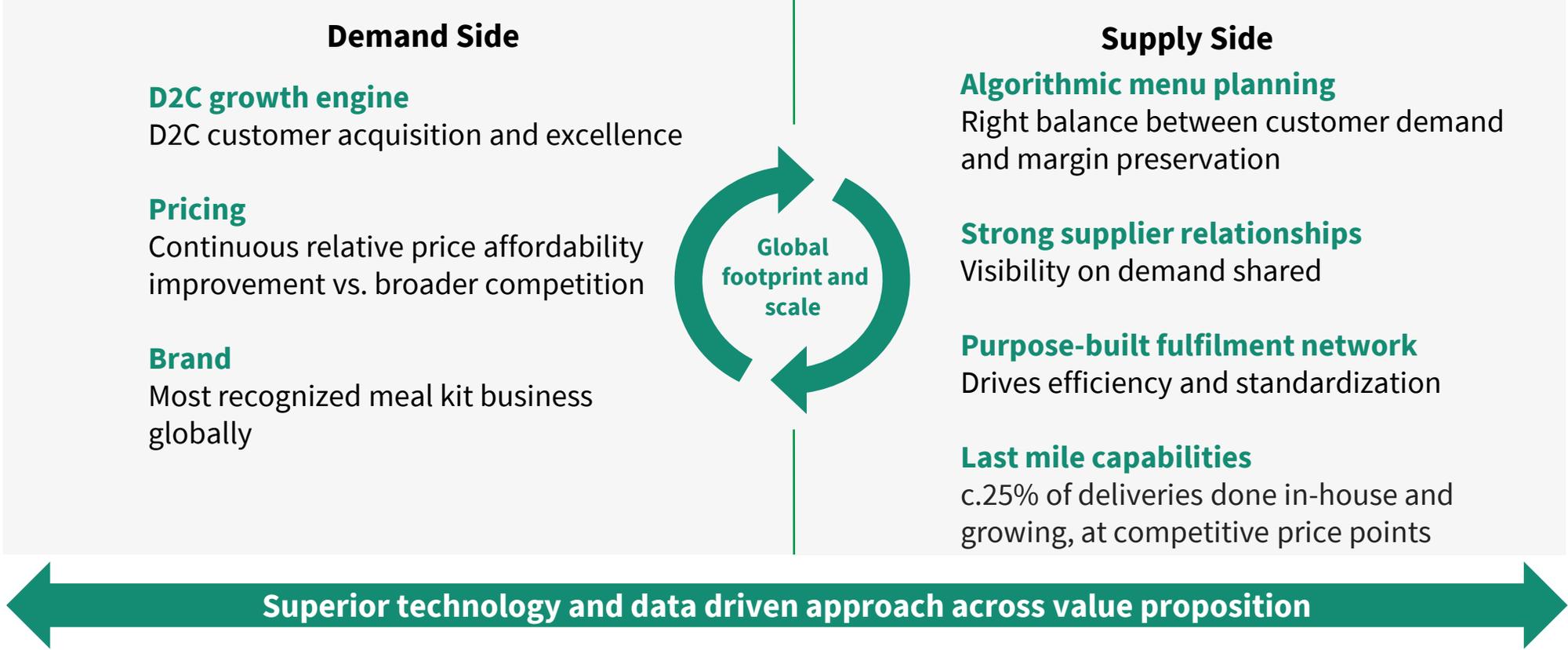
Global brand portfolio



F A C T O R \_



Competitive moats



# 2023 Strategy



# As a food solutions group, we have a portfolio of businesses and geographies at different stages of maturity

**HELLOFRESH**  
GROUP

|                  |   | 2022 revenue share | 2022 revenue growth | 2022 AEBITDA margin   |
|------------------|---|--------------------|---------------------|-----------------------|
| HELLOFRESH GROUP | <b>Advanced meal kit businesses</b><br>     | ~73%               | Single digit        | >> 10%                |
|                  | <b>Underpenetrated meal kit markets</b><br> | ~15%               | Double digit        | Negative single digit |
|                  | <b>Ready-to-eat</b><br>FACTOR_              | ~12%               | Triple digit        | Breakeven             |
|                  | <b>New brands, geos and verticals</b><br>   | <1%                | Triple digit        | Negative              |

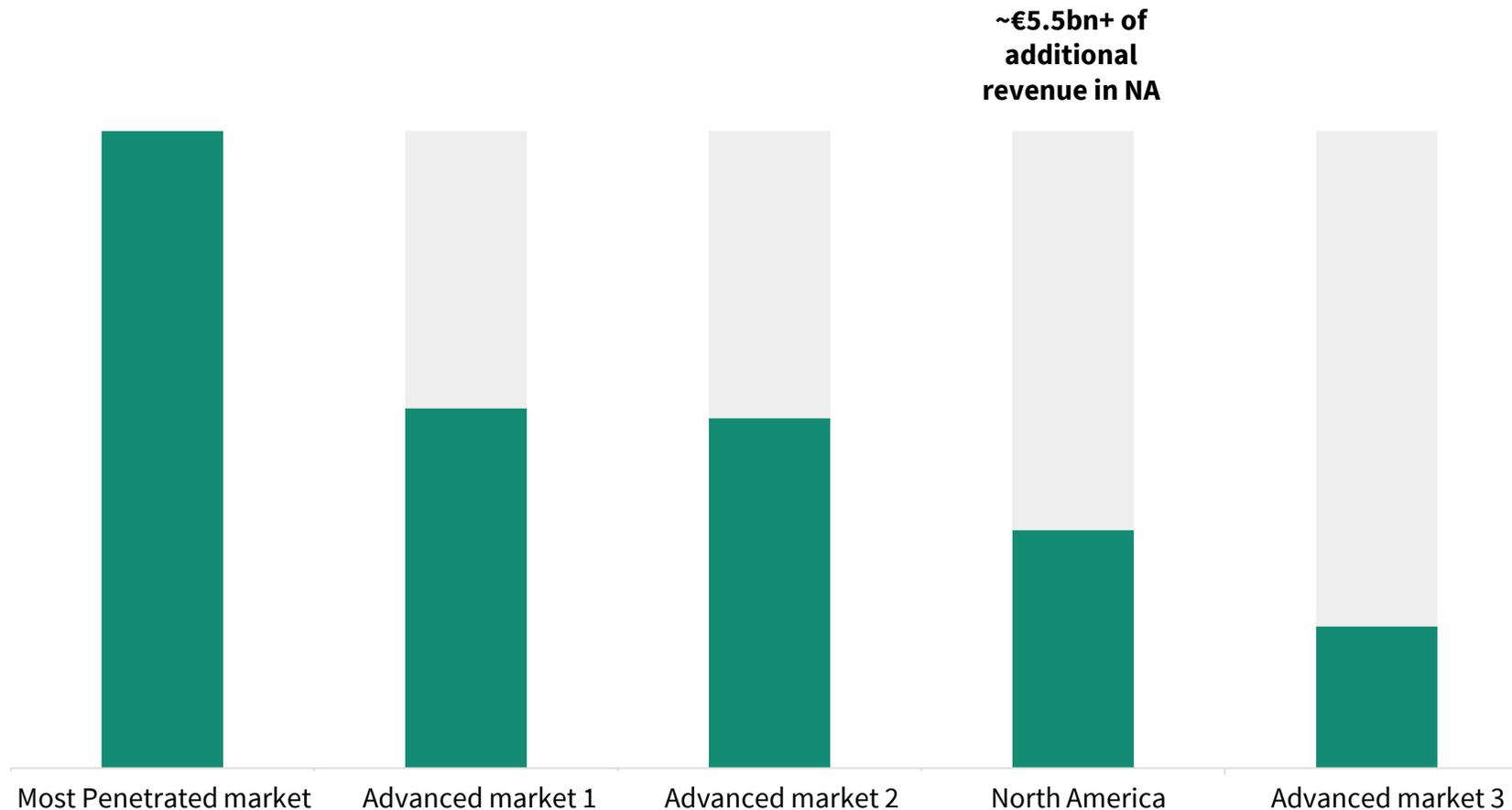
**We have a group of highly profitable and cash generative markets that represent a significant part of our revenue today**

## 2023 STRATEGY: Advanced markets

- Further drive up unit economics
- Improve customer proposition
- Capture meaningful reactivation opportunity



# Just by catching up to our most penetrated market, we have significant upside in all other advanced markets including North America

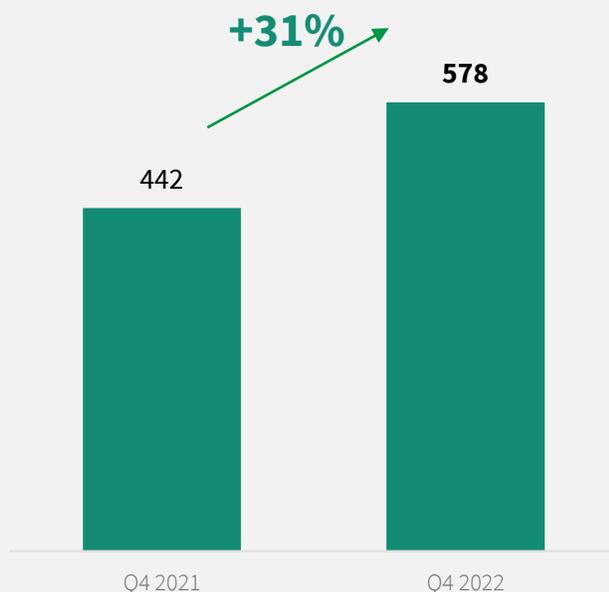


## +€8bn

**Additional revenue opportunity,**  
just by growing penetration<sup>(1)</sup> in our  
advanced markets to that of our most  
penetrated market currently

# We invest into the customer proposition by expanding recipe choice rapidly...

## Expansion of recipe choices for meal kit business<sup>(1)</sup>



Positive impact on AOV

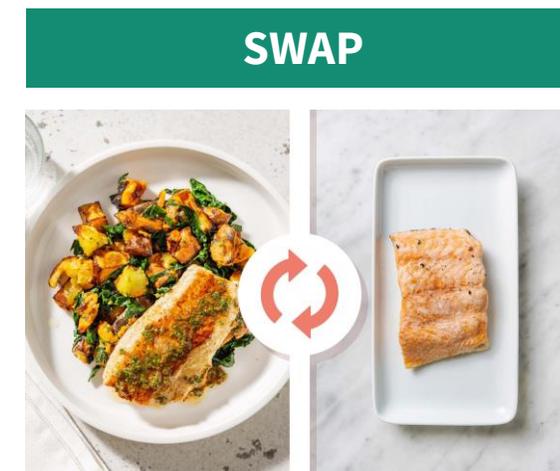
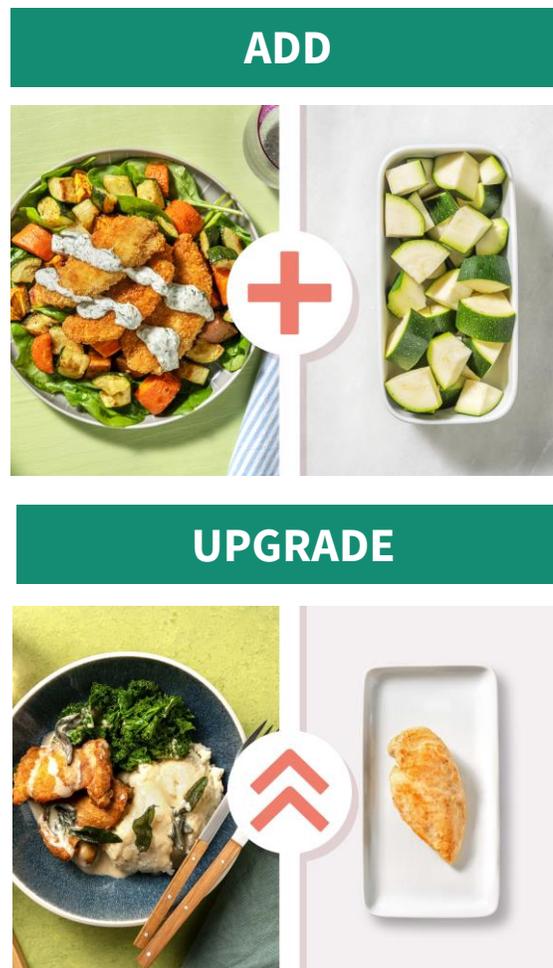
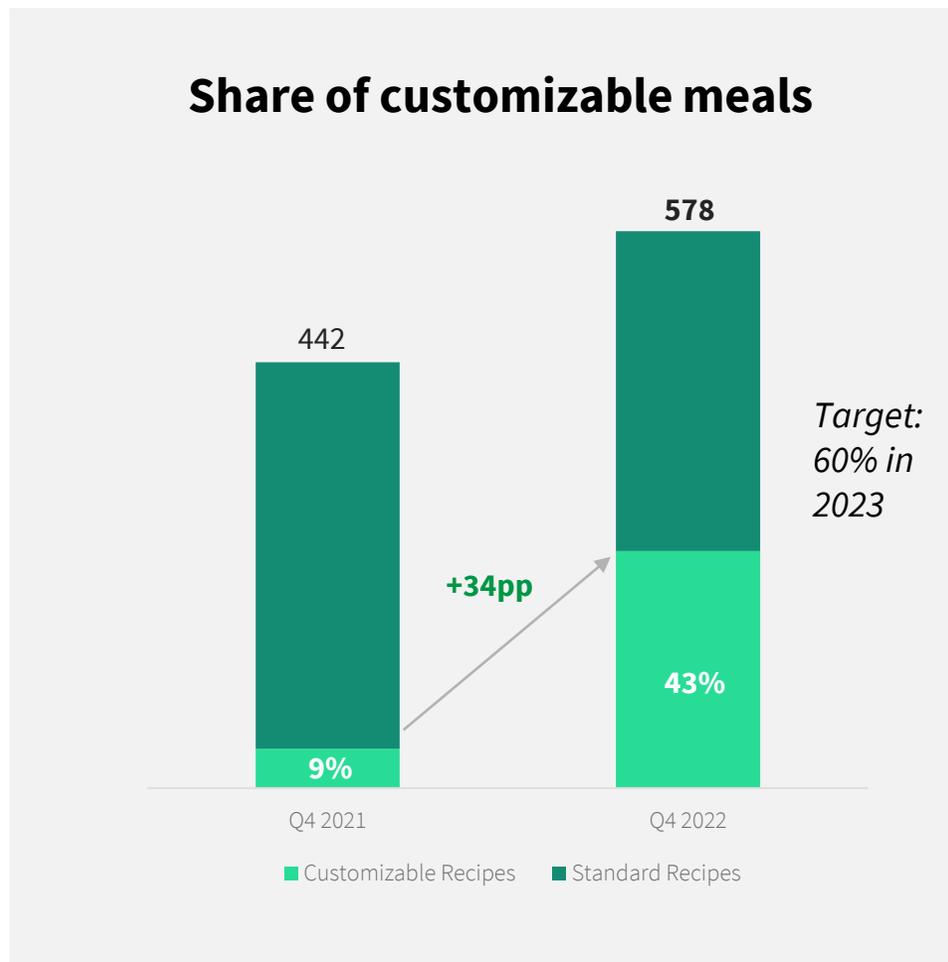
Higher order rates (AOR)

Reactivation tool

Unlocking new audiences



# ... and giving customers more options to customize their meals



# We can capture incremental meal occasions with our HelloFresh Market proposition



Personalized experience that offers delicious food solutions for all meal occasions, curated by culinary experts

|                    |          |
|--------------------|----------|
| Breakfast / Brunch | Snacks   |
| Lunch              | Desserts |
| Sides              | Drinks   |

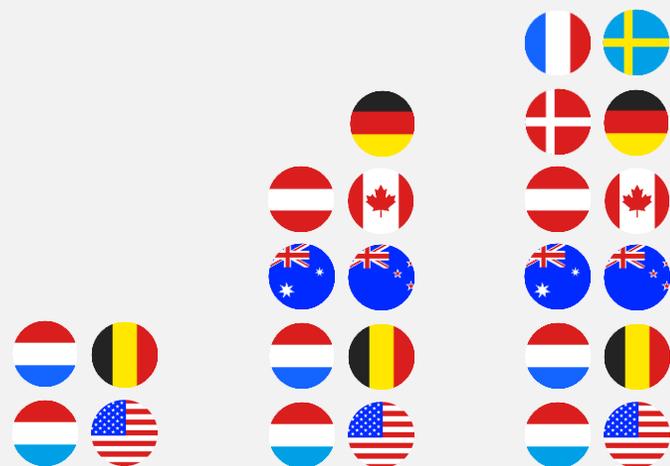
100-500 SKUs per market

|  |  |  |
|--|--|--|
| <p><b>Add-On</b><br/>Vanilla Delight Cheesecakes<br/>Good things come in small cheesecakes.   2 Servings<br/>\$7.99</p> <p>ADD</p> | <p><b>Add-On</b><br/>Garlic Bread<br/>Every dinner's BFF.   2-4 Servings<br/>\$2.99</p> <p>ADD</p> | <p><b>Add-On</b><br/>Sweet Kale Salad Kit<br/>A side salad... but a bajillion times better.   2-4 Servings<br/>\$3.99</p> <p>ADD</p> |
|--|--|--|

# We are gaining traction in our HelloFresh Market opportunity as we expand to more geographies and enhance the selection

## Geographical roll-out

### HF Market Rollout

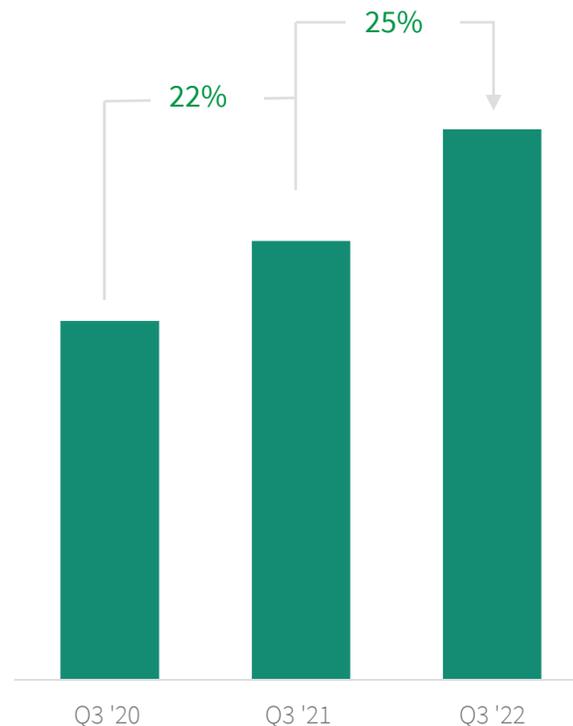


2021

2022

2023

## Incremental revenue per customer order from HF Market<sup>(1)</sup>



Q3 '20

Q3 '21

Q3 '22

Positive impact on AOV

Higher order frequency

Re-engagement loop

# Massive opportunity to apply our growth playbook in currently underpenetrated markets...

## 2023 STRATEGY: Underpenetrated markets

- Consistently bringing unit economics and ROI levels to that of advanced markets
- Closing the feature gap to advanced markets
- Elevating penetration levels



# We will do so by bringing our product and level of service to levels displayed by advanced markets

|                                | Underpenetrated Markets  | Advanced Markets |
|--------------------------------|--------------------------|------------------|
| Delivery days                  | 3-5 days                 | 5-7 days         |
| Weekly recipes <sup>(1)</sup>  | 23                       | 40+              |
| HF Market presence             | Rollout starting in 2023 | Yes              |
| Brand awareness <sup>(2)</sup> | 36%                      | 74%              |

<sup>(1)</sup> Weekly recipes on offer on average in each market

<sup>(2)</sup> Aided Brand Awareness, Q4 2022, Company Data, weighted by population

# RTE: The next frontier in D2C food solutions

## 2023 STRATEGY: RTE

- Improve customer proposition using HF meal kit playbook
- Invest into additional production facilities
- Start internationalization by EOY 2023 (outside of North America)



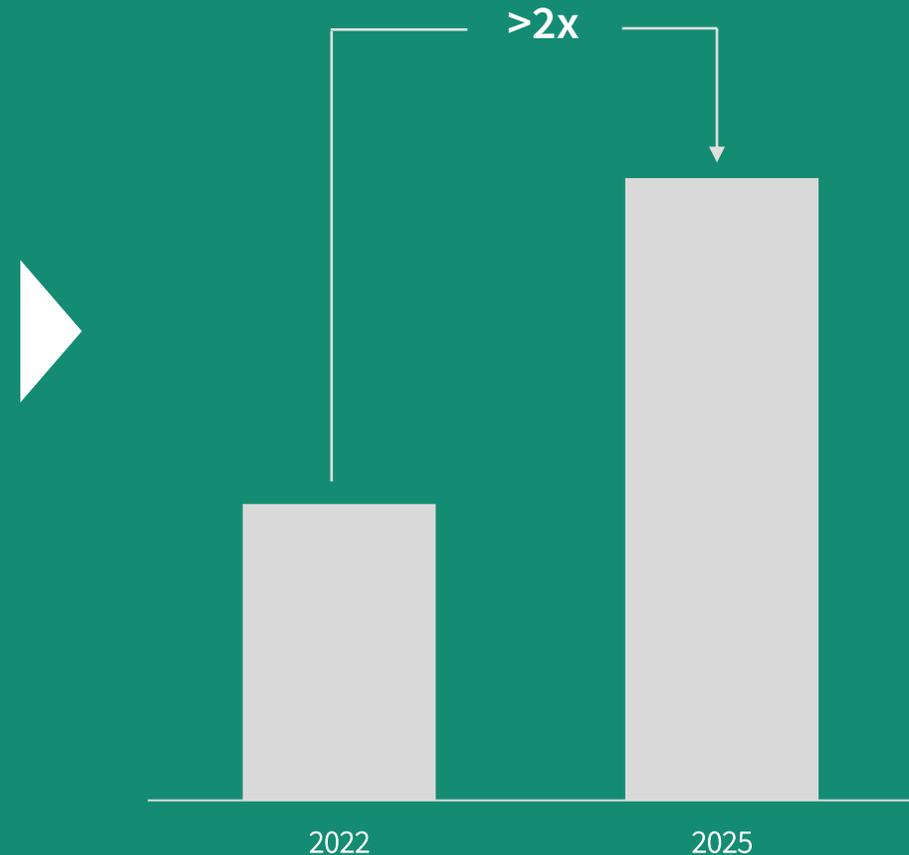
FACTOR\_

youfoodz

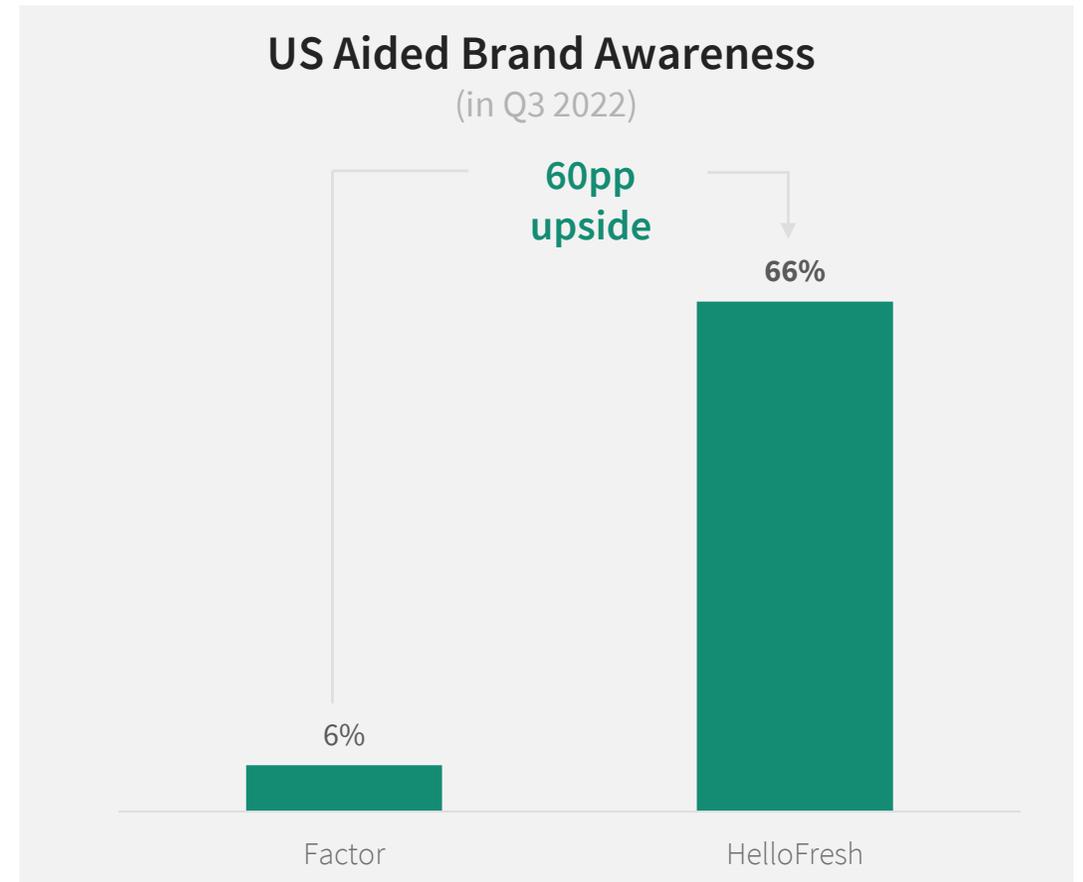
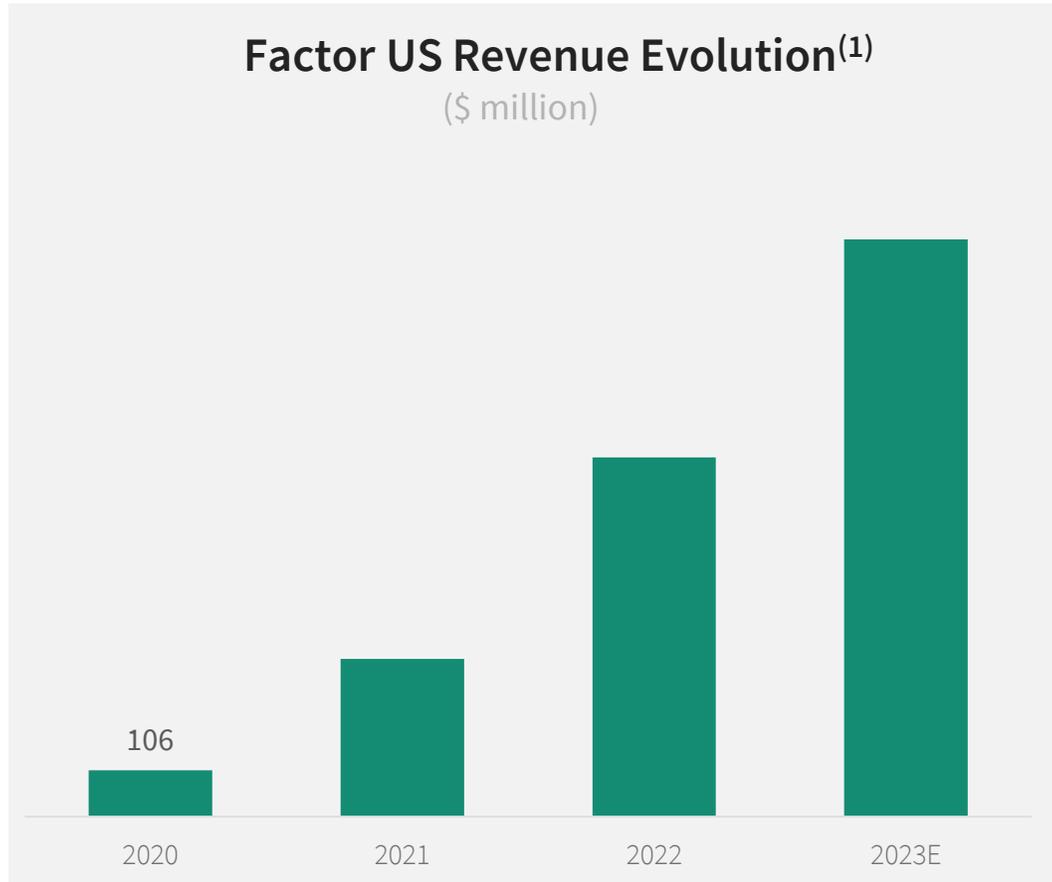
# RTE: Biggest growth driver until 2025

- 1** Large and growing TAM
- 2** Fresh prepared food is one of the fastest growing grocery segments
- 3** Increasing consumer focus on health, convenience and quality
- 4** Limited competition in the D2C market with strong defensibility

## RTE Revenue



# We are early in the first inning: Factor already generates significant revenues, yet has 10x lower brand awareness than our HelloFresh brand, on a TAM that is equivalent to that of D2C meal kits



# Factor US already turned profitable despite rapid growth, with clear path toward > 10% AEBITDA margins

Contribution margin improvement as volume doubles

Similar marketing as % of net revenue as meal kits at same maturity levels

Maturing customer base

Already reached profitability

**Opportunity aligned to Group's mid-term margin target**



# We have an even larger competitive moat in RTE given additional complexities in the value chain

1

Manufacturing capabilities including technology advantage

2

Supply chain network efficiency, leveraging full HelloFresh integration

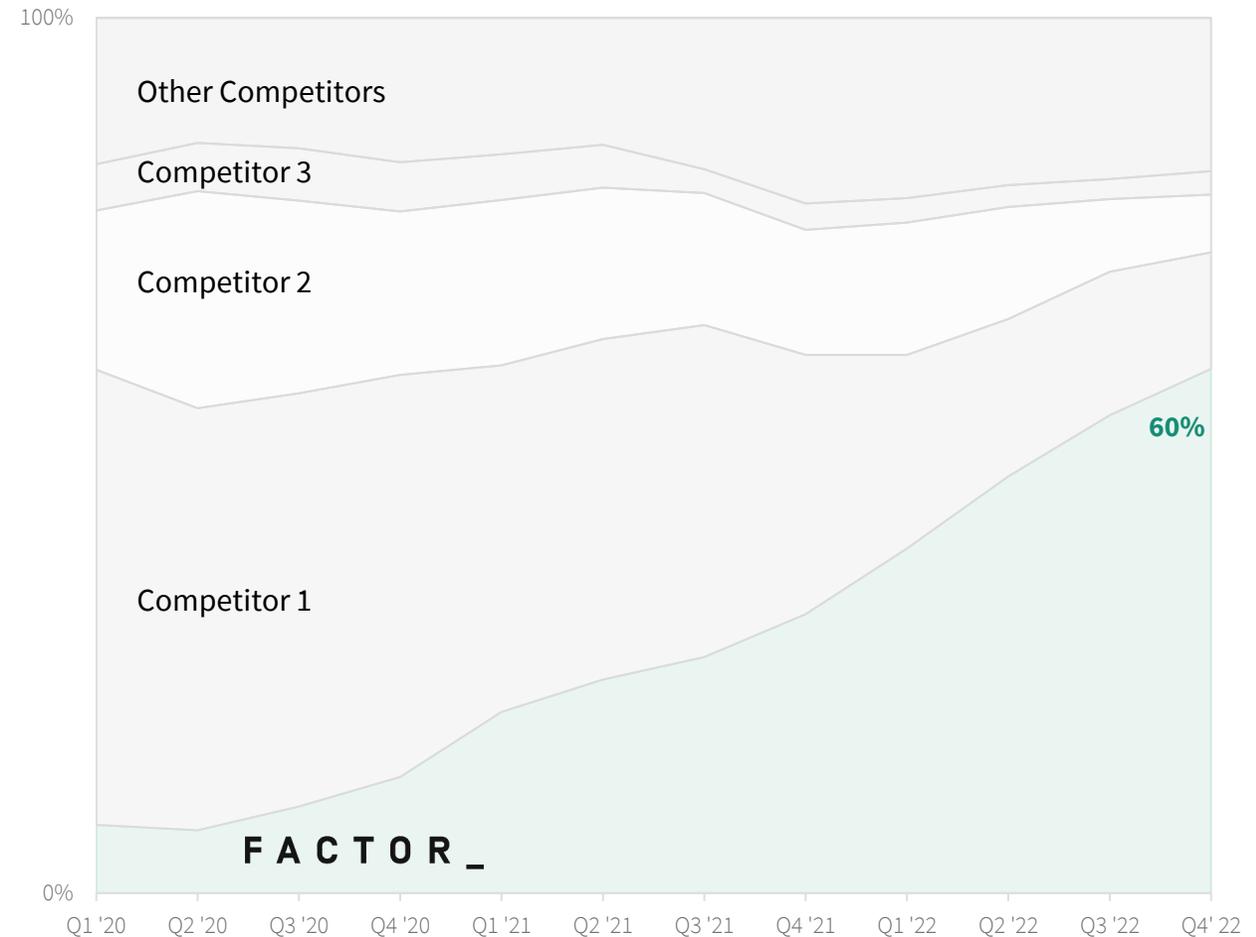
3

Huge experience advantage in creating best in class RTE meals at scale

4

Cross-brand promotions

## RTE market share in the US<sup>(1)</sup>



# The roll out of the RTE franchise is in full swing



Capacity  
expansion

FACTOR \_



Launched  
in January  
2023

FACTOR \_



Scale post  
successful  
platform integration  
and capacity  
expansion

 youfoodz



Launch  
by 2023  
year end

FACTOR \_

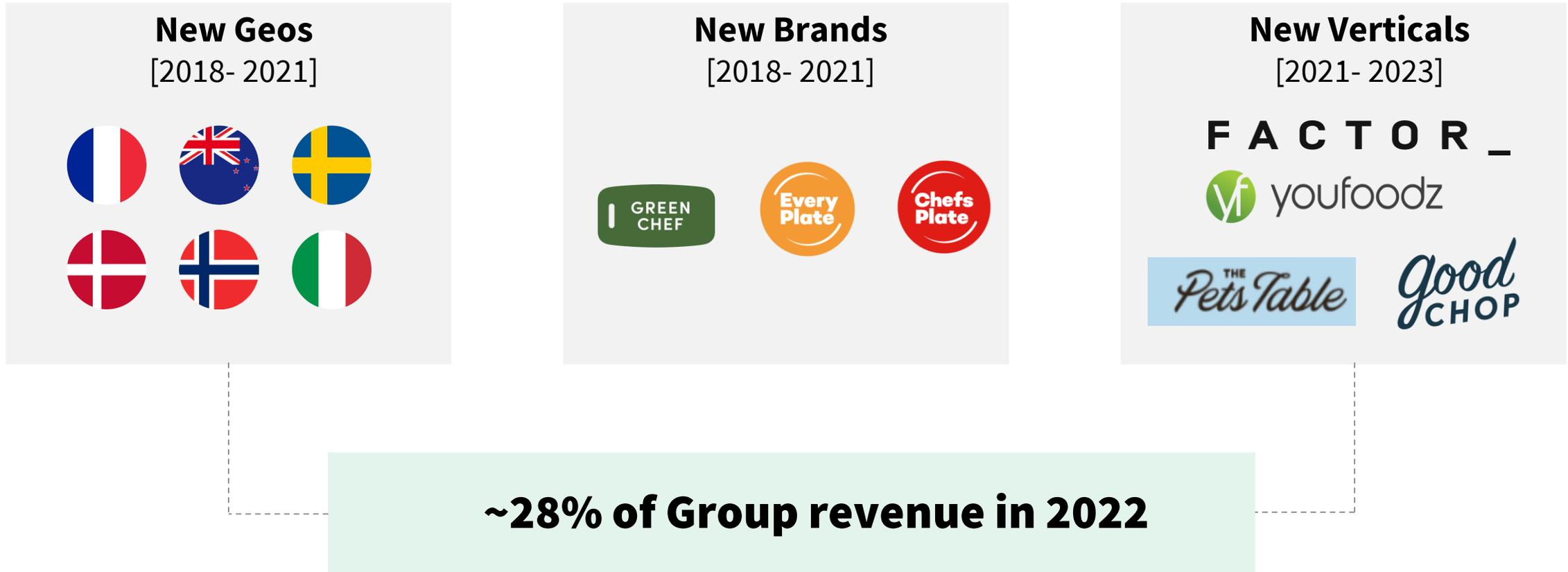
# New brands, verticals and geos: future potential growth drivers

## 2023 STRATEGY: New brands, verticals and geos:

- Improve product / market fit
- Shorten time to positive unit economics
- Limit investments into entities not achieving ROIC



# We have a strong track record of venturing into new geographies and verticals to drive long-term revenue growth



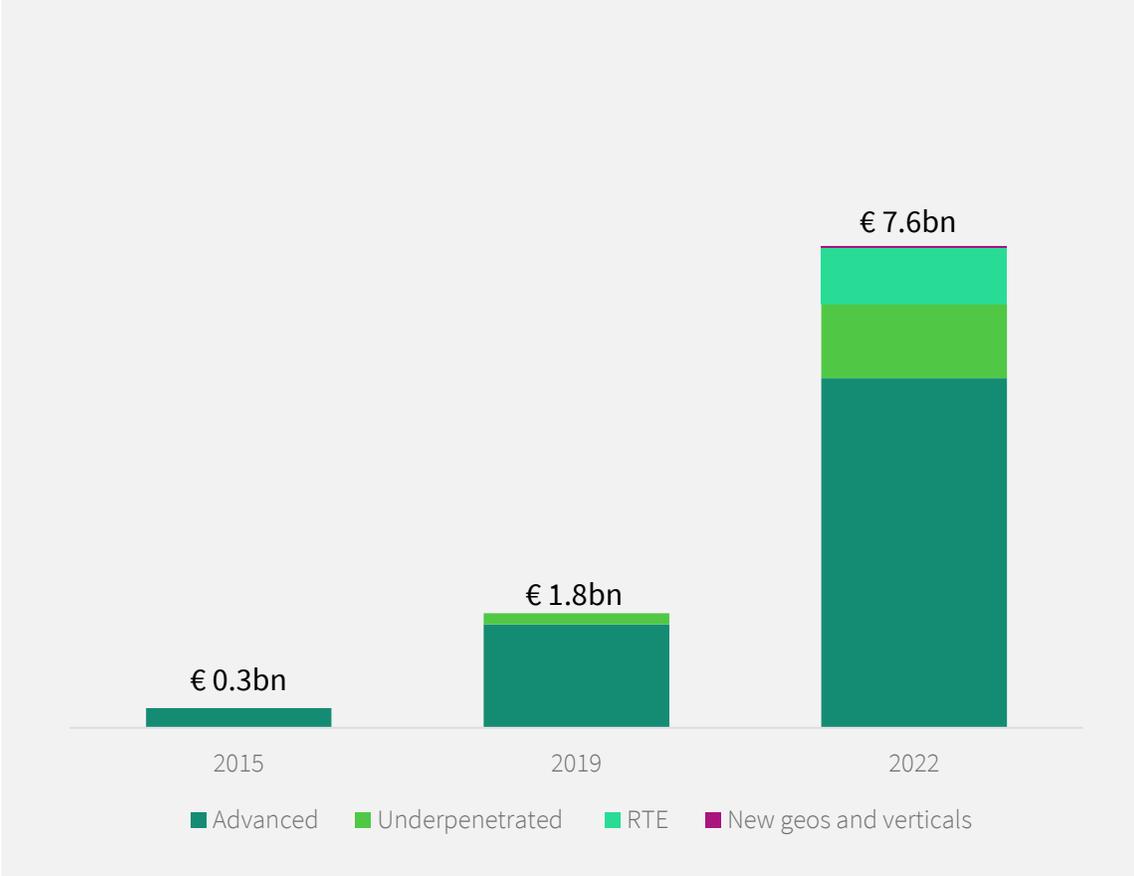
# We focus exclusively on sufficiently large opportunities with \$500m+ equity value creation potential, while exercising strict capital discipline

## Success Framework:

**1****Positive marketing ROI: 3 years****2****Positive EBITDA contribution: 5 years****3****Best use of capital at the Group level**

# We will capitalize on our D2C capabilities, with revenue from non-meal kit verticals increasing substantially from 2022 onwards

Revenue breakdown



2025-2030 growth



# There is a clear plan to deliver on growth and profitability targets

1

## Advanced markets

Continue to elevate market penetration via an improved customer experience in advanced markets, while maintaining double digit AEBITDA margins

2

## Underpenetrated Meal Kit Markets

Bring underpenetrated meal kit markets to levels of advanced markets today (in terms of TAM penetration and resulting AEBITDA margins) by closing the feature gap

3

## RTE

Aggressively grow and internationalize the RTE business to capitalize on large TAM opportunity and strong defensibility of the business

4

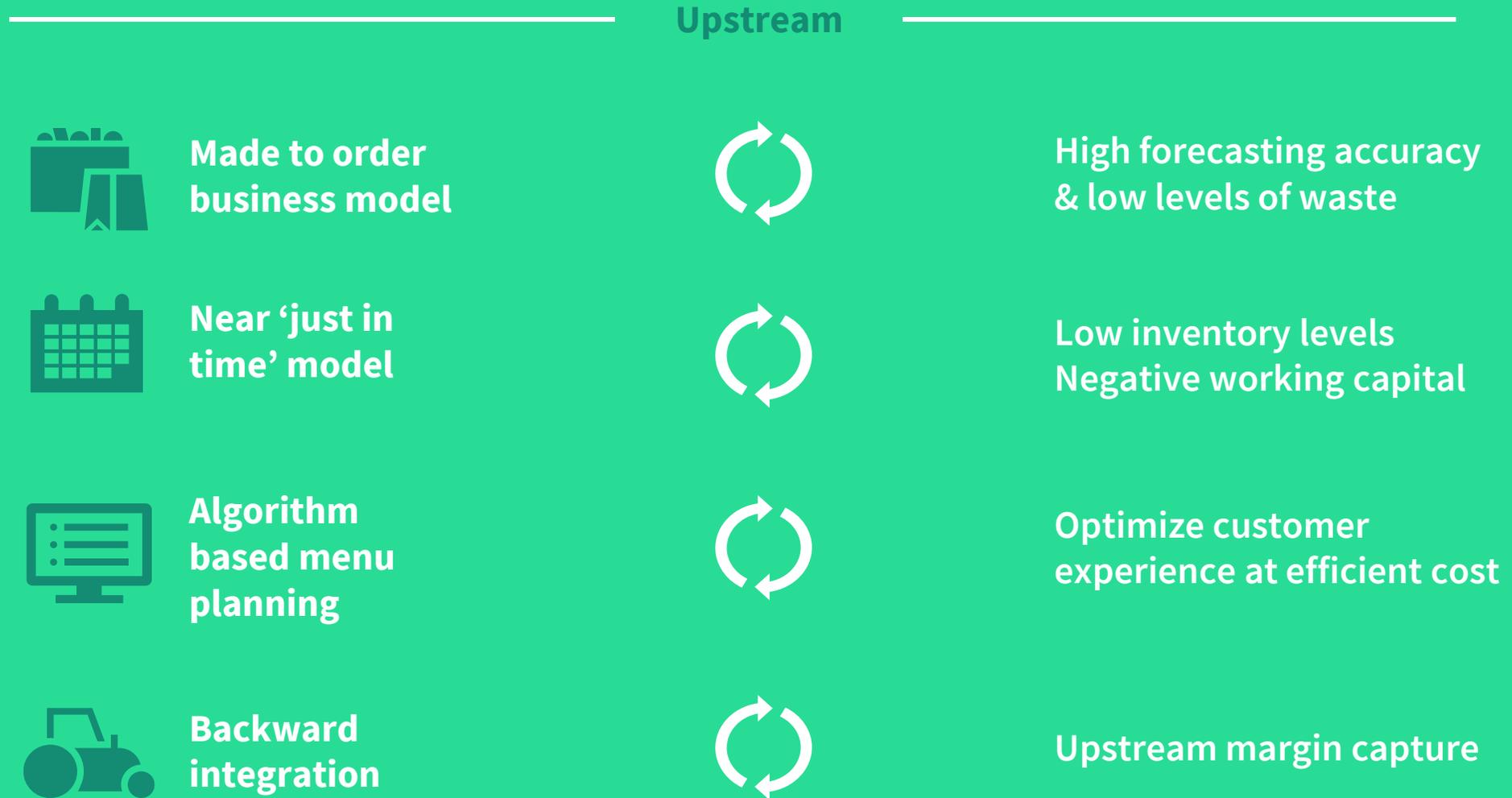
## New brands, geos and verticals

Leverage our unique capabilities to venture into new, large TAM D2C opportunities for long-term value creation, while exercising strict capital allocation discipline

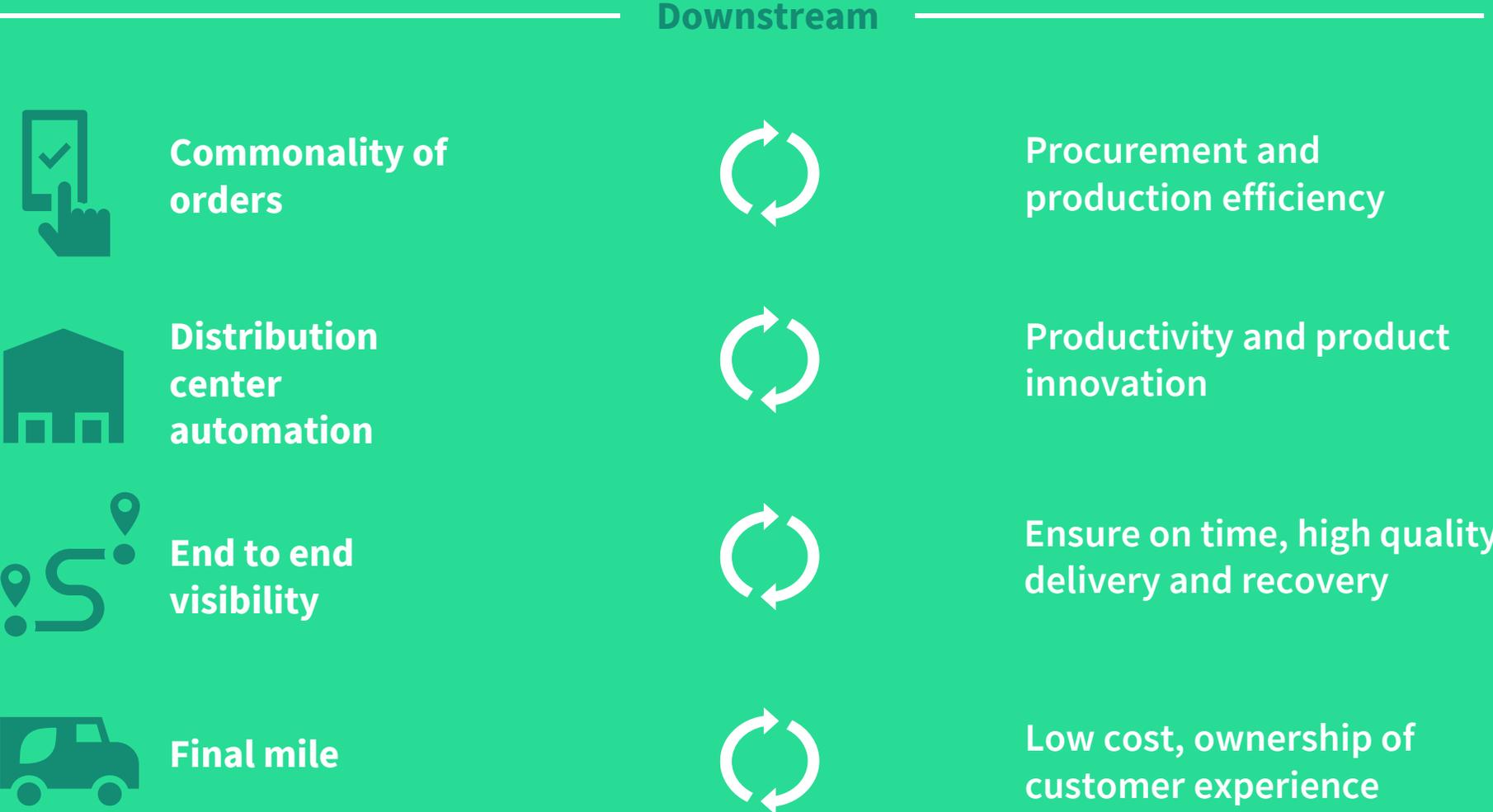


1. **Strategic Update**
2. **Operational Excellence**
3. **Marketing Update**
4. **Financial Update**
5. **Q&A**

# Our successful recipe for operational excellence enables an attractive margin profile



# Our successful recipe for operational excellence enables an attractive margin profile

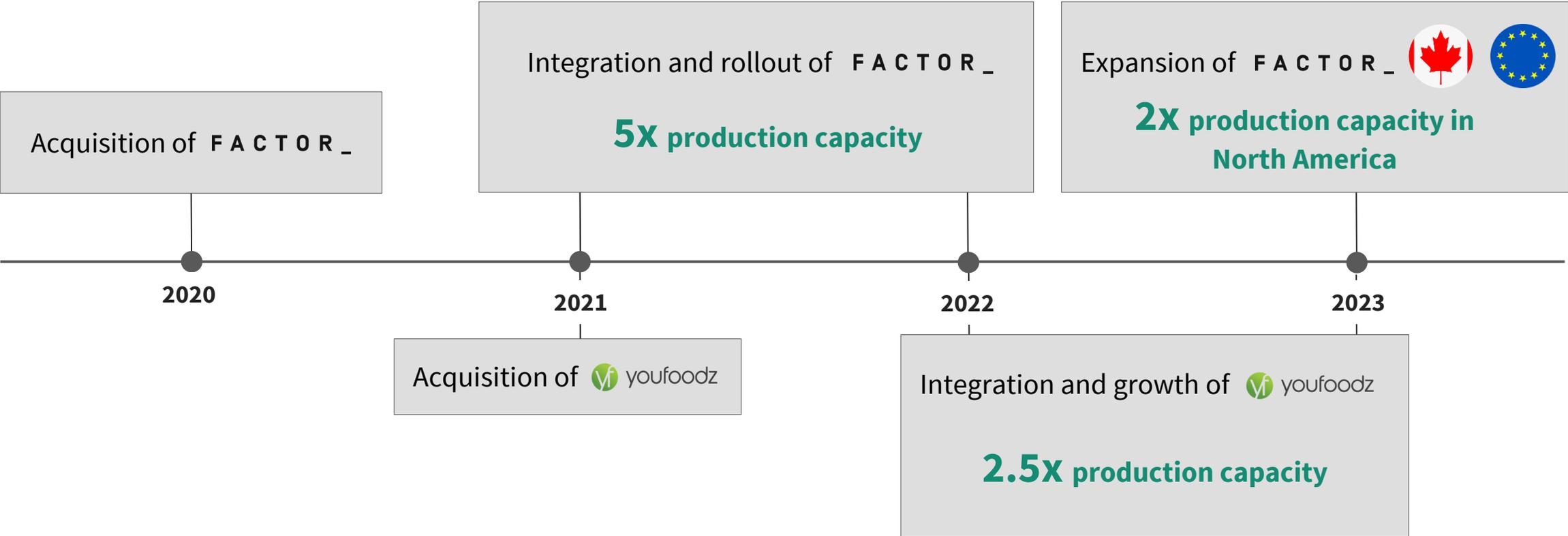


# We massively scaled our supply chain along all dimensions in the last three years to keep up with explosive order growth



|                                   | 2019      | 2022      |
|-----------------------------------|-----------|-----------|
| Supplier network                  | ~1000     | ~2000     |
| Fulfilment network                | ~183k sqm | ~570k sqm |
| Fulfilment headcount              | ~5k       | ~15k      |
| Number of recipes (weekly)        | 228       | 578       |
| Countries with in-house last mile | 4         | 9         |

# We entered and scaled our presence in the RTE market...



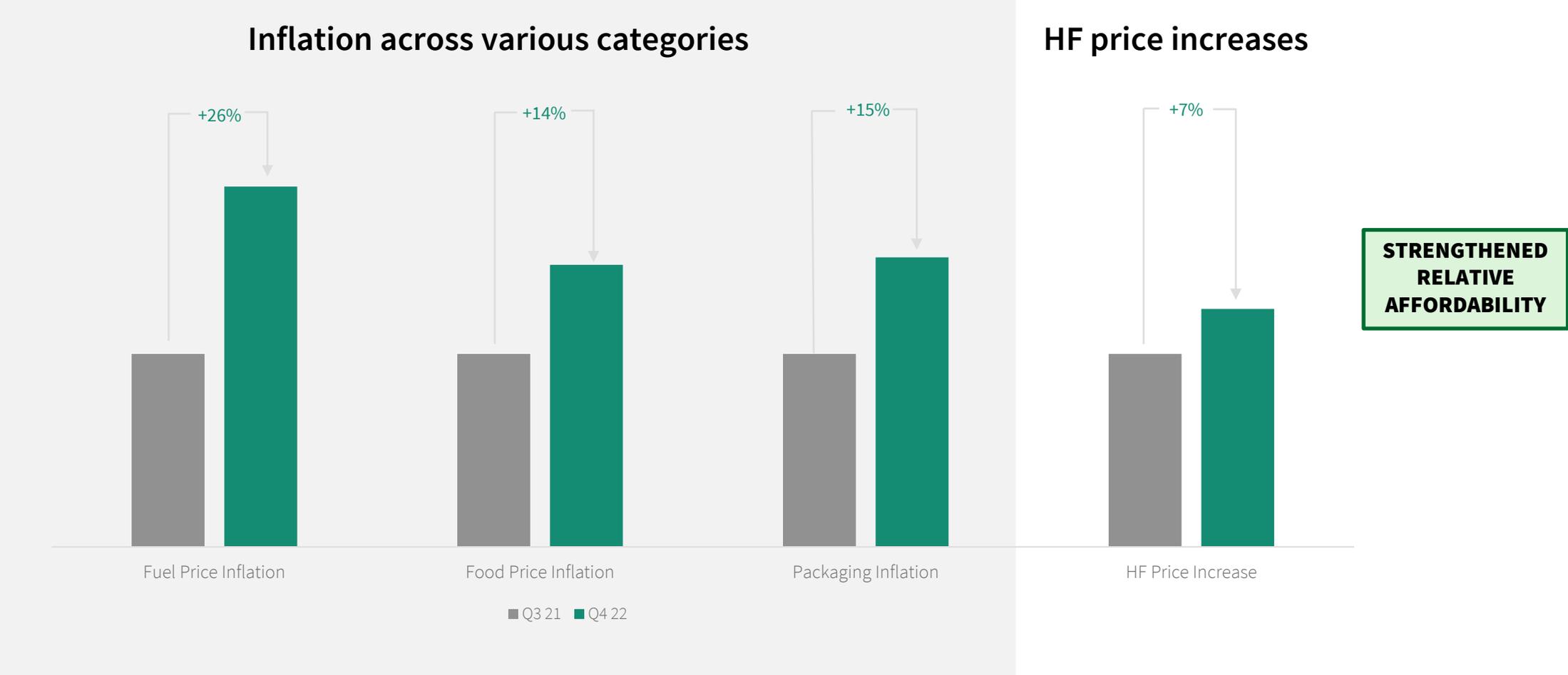
# ... while building a superior product

| <b>FACTOR_</b>                       | <b>Typical RTE offering</b> |
|--------------------------------------|-----------------------------|
| <b>Restaurant quality meals</b>      | Subpar quality              |
| <b>Fresh food</b>                    | Frozen food                 |
| <b>High nutritional value</b>        | Low nutritional value       |
| <b>Assortment of healthy add-ons</b> | Processed snacks            |
| <b>35+ weekly changing recipes</b>   | Stale menu                  |

**Leveraging HF capabilities and know-how**



# We successfully navigated unprecedented challenges during the Covid period and ensuing high inflation in the post-pandemic environment



Source: Averaged inflation for US and Intl. (indexed to Q3 2021). Fuel price inflation: U.S. BLS, motor fuel in U.S. city average, all urban consumers, not seasonally adjusted; Statista Fuel Price Index Worldwide. Food CPI: BLS, Food and beverages in U.S. city average, all urban consumers, not seasonally adjusted; OECD, Food CPI. Packaging inflation: U.S. BLS, PPI industry data for Folding paperboard box manufacturing-Folding paperboard boxes, packaging, and packaging components, not seasonally adjusted; PPI industry data for Plastics packaging film and sheet mfg., not seasonally adjusted

# The last 12 months required us to adapt rapidly to a new regime

From...

Not being able to hire fast enough

Severe capacity constraint

Rapidly scaling supply chain

Expanding supplier pool to deal with disruptions

Demand steering at the expense of new product innovation

To...

Bringing workforce inhouse to drive productivity

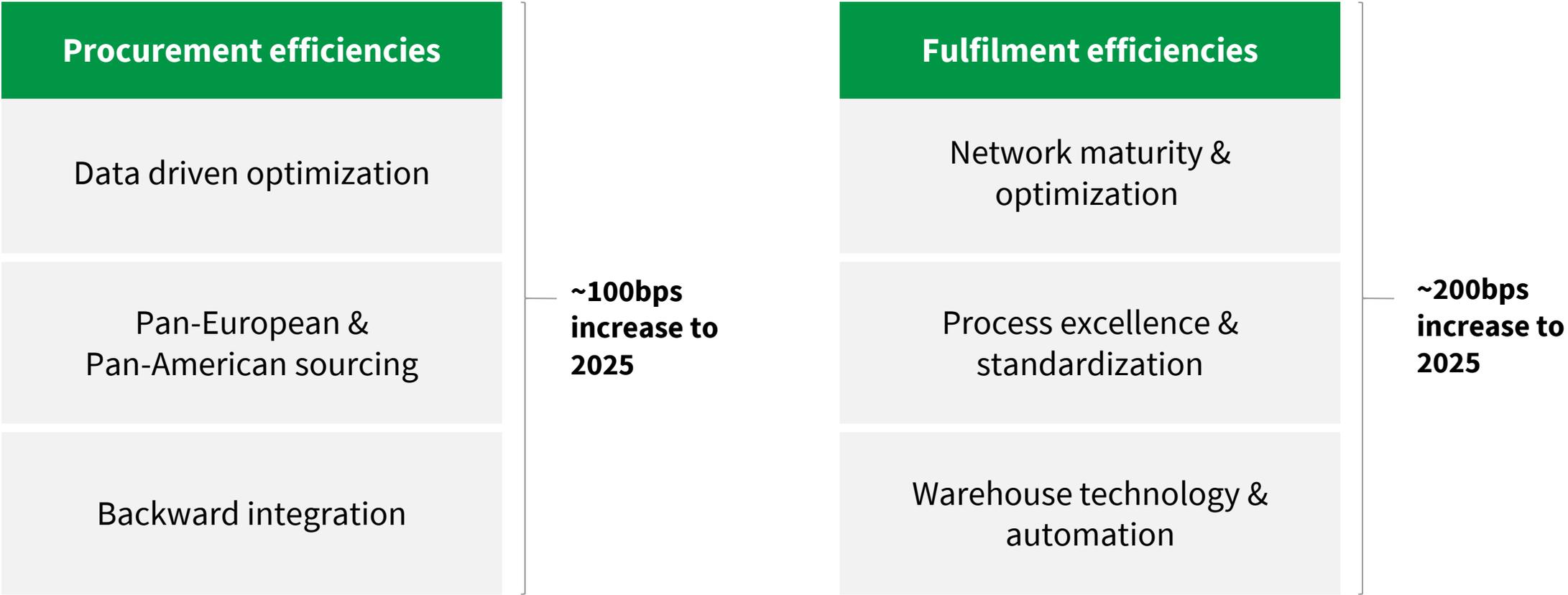
Optimize our fulfilment network

Building next level supply chain capabilities

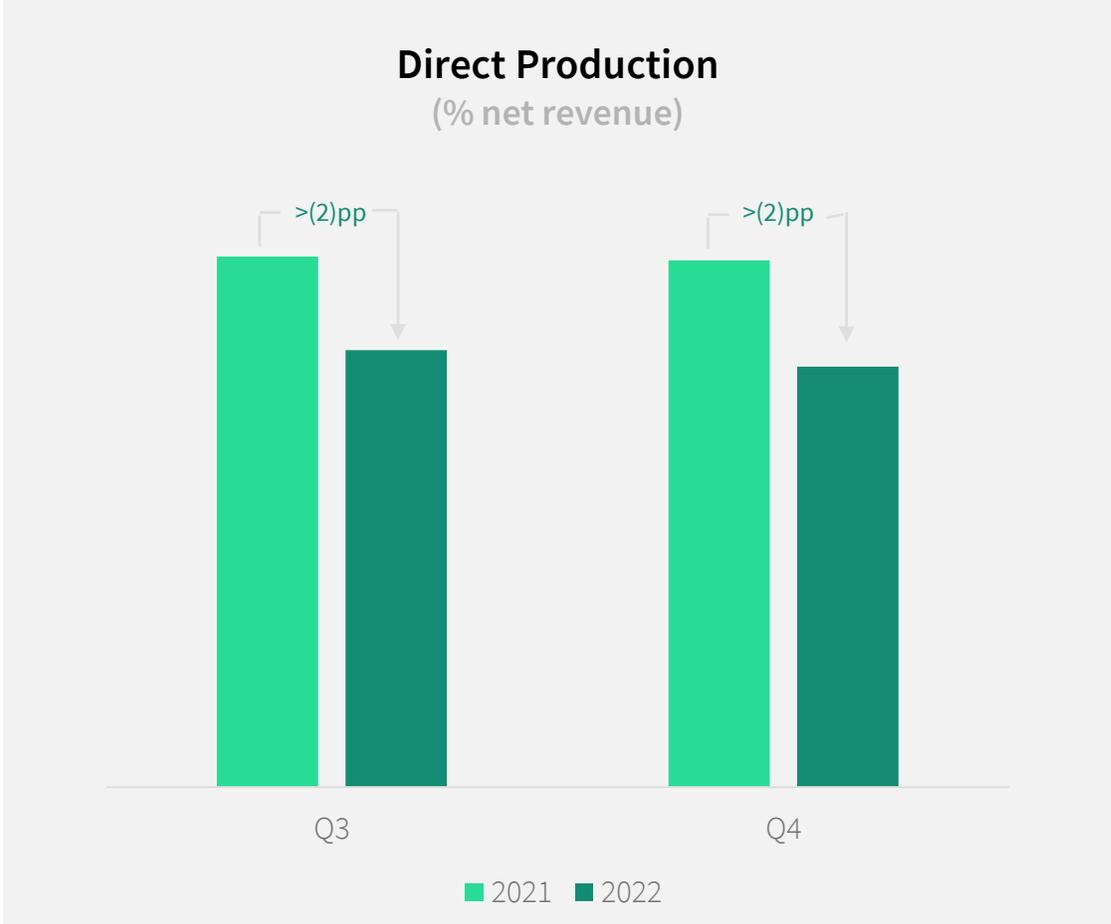
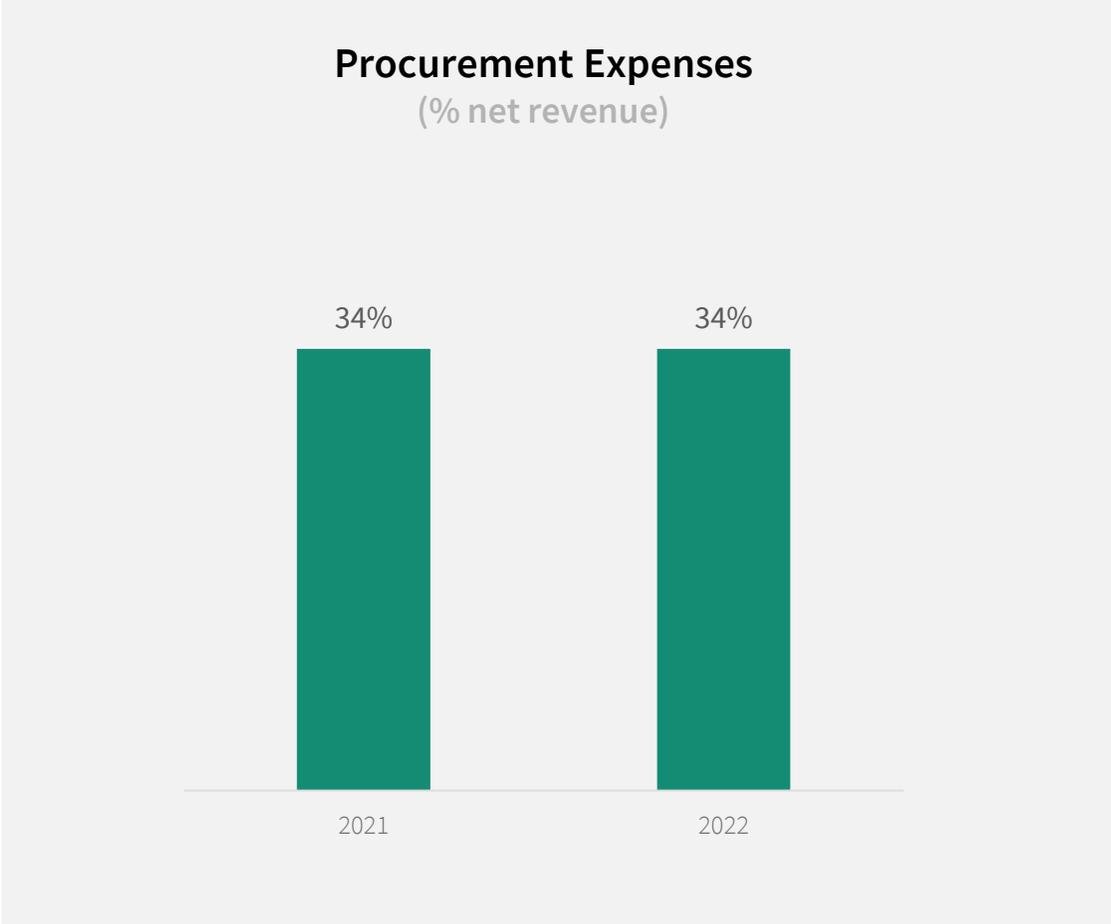
Consolidated spend towards best suppliers

Focus on AOR of existing customers

# We have identified a clear path towards 29% contribution margin by 2025 with more opportunities to expand further in the long run



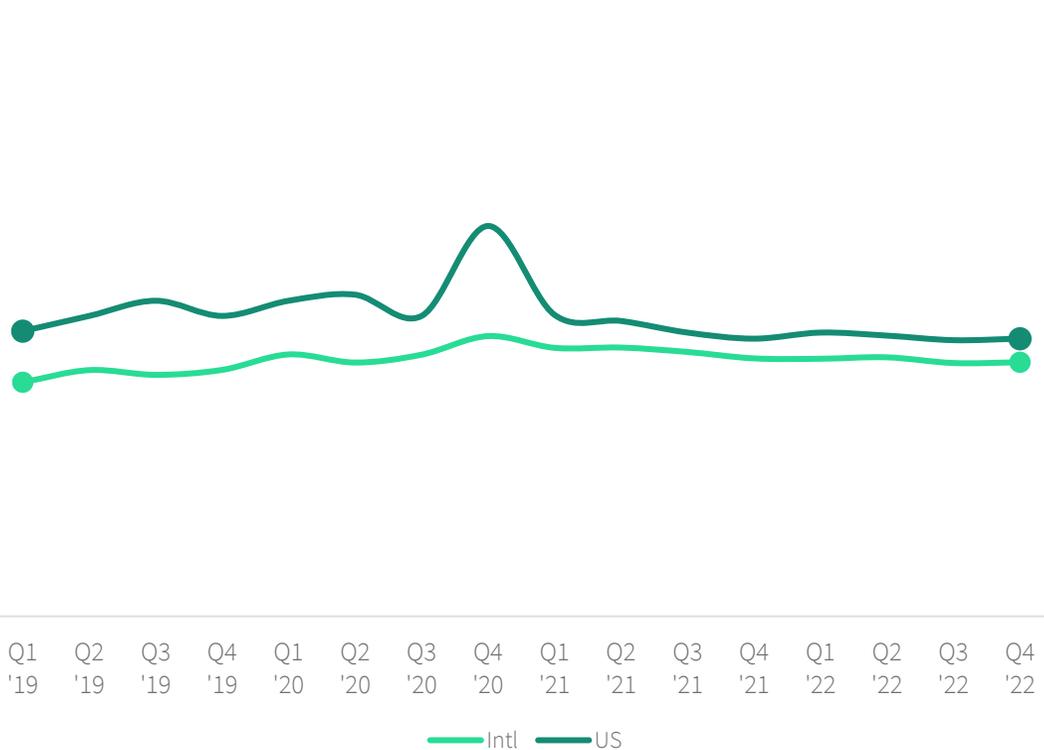
# Against the backdrop of high inflation, H2 2022 provides strong early indicators pointing towards the success of our strategies and viability for future margin expansion...



# ... while maintaining consistent quality for our customers

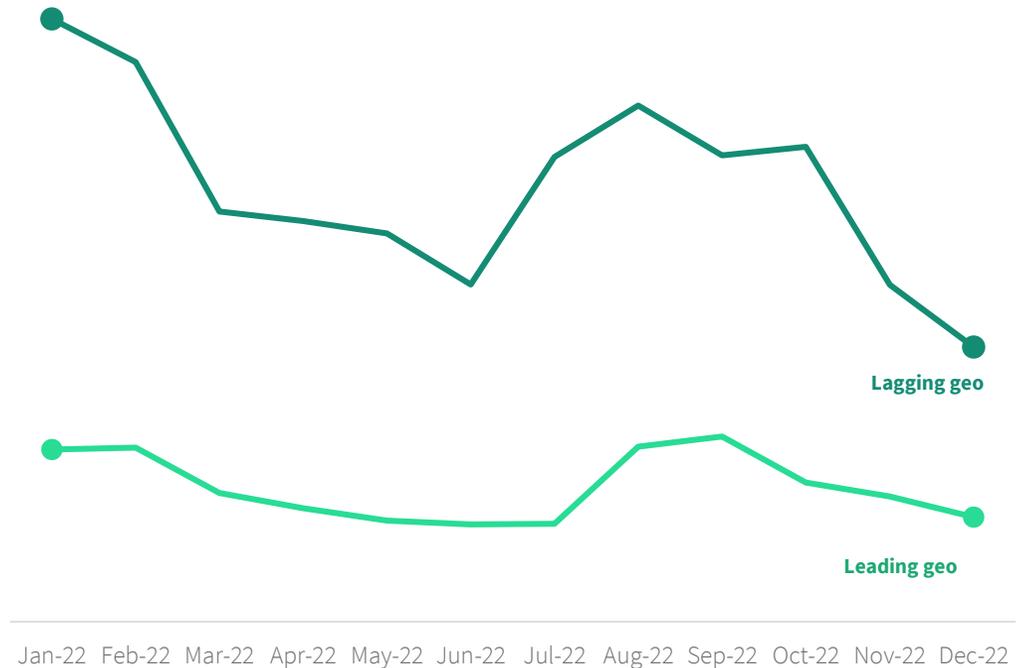
Recipe quality score has remained very consistent...

Recipe score development in 2019-2022<sup>(1)</sup>



... while fulfilment quality has been converging towards that of best performing DCs

Fulfillment error evolution<sup>(2)</sup>



<sup>(1)</sup>Weighted average score for all countries

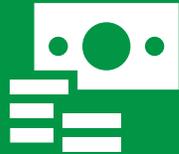
<sup>(2)</sup>Company data. Error rate includes boxes with food and/or production errors as a percentage of total boxes shipped, rolling 8 weeks average, indexed to 100 for the leading geography

# We deploy data-driven optimization approaches in our procurement operations that help us navigate volatile food markets



## Menu Engineering

e.g.  
Cost-efficient  
popular options



## Pricing Optimization

e.g.  
Index-based  
pricing



## Strategic Initiatives

e.g.  
Seasonally driven  
menu

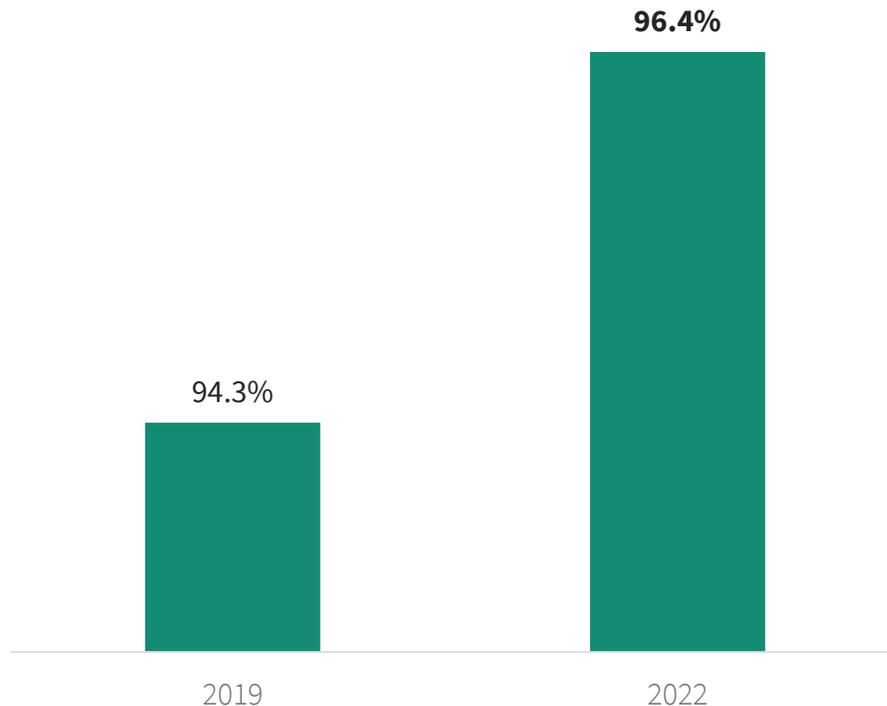


## Waste Reduction

e.g.  
Forecasting  
excellence

# Illustrative forecasting example: We drive procurement and fulfilment efficiency with highly accurate forecasts

## Prediction accuracy<sup>(1)</sup>



## Order level forecasting

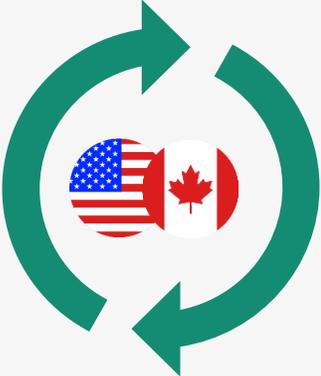
Harmonize buying volumes with reducing inventory levels, procurement cost and waste

Enables reliable production plans

Reduces risk of overproduction

# We will benefit from the synergies that come with joint procurement across regions

## Pan-American Procurement



## Pan-European Procurement



Scale economies



Stronger supply base for each local market



Easier to develop unique/white label products



Streamlined inventory management



# Insourcing select grocery SKUs will drive cost reductions and a more innovative assortment

**1** Cost reduction

**2** Diversify supply base

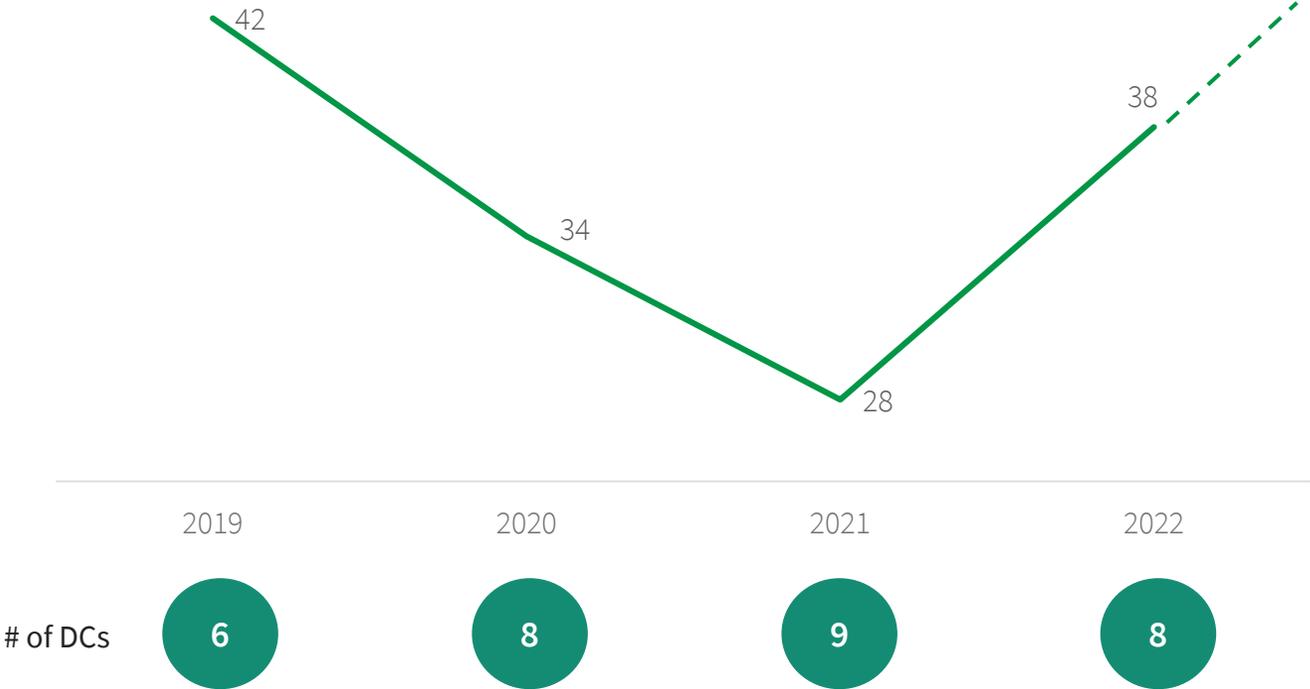
**3** Innovative SKU assortment

**4** Pack size innovation



# The maturity of our US fulfilment network decreased sharply due to capacity expansions during Covid, but is now increasing again

The average maturity (in # of months old) of our US network is trending up again



Focus for 2023-2024

- ▶ Expansion of RTE
- ▶ Finalize few remaining capacity expansion projects
- ▶ Optimize network structure and design

**With Covid and capacity de-bottlenecking behind us, our focus is now on optimizing the existing DCs in the network**

**Distribution Center Optimization**

- 1 Learning curve as new DCs mature**
- 2 Drive process standardization across the network**
- 3 Roll back remaining Covid measures**



# Our 'Just In Time' model has a specific demand curve that requires tailored technology solutions



## Labor planning excellence

Improved benchmarking planning



## Network order assignment

Real time cross country fulfilment optimisation



## Carrier allocation

Reduced cost per box  
Optimised delivery network

Continuous investments and improvement

Full accountability and visibility



Standardized operating model



Professionalize production associate management

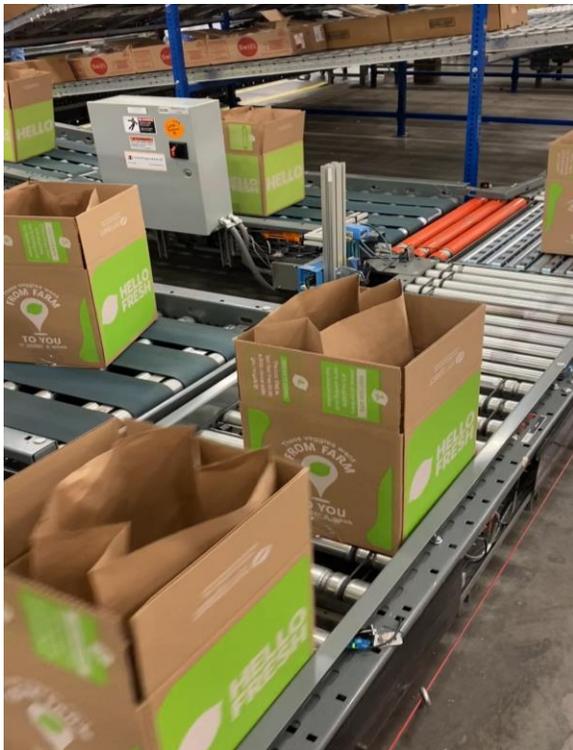


Proprietary software and data monitoring





# Fully deploying our automation capabilities will drive productivity improvements and enable more product choice for consumers



Advanced assembly lines



Goods to person



Ship sorter

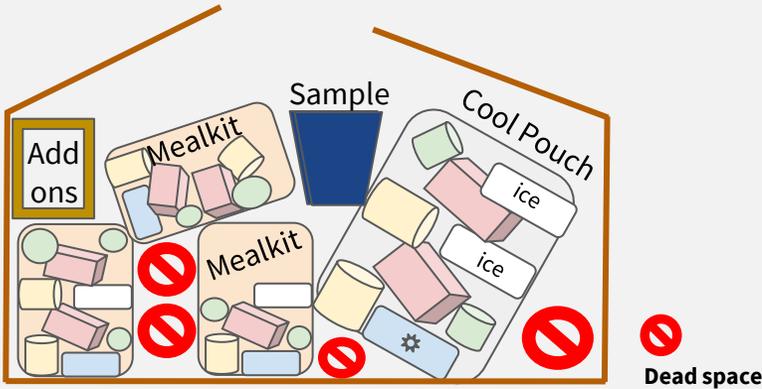
# By integrating sustainability considerations into our fulfilment, we can often also deliver cost savings

## Comprehensive end-to-end approach to supply chain sustainability

- ▶ Food waste reduction
- ▶ Community support via food waste donation program
- ▶ Packaging reduction and sustainable packaging solutions
- ▶ Energy efficiency and renewable energy sourcing in facilities
- ▶ Electrification of delivery fleet

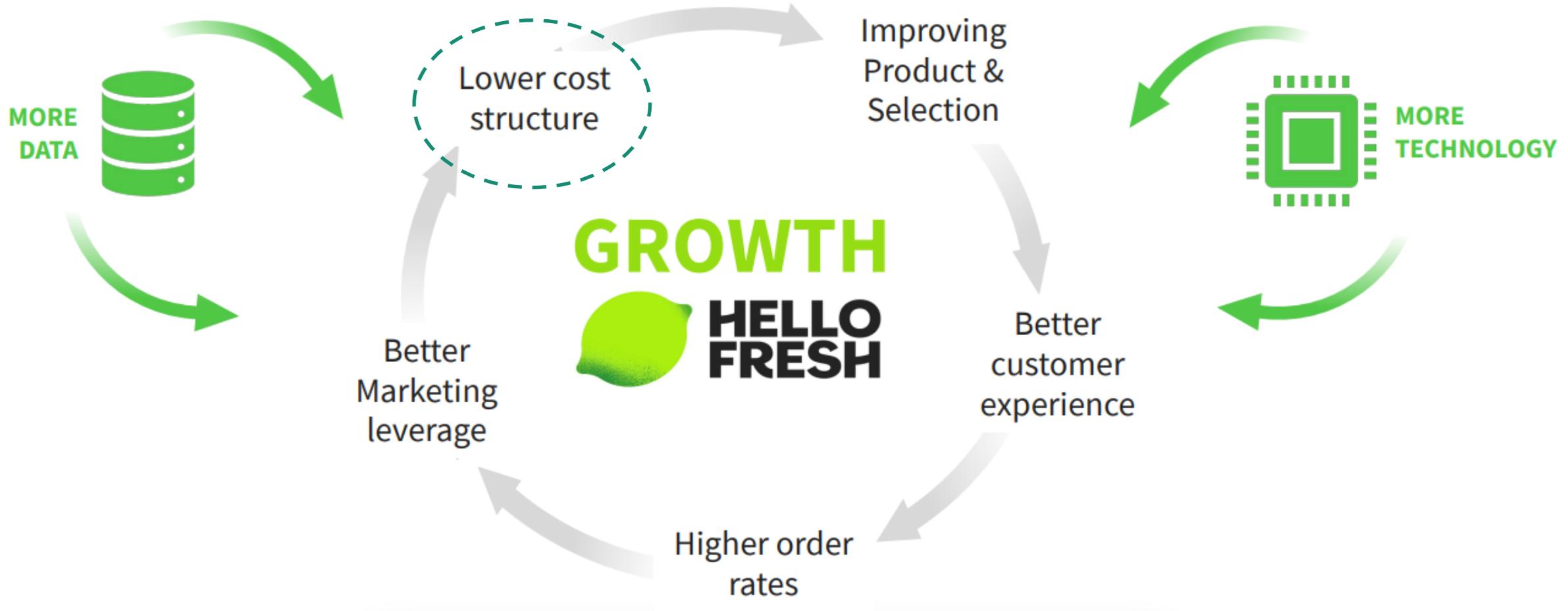
## An example: Dynamic Packaging Configurator

Calculation of the right packaging for every customer order based on the SKU dimensions and shapes, and external circumstances (i.e. weather)



|                |                     |                |
|----------------|---------------------|----------------|
| <b>+5%</b>     | <b>-2%</b>          | <b>-8%</b>     |
| % size S boxes | % size L & XL boxes | # of ice packs |

# Opportunities outlined will provide us with ability to fulfil D2C orders at lower unit costs than anyone else in the meal kit, RTE or grocery industry



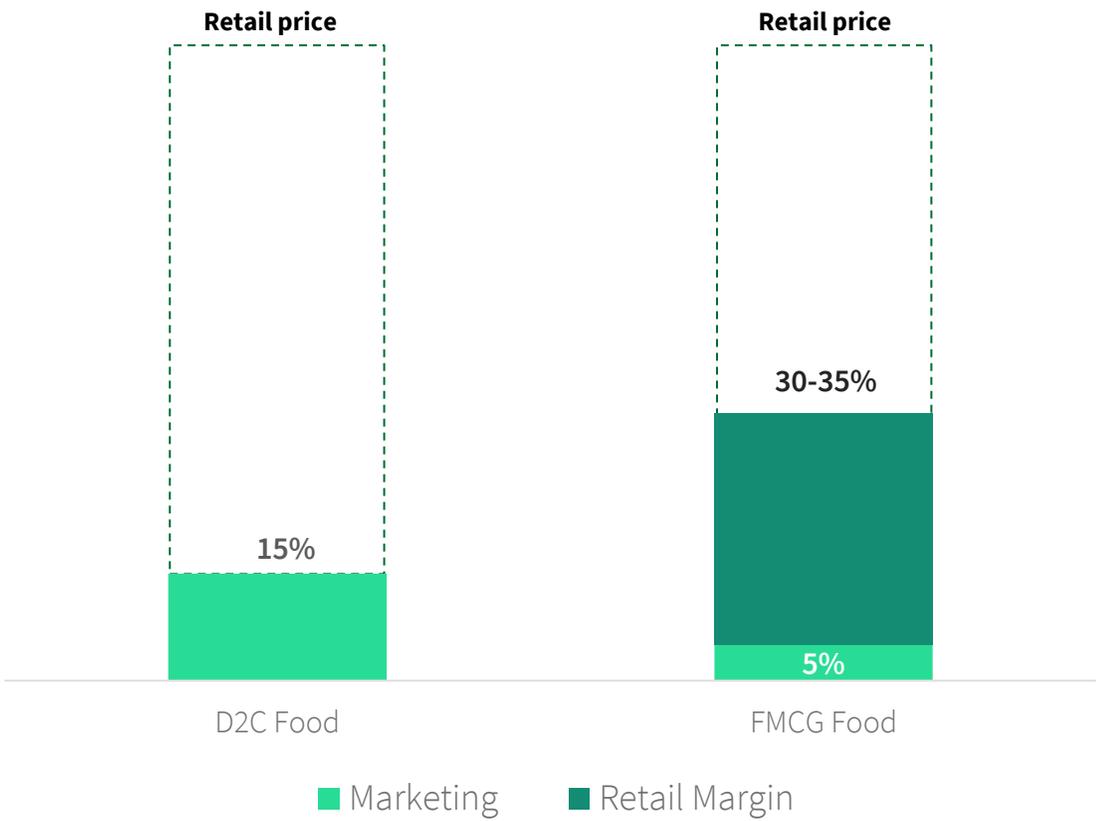
# Operational excellence as a competitive advantage allows for further improvements

- 1** Our best-in-class supply chain efficiency enables attractive margins
- 2** Looking back to the last few years, we have significantly invested in our network and successfully mastered external pressures. This phase is now substantially coming to a close
- 3** We see an opportunity to improve margins by up to 3% through procurement levers and improved DC productivity



1. **Strategic Update**
2. **Operational Excellence**
3. **Marketing Update**
4. **Financial Update**
5. **Q&A**

# HelloFresh business model delivers intrinsically better unit economics than traditional FMCG models



## D2C a more efficient way to reach customers

- ▶ End-to-end ownership of data enriched customer journey
- ▶ Significantly more segmentation / personalization
- ▶ Granular and agile investment decisions

# Our marketing platform is the most efficient globally in D2C food and extends beyond meal kits

## Constantly rising market share in the meal kit space

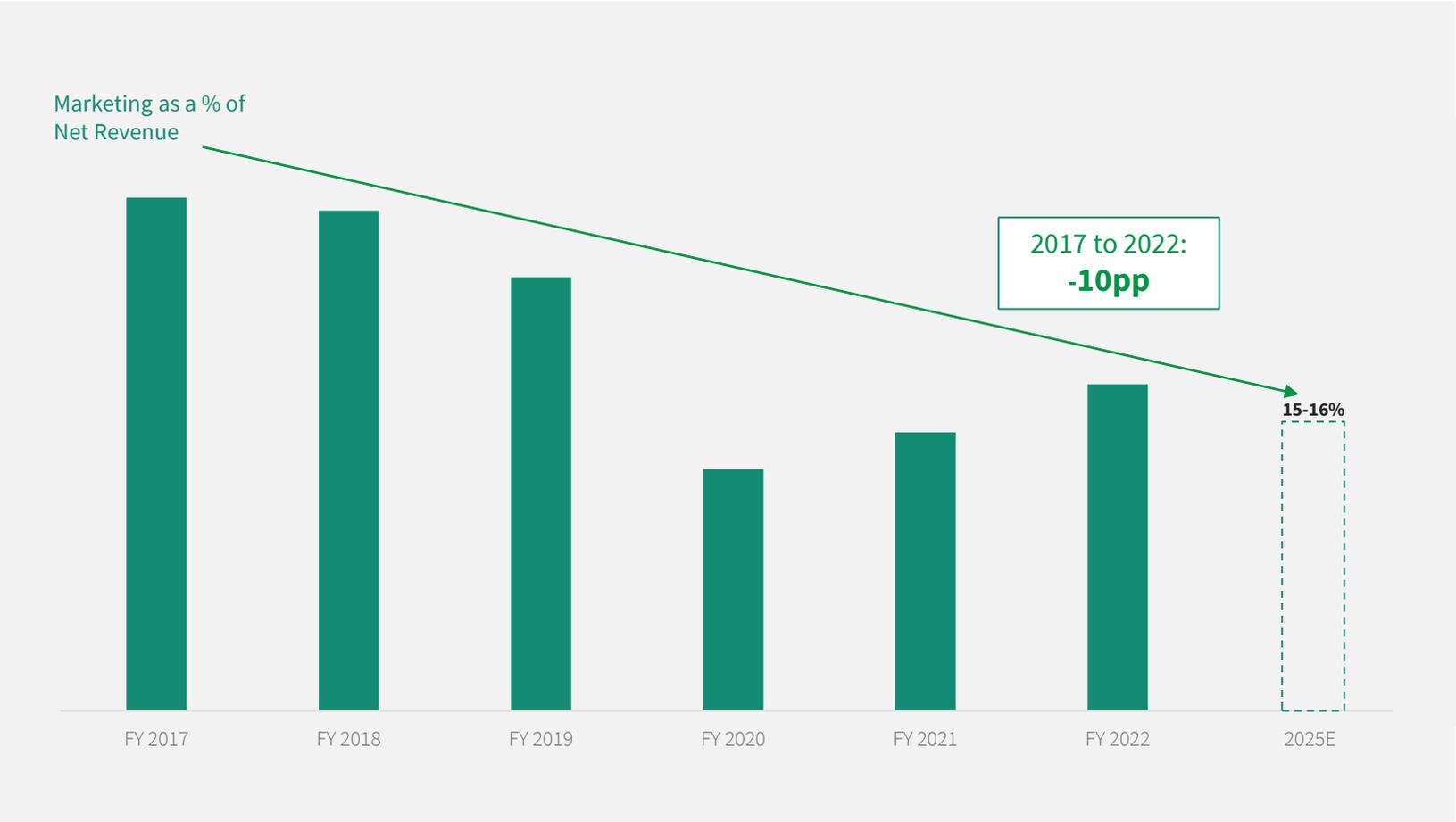


## Repeat evidence that capabilities extend beyond our core brand

### FACTOR\_

- ▶ 54% decrease in CAC for Factor in the first year
- ▶ 52pp increase in market share since 2020

# Whilst the pandemic-led to some temporary tailwinds, we reiterate our expectation of stable marketing investment around 15-16% in the mid-term



### 2020-2021 suppressed spend:

- ▶ Active demand steering
- ▶ Temporarily lower media prices during pandemic
- ▶ Fewer pauses due to holidays

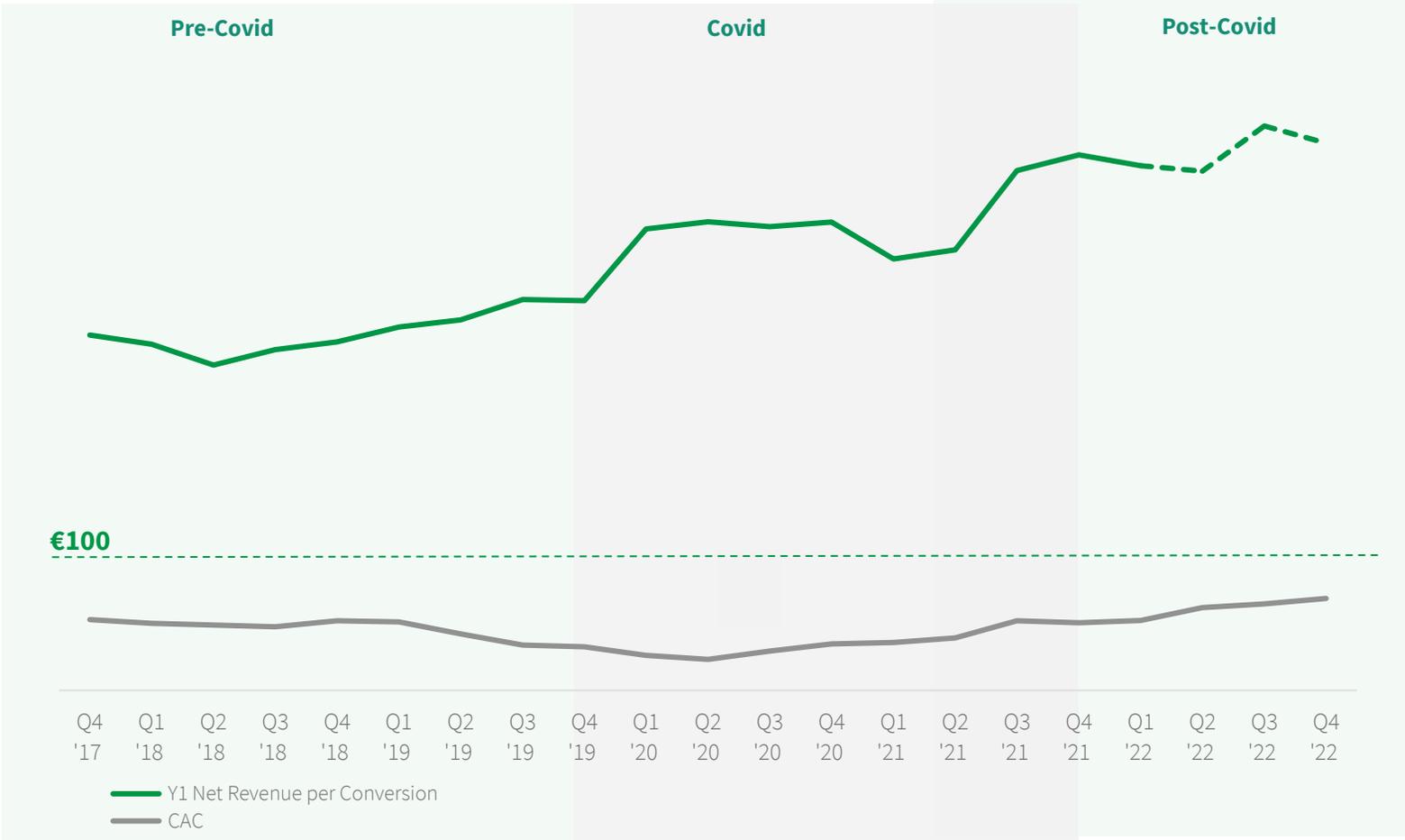
# Customer profitability (LTV/CAC) is the central metric we use to determine marketing investment allocation

$$\text{LTV / CAC} = \frac{\sum_{i=1}^n \text{AOV}_i \times \text{Variable Contribution Margin}_i \times \text{Orders per customer}_i}{\text{CAC}}$$

Payback on marketing investment within ~ 6 months

# We continue to acquire customers at very attractive return levels, equal or better LTV / CACs vs pre-Covid period

CACs and 52-week Net Revenue per Conversion development (EUR)



- ▶ Lower CACs during Covid
- ▶ CACs normalizing post COVID
- ▶ **Net Revenue per Conversion increasing faster than CACs**

# Marketing investment as % of revenue was higher in H2 2022, mostly driven by reversion to historical customer behavior

## 2H 2022 Marketing spend drivers

- ↓ Reversion of pandemic CAC tailwinds
- ↓ Reversion of 'fewer pauses due to holidays'
- ↓ Increase in customer value and corresponding increase in CAC
- ↑ More mature customer base

## Impact going forward

- Still negative impact in 1H, easing up in 2H
- Still negative impact in 1H, easing up in 2H
- Positive effect as the revenue from higher value customers builds up in future quarters
- Continued tailwind going forward

# Our platform is well positioned to generate strong and stable ROI going forwards

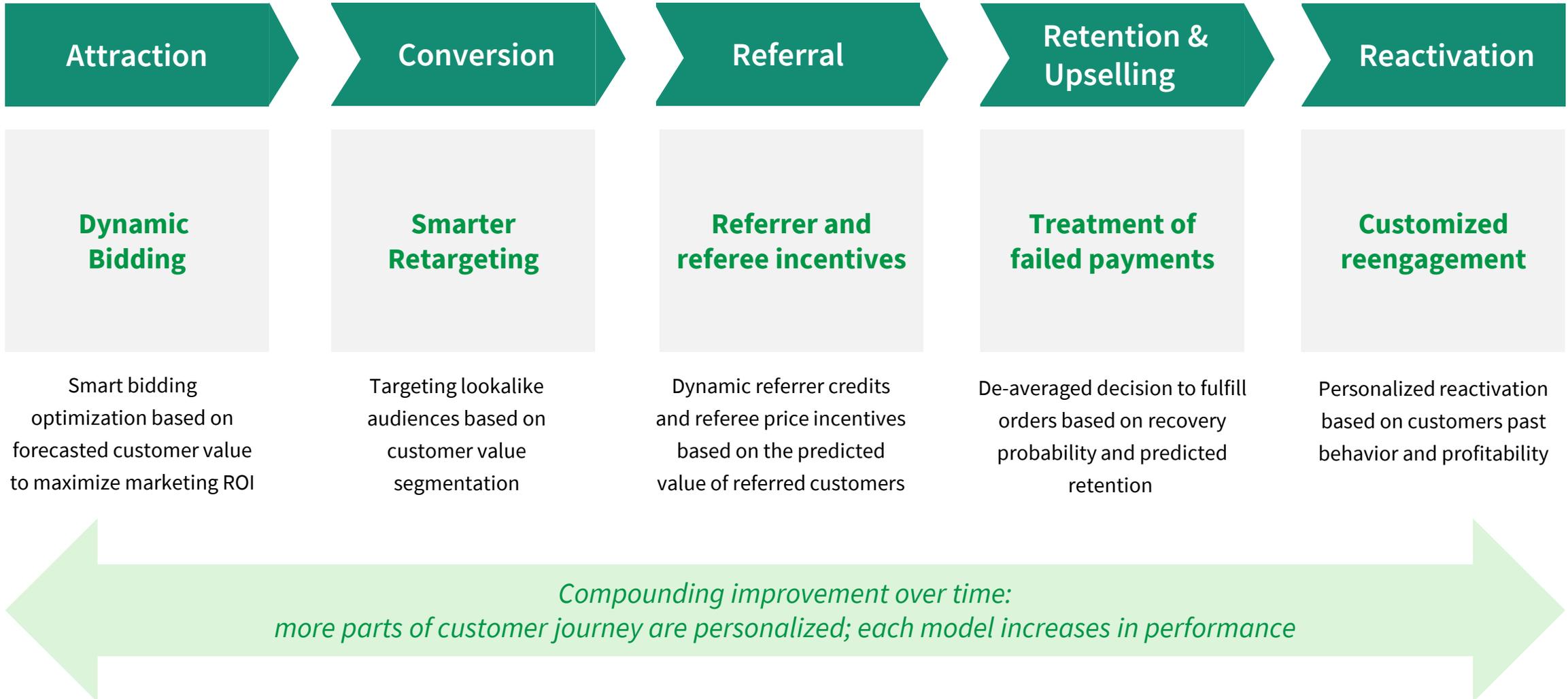


## Key strengths of HFG's marketing platform

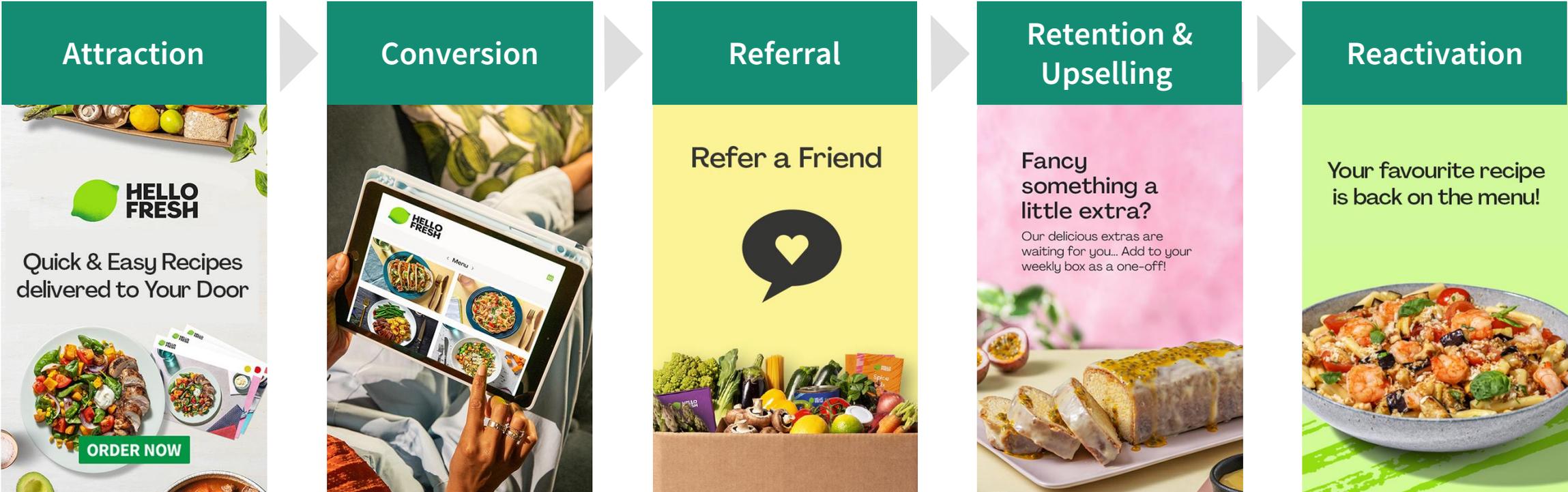
- 1 Superior technology
- 2 Diversified portfolio
- 3 Large and growing audience of currently inactive customers



# We make better decisions across the customer journey based on constantly improving Machine Learning models



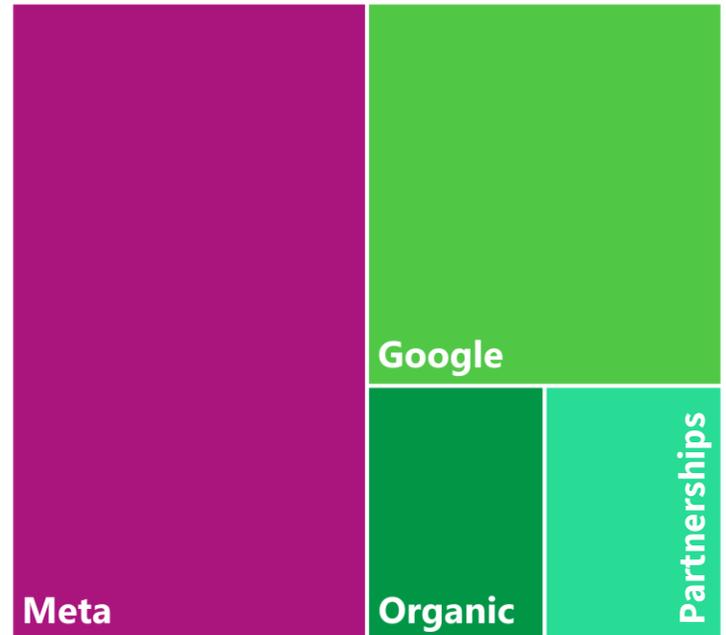
# We leverage our superior technology to employ a data-driven optimization approach to core growth funnels



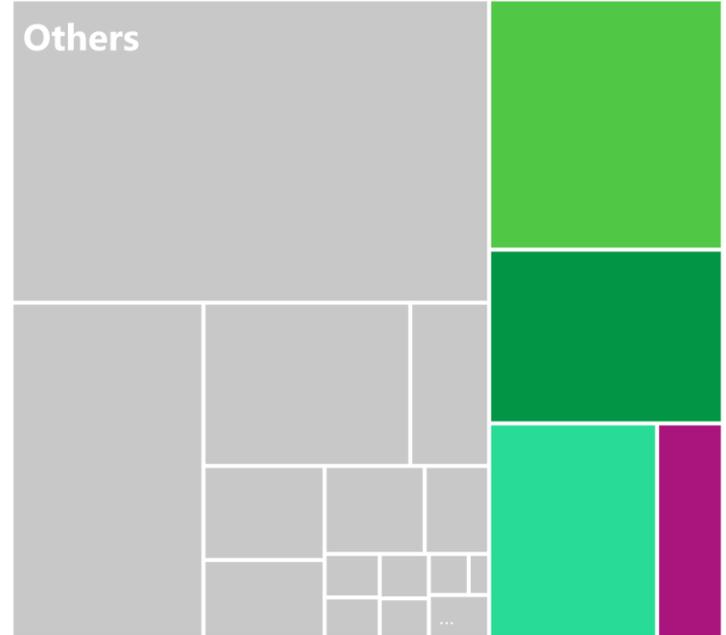
Scale of traffic and number of business units allows us to test and learn faster than anyone else, with rate of learning increasing over time

# We have mastered a much broader range of marketing channels than a typical D2C company, allowing us to constantly optimize investment within a given market

Typical D2C business



HelloFresh



- Others (~60%):**
- Email
  - App Marketing
  - PR
  - Direct Mail
  - TV
  - Influencers
  - ...

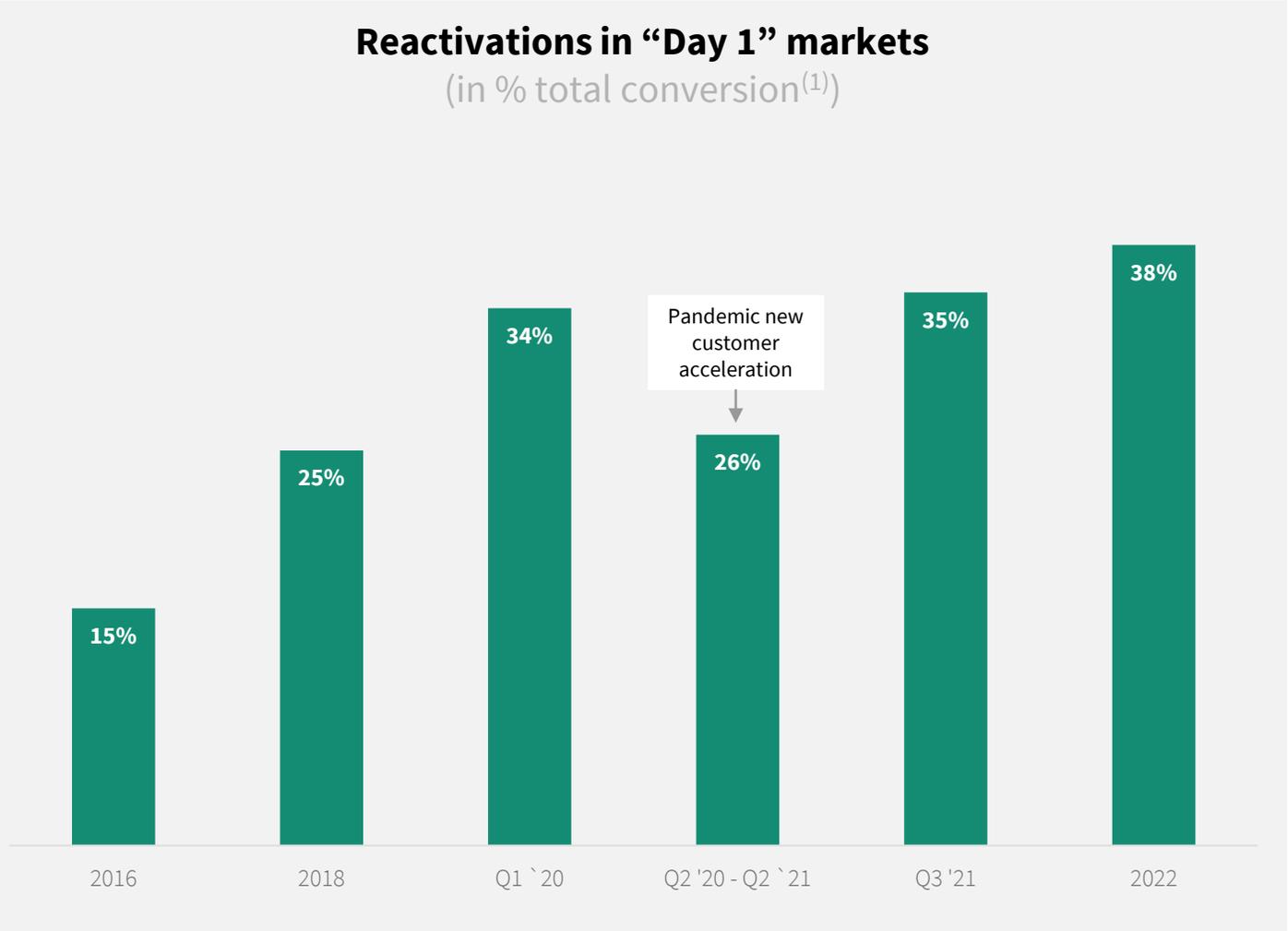
# Across the whole portfolio, we optimize for Group ROI by dynamically allocating budget across almost 30 business units (and growing!)

## Drivers for changing ROI intra-period:

|                 |   |
|-----------------|---|
| <b>Internal</b> | <ul style="list-style-type: none"><li>• Successful new product developments</li><li>• Improved marketing performance</li><li>• Facility transition</li></ul>        |
| <b>External</b> | <ul style="list-style-type: none"><li>• Competitive environment</li><li>• Economic situation</li><li>• CPM trends by geo</li><li>• Extreme weather events</li></ul> |

| Market | LTV / CAC  | Spend  |
|--------|--|--|
| A      |   |   |
| B      |   |   |
| C      |  |  |

# Our large and growing inactive customer base is a huge source of advantage



- ▶ Increasing share of traffic
- ▶ Better decision making due to past tenure
- ▶ 2-3x higher conversion rate vs. unacquired customers
- ▶ Higher retention levels vs. newly activated

<sup>(1)</sup> Company data - Being the reactivation % of total conversions for longest-standing markets (DE, AU, BENELUX, GB) in the given quarter; Reactivation is a previously cancelled customer who restarts their subscription plan. Pausing and unpausing customers are not treated as cancelled.

# In advanced markets more customers are reactivating YoY, and their value is increasing too

Reactivation rate is increasing over time in advanced markets...

...and the quality of those reactivations is increasing over time

**+11%**

increase in % of customers that come back following cancellation<sup>(1)</sup>

**+13%**

increase in orders YoY in 2022

Activating broader range of reactivation channels

Better customer segmentation

Improved customer communication tactics

# As we expand to new verticals, we benefit from a large audience already engaged in our ecosystem

We will begin cross-selling to HelloFresh's active customers



Factor Bundles in HF and GC



Good Chop Bundles in HF and GC

We are generating cross-reactivations from existing and lapsed customers

(% of Factor activations who have been/are a US meal kit customer)



# In 2023, we will apply our capabilities to support each of our business units

1

**Advanced Markets**

Leverage high traffic volume to continue to build more personalization  
Grow reactivation share and effectiveness

2

**Underpenetrated  
Meal Kit Markets**

Continue to grow penetration levels by applying the advanced market playbook  
New Meal Kit brands: cross-sell to inactive HelloFresh users

3

**RTE**

Scale Factor US and Youfoodz customer base as capacity is unlocked (in H2 '23)  
Establish Factor in new markets (CA, Europe)

4

**New brands, geos  
and verticals**

Find product-market fit by localizing growth tactics to new geographies  
New verticals: cross-sell to active/inactive HelloFresh users



**30-minute break**

~

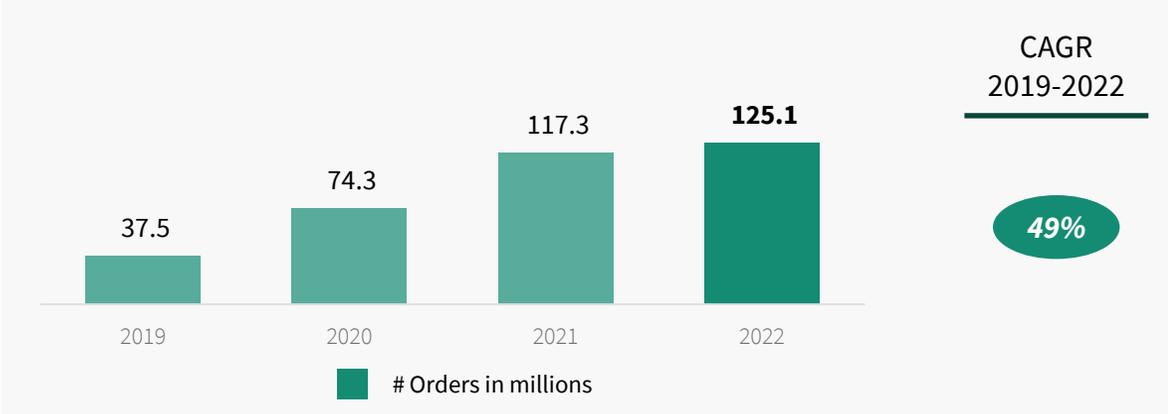
**Presentation will resume  
at 3pm CET**



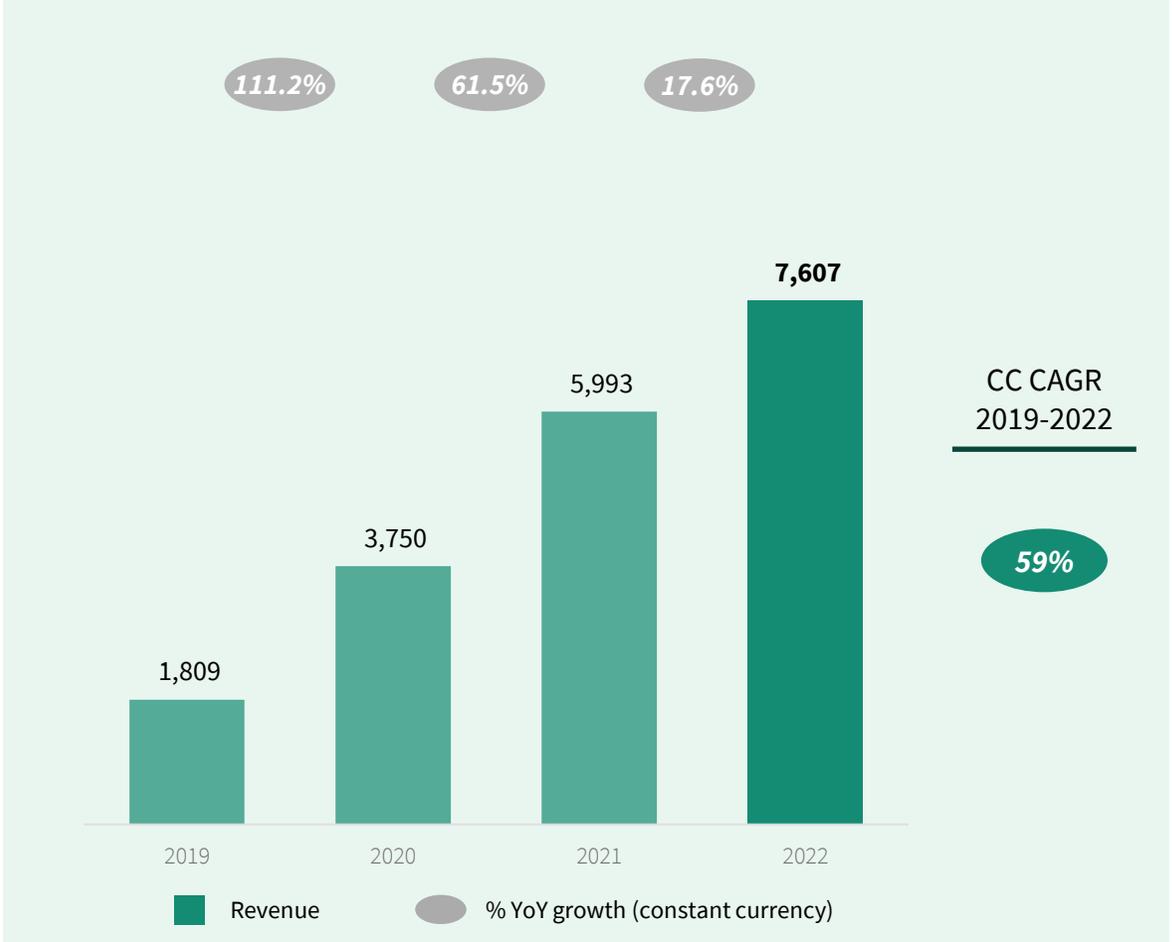
1. **Strategic Update**
2. **Operational Excellence**
3. **Marketing Update**
4. **Financial Update**
5. **Q&A**

# HFG has delivered consistently strong revenue growth, also post Covid-19

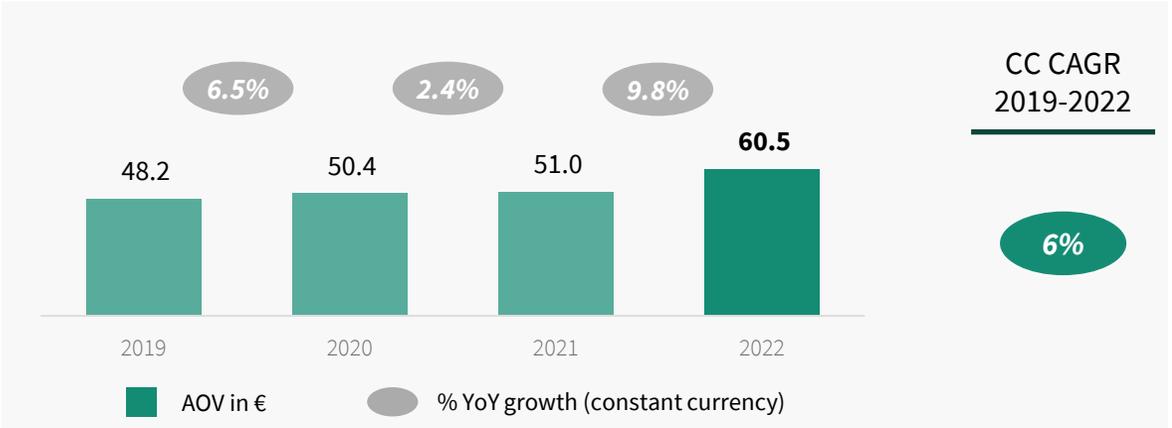
# of orders (million)



Revenue (€ million)

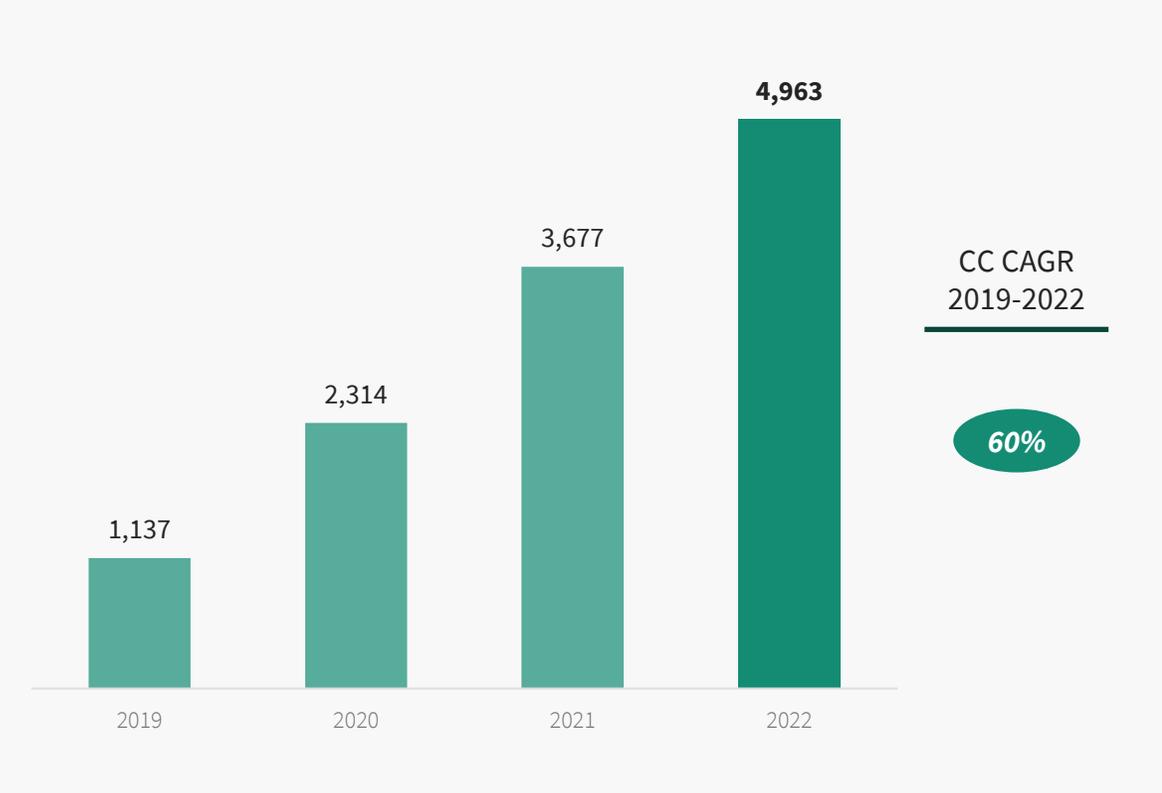


AOV (€)

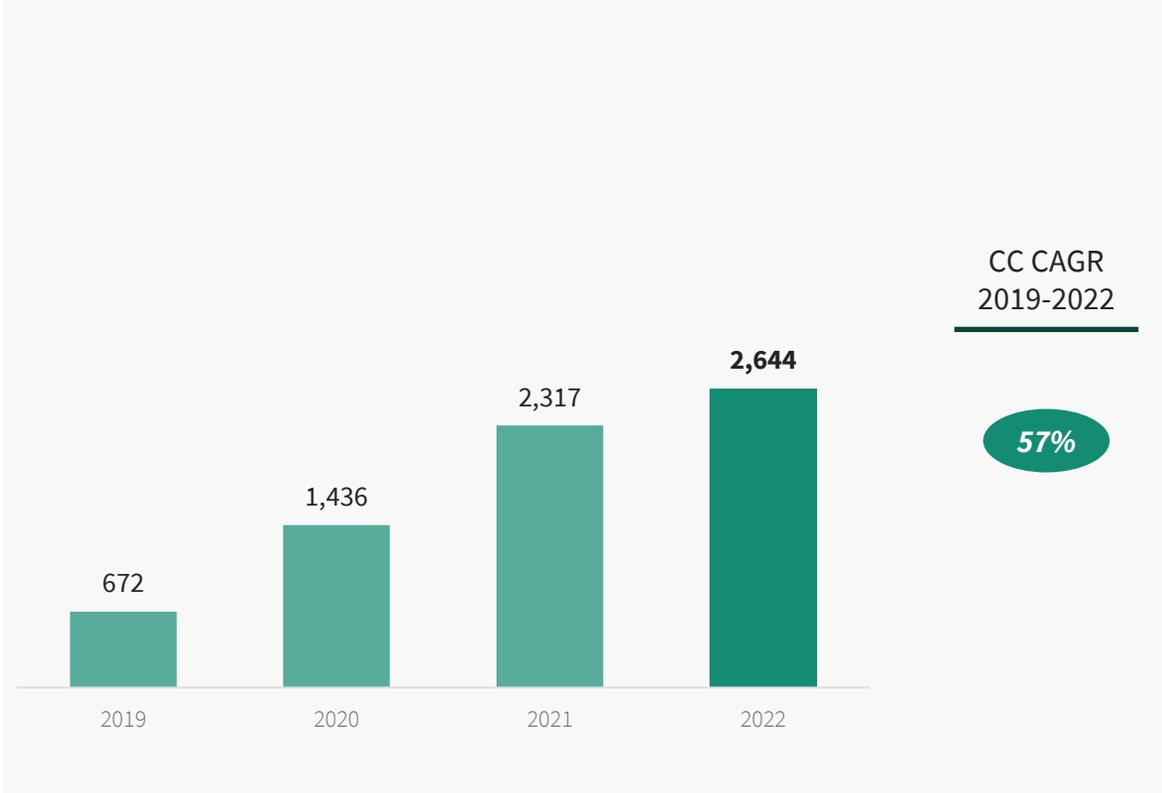


# Both segments have contributed strongly to Group revenue growth

North America<sup>(1)</sup> (€ million)



International<sup>(1)</sup> (€ million)

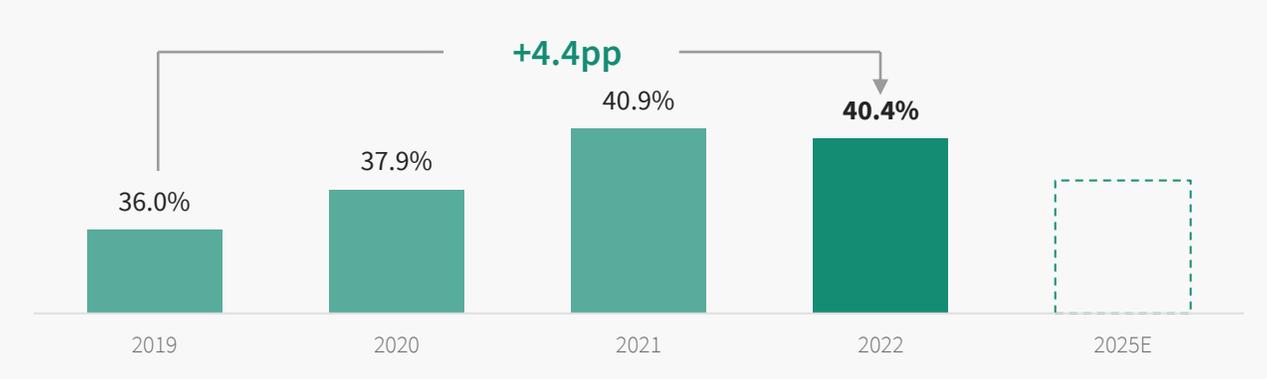


# Resilient contribution profit in light of substantial capacity expansion, Covid-19 and underlying factor price inflation

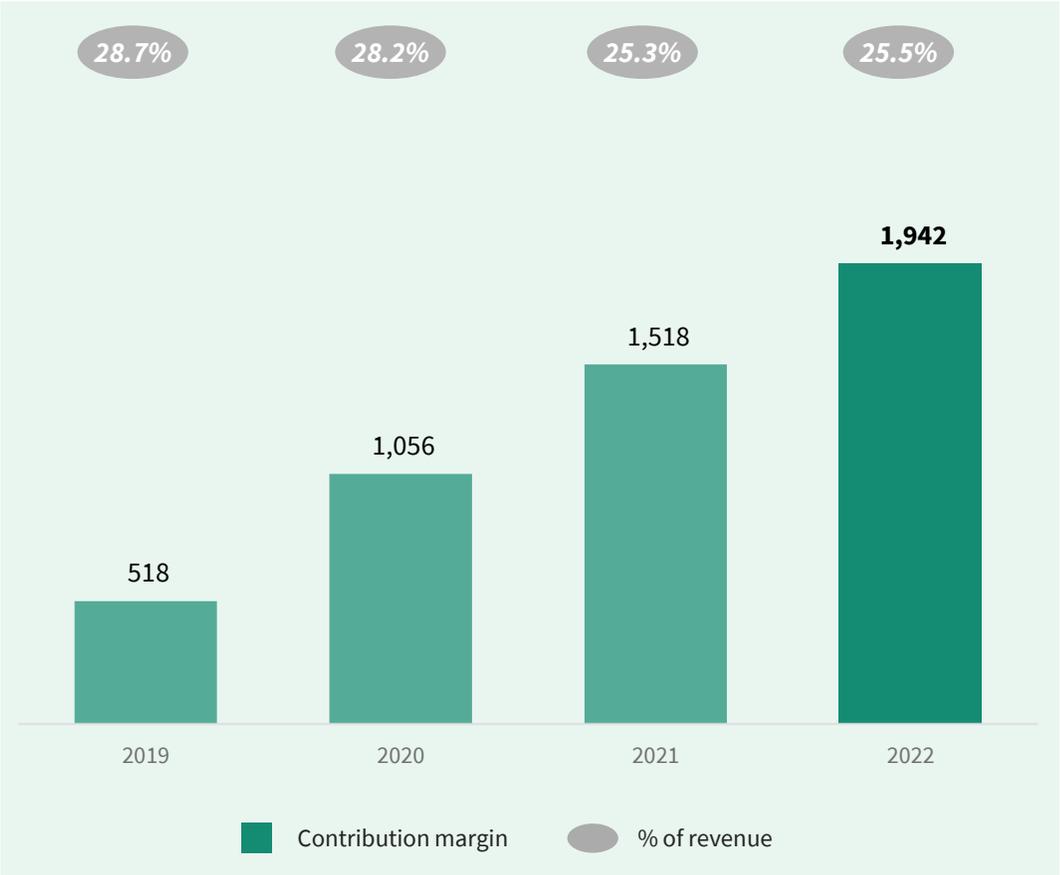
Procurement expenses as % of revenue



Fulfilment expenses as % of revenue

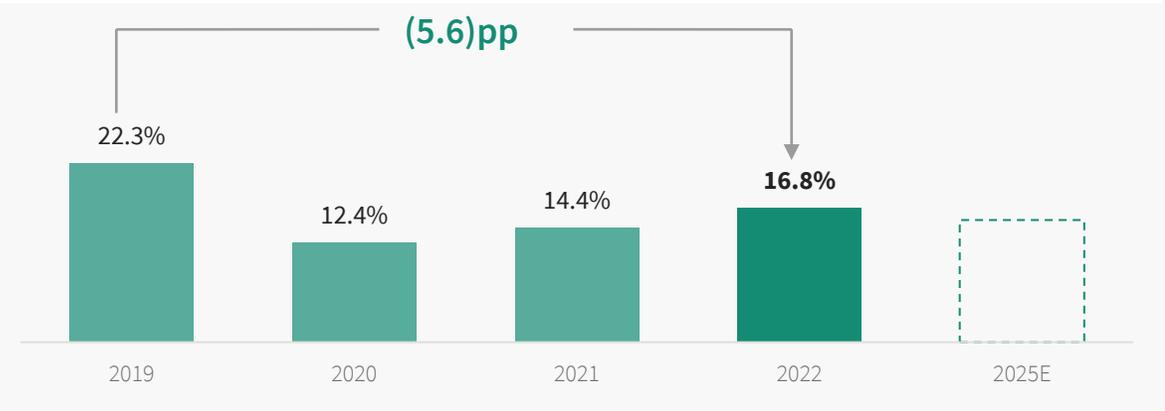


Contribution margin<sup>(1)</sup> (€ million)

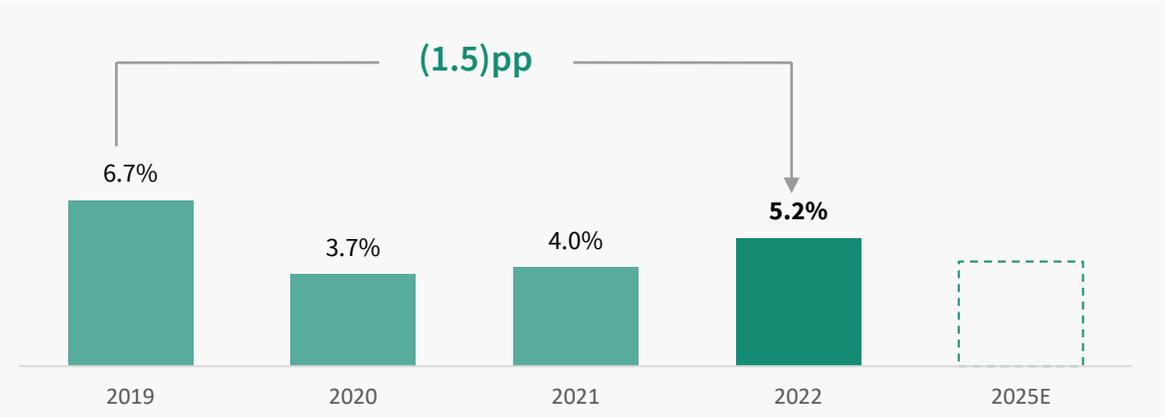


# Consistently strong AEBITDA generation, also during periods of meaningful factor inflation, weaker macro environment and new market ramp-up

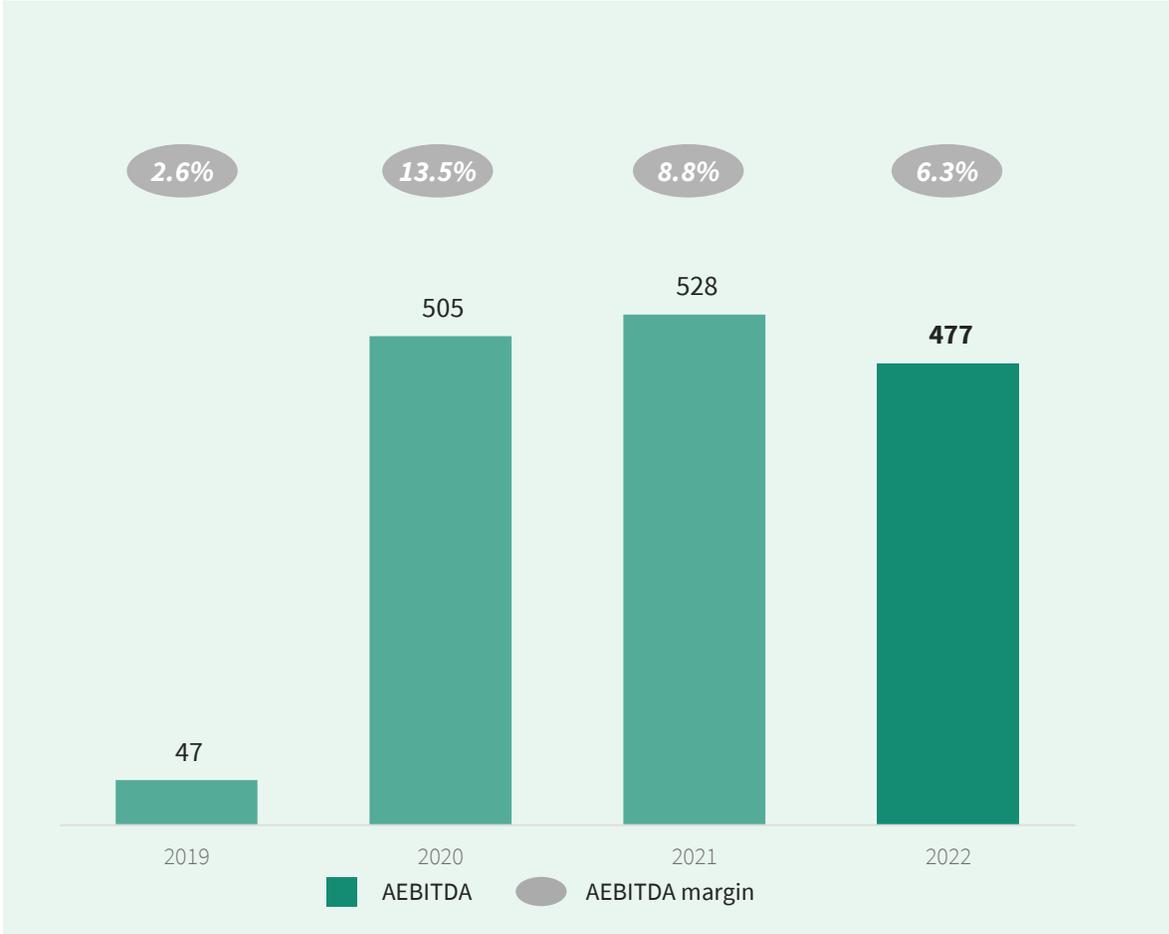
Marketing expenses as % of revenue<sup>(1)</sup>



G&A as % of revenue<sup>(1)</sup>



AEBITDA



# Marketing expenses as % of revenue decrease with the maturity of the underlying business, boosting long-term profitability – selected examples

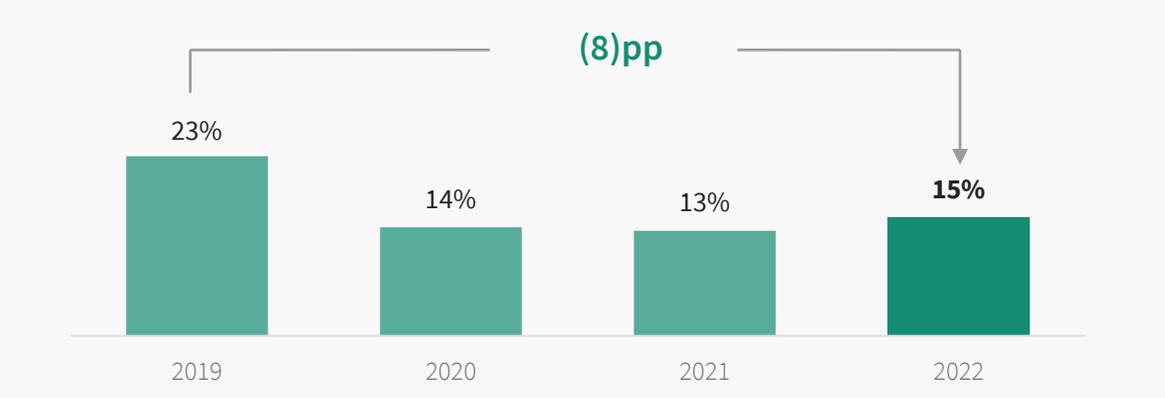
**HelloFresh US: marketing expenses as % of revenue<sup>(1)</sup>**



**Geography B: marketing expenses as % of revenue<sup>(1)</sup>**



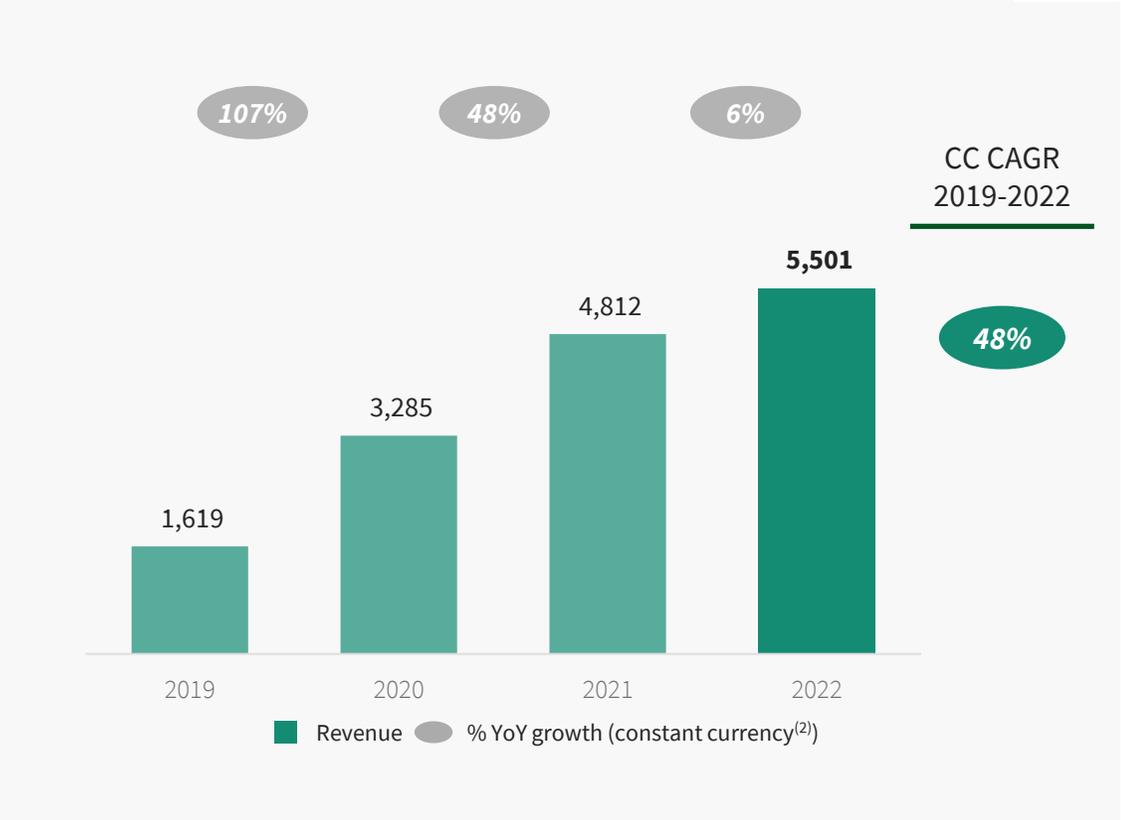
**Geography A: marketing expenses as % of revenue<sup>(1)</sup>**



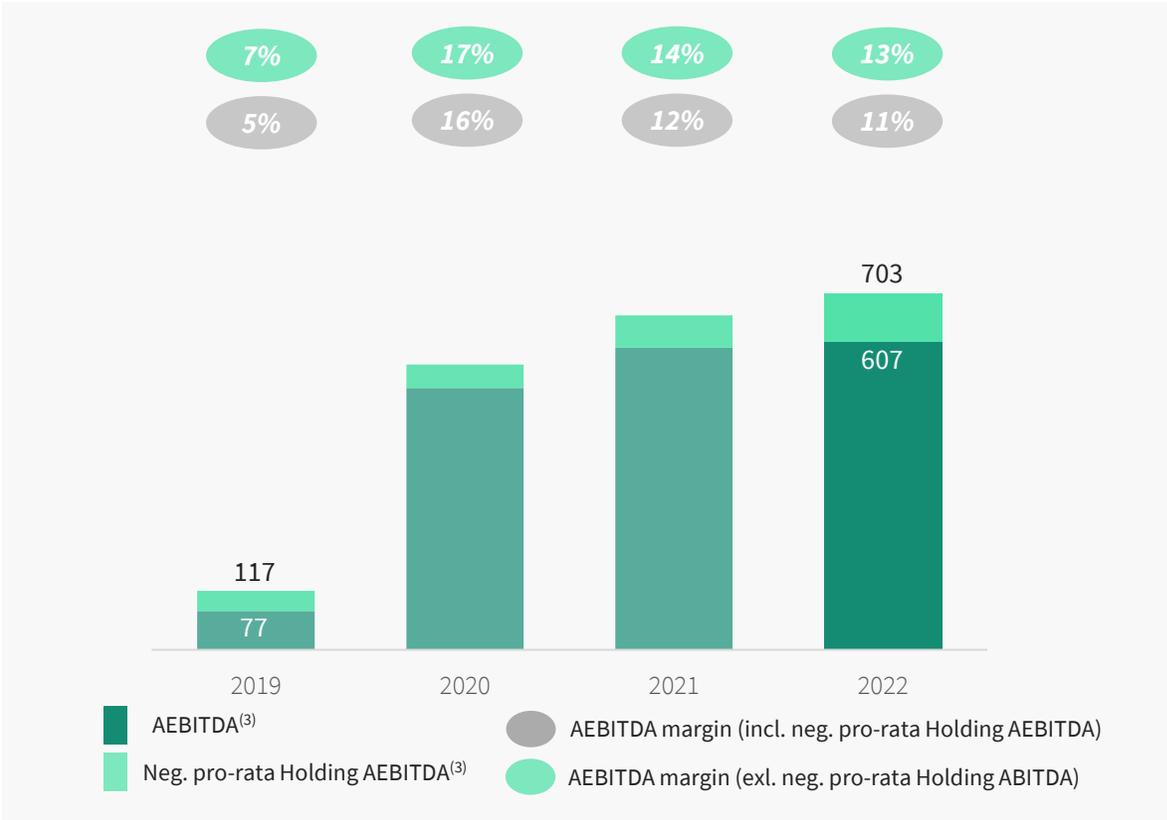
- The longer HFG is active in a certain geography, the more it builds up a base of existing customers, which do not need to be targeted through marketing activities.
- In addition, the pool of inactive customers increases, from which HFG can reactivate customers at attractive customer acquisition costs

# Advanced markets illustrate HFG’s high stability, consistent underlying profitability and structural growth of the business

Advanced markets <sup>(1)</sup> revenue (€ million)



Advanced markets <sup>(1)</sup> AEBITDA (€ million)



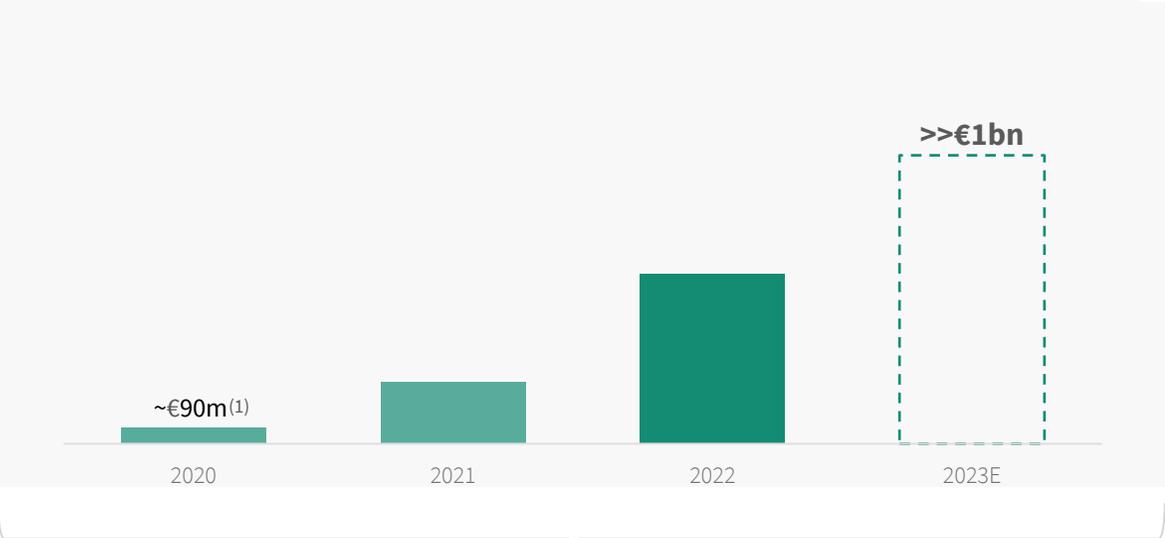
Source: Company data, unaudited

<sup>(1)</sup> Includes HelloFresh brand in US, UK, Canada, DEAT, BNZ and HFG’s business in ANZ (excl. Youfoodz)

<sup>(2)</sup> Based on FX rates of previous year. <sup>(3)</sup> Lower figure deducts negative Holding AEBITDA on a revenue-pro-rata basis. Higher figure does not allocate neg. Holding AEBITDA, in line with segment reporting

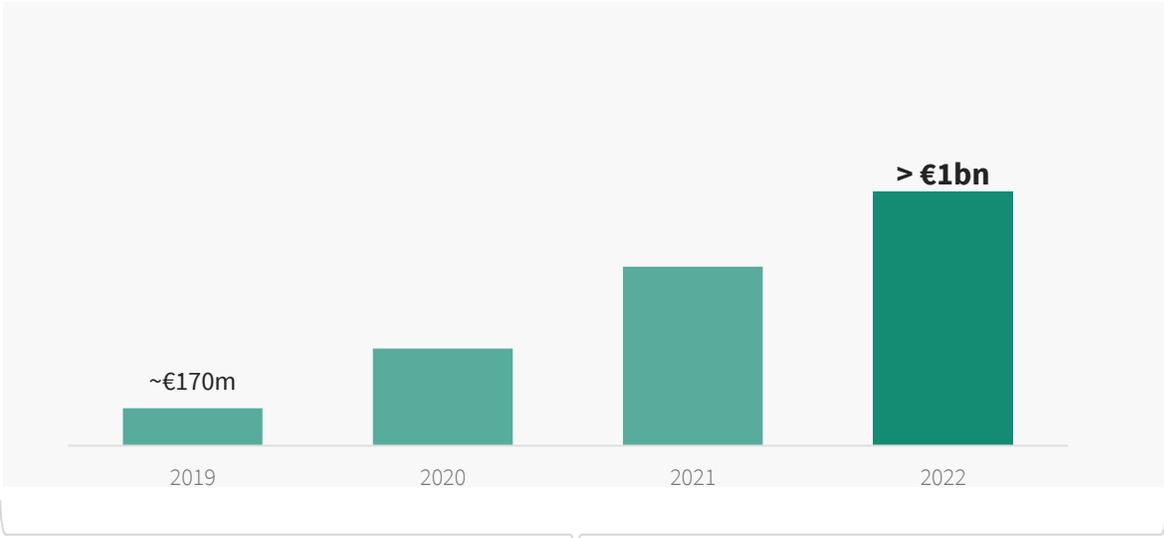
# In addition, HFG comprises the fast-growing #1 RTE player and a portfolio of young, leading businesses

RTE revenue



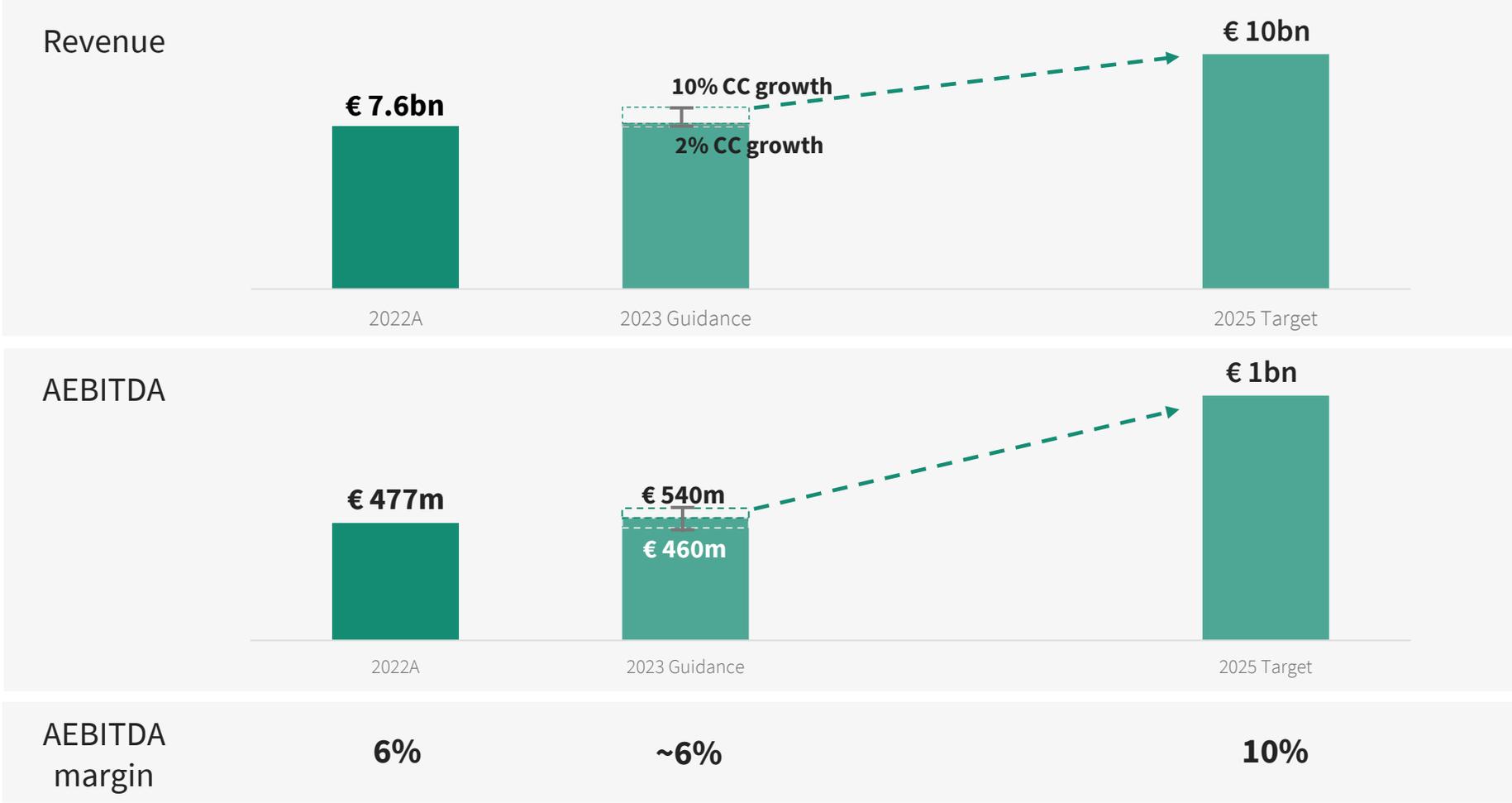
- Meaningfully > EUR 1bn revenue in 2023
- Already profitable
- Similar TAM as meal kits

Underpenetrated markets and new verticals revenue<sup>(2)</sup>



- #1 position in each meal kit business
- Target the same unit economics and margin at maturity as advanced markets
- Significant moat: leverage of HFG’s expertise, technology and processes

# While 2023 provides a relatively challenging macro backdrop, we remain focused on delivering our mid-term targets



▶ ~ 11-12% CAGR 2023-2025 required to achieve the target

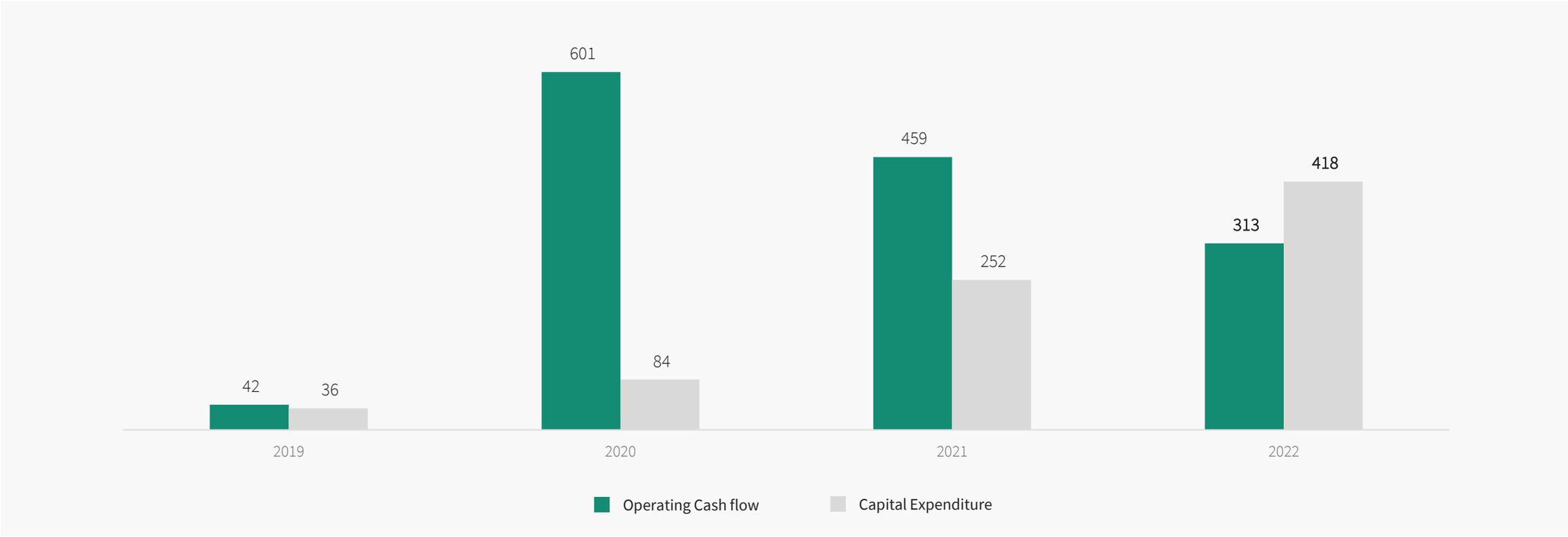
▶ ~ 4pp margin expansion required to achieve the target

# Our path to a 10% AEBITDA margin by 2025

|                               | vs. 2023     | Illustrative in 2025 | Key drivers  |
|-------------------------------|--------------|----------------------|--|
| Contribution Margin (% of NR) | + c. 2-3pp   | ~ 29%                | <p><b>Procurement</b></p> <ul style="list-style-type: none"> <li>• Data driven optimization</li> <li>• Pan-geo sourcing</li> </ul> <p><b>Fulfilment</b></p> <ul style="list-style-type: none"> <li>• Production network maturity and optimization</li> <li>• FC technology and automation</li> </ul> |
| Marketing Expenses (% of NR)  | c. (1)-(2)pp | ~ 16%                | <ul style="list-style-type: none"> <li>• More mature customer base</li> <li>• Increasing share of reactivations</li> </ul>   |

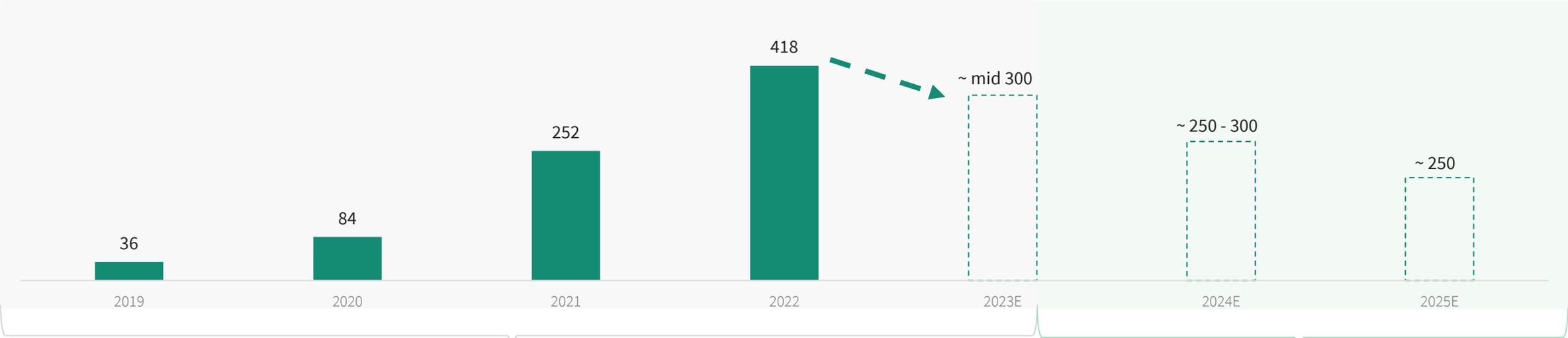
# Strong operating cash flow enables HFG to fund its growth through internally generated resources

Operating cash flow and CAPEX (€ million)



# Normalization of CAPEX is expected to meaningfully drive future FCF, in addition to margin expansion

CAPEX development (€ million)



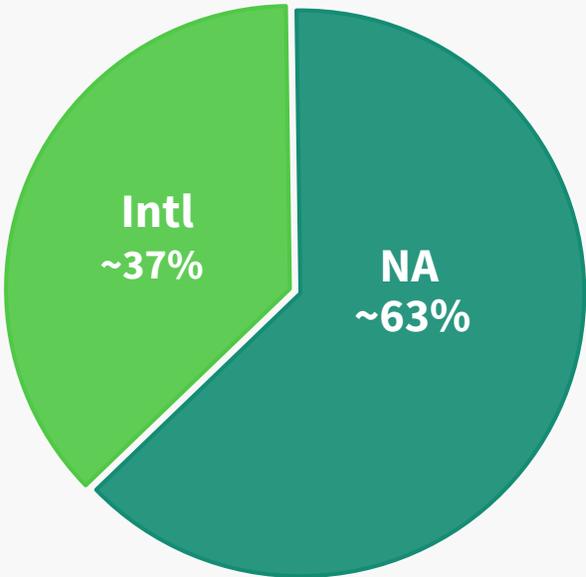
- Sufficient meal kit capacity for > € 10bn revenue
- Ability to selectively retire less efficient FCs in advanced markets without impacting service levels
- Well invested infrastructure, including in the key growth markets (e.g France, Nordics)
- Sufficient capacity (by H2 2023) to double RTE - biggest single growth driver over next three years

- Additional automation and optimization
- EU RTE Rollout
- Maintenance and replacement

# Our 2023 CAPEX will enable biggest top-line growth drivers and unlock margin expansion potential

## By segment

~ mid € 300m



■ Intl ■ North America

## By purpose

~ 25% RTE



- Biggest revenue driver

~ 36% Meal kits (advanced markets)



- FC network optimization
- Contribution margin expansion
- Automation

~ 14% Young markets



- Enables growth in attractive meal kit markets

~ 18% Tech



- Proprietary software, hardware to support HFG across its value chain

~ 6% Other



- Logistic hubs, office, etc

# There is a clear plan to deliver on growth and profitability targets

- 1** HelloFresh has grown at a revenue CAGR of c.60% over longer periods of time and we feel confident in achieving €10bn of revenue by 2025
- 2** We have a clear plan to expand contribution margin by up to 3pp and reduce marketing as a % of revenue by (1)-(2)pp by 2025, translating into €1bn of AEBITDA
- 3** Our advanced markets have consistently delivered AEBITDA margins meaningfully above 10% and in 2022 generated absolute AEBITDA of c. €700m (before pro-rata allocation of neg. holding AEBITDA). They are a good proxy to what our underpenetrated markets and brands can develop into
- 4** Given our self-funded multi-year capex cycle is coming to an end, we expect to deliver very attractive FCF/share from 2024 onwards

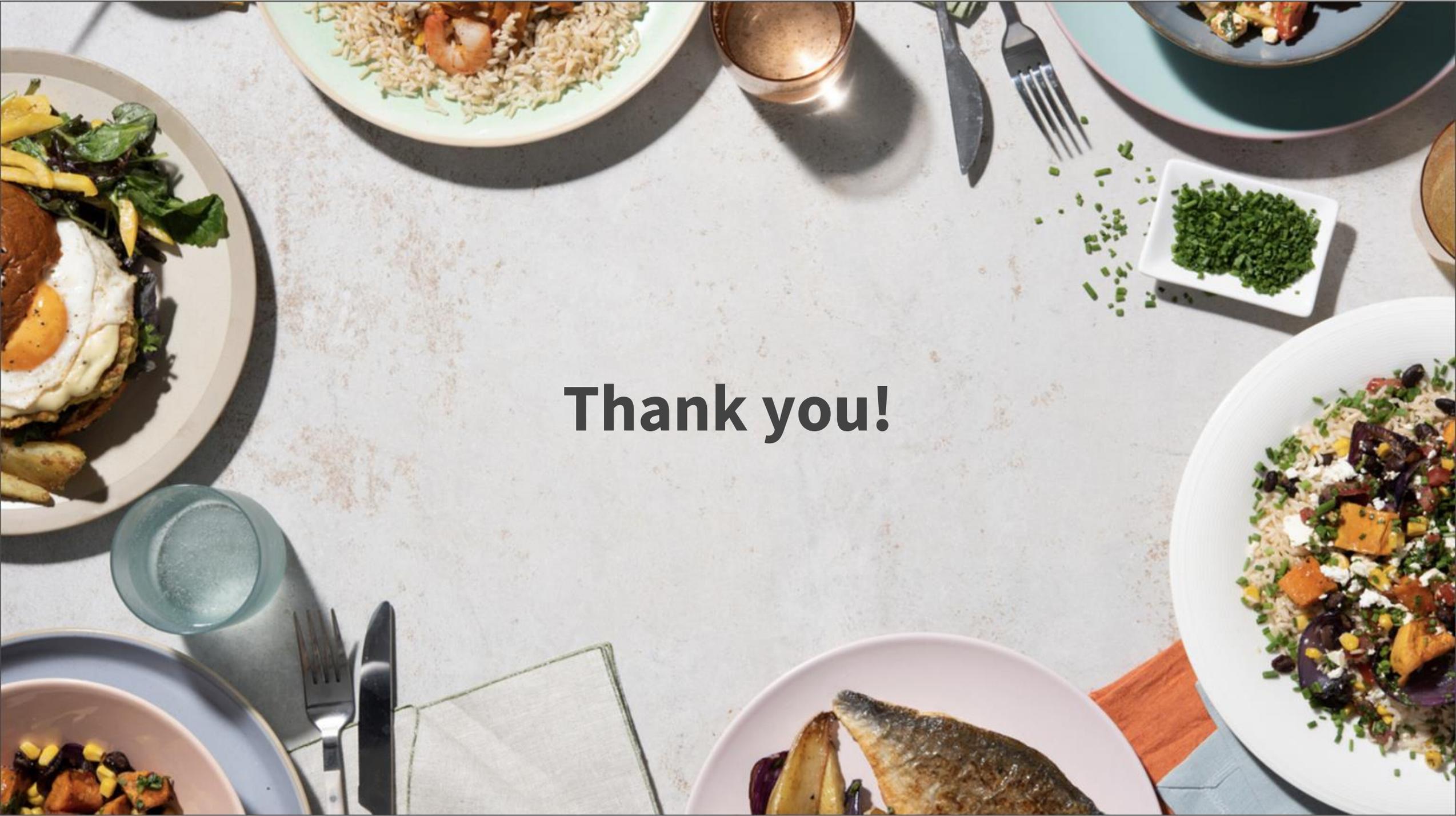


**Thank you for listening.**

**We are happy to take  
your questions.**

~

**Send your questions to  
[ir@hellofresh.com](mailto:ir@hellofresh.com)**



**Thank you!**