

HELLOFRESH
GROUP

Quarterly Statement Q3 2022

HelloFresh SE

HelloFresh at a Glance

Key figures	3 months ended 30-Sep-22	3 months ended 30-Sep-21	YoY growth	9 months ended 30-Sep-22	9 months ended 30-Sep-21	YoY growth
Key Performance Indicators						
Group						
Active customers (in millions)	7.51	6.94	8.2 %			
Number of orders (in millions)	29.03	27.59	5.2 %	95.87	87.85	9.1 %
Orders per customer	3.87	3.98	(2.8 %)			
Meals (in millions)	243.3	227.3	7.0 %	800.4	720.4	11.1 %
Average order value (EUR) (excl. retail)	63.7	51.3	24.2 %			
Average order value constant currency (EUR) (excl. retail)	57.2	51.3	11.5 %			
USA						
Active customers (in millions)	3.67	3.48	5.5 %			
Number of orders (in millions)	15.06	14.12	6.7 %	49.10	44.80	9.6 %
Orders per customer	4.10	4.06	1.1 %			
Meals (in millions)	118.2	108.1	9.4 %	384.0	340.4	12.8 %
Average order value (EUR) (excl. retail)	76.1	55.9	36.1 %			
Average order value constant currency (EUR) (excl. retail)	65.0	55.9	16.3 %			
International						
Active customers (in millions)	3.84	3.46	11.0 %			
Number of orders (in millions)	13.97	13.47	3.7 %	46.77	43.05	8.6 %
Orders per customer	3.64	3.90	(6.6 %)			
Meals (in millions)	125.0	119.2	4.9 %	416.4	379.9	9.6 %
Average order value (EUR) (excl. retail)	50.4	46.5	8.4 %			
Average order value constant currency (EUR) (excl. retail)	48.7	46.5	4.7 %			

Key figures	3 months ended 30-Sep-22	3 months ended 30-Sep-21	YoY growth	9 months ended 30-Sep-22	9 months ended 30-Sep-21	YoY growth
Results of operations						
Group						
Revenue (in MEUR)	1,860.2	1,415.5	31.4 %	5,732.7	4,413.4	29.9 %
Revenue constant currency (in MEUR)	1,669.0	1,415.5	17.9 %	5,295.2	4,413.4	20.0 %
Contribution margin (in MEUR)*	454.9	318.0	43.1 %	1,437.9	1,128.0	27.5 %
Contribution margin (in % of revenue)*	24.5 %	22.5 %	2.0 pp	25.1 %	25.6 %	(0.5 pp)
AEBITDA (in MEUR)	71.8	79.8	(10.0 %)	317.1	396.8	(20.1 %)
AEBITDA (in % of revenue)	3.9 %	5.6 %	(1.7 pp)	5.5 %	9.0 %	(3.5 pp)
USA						
Revenue (in MEUR)	1,146.5	789.3	45.3 %	3,412.6	2,438.7	39.9 %
Revenue constant currency (in MEUR)	979.3	789.3	24.1 %	3,033.4	2,438.7	24.4 %
Contribution margin (in MEUR)*	292.9	178.9	63.7 %	908.5	639.1	42.2 %
Contribution margin (in % of revenue)*	25.4 %	22.6 %	2.8 pp	26.5 %	26.1 %	0.4 pp
AEBITDA (in MEUR)	75.7	48.7	55.4 %	271.2	232.4	16.7 %
AEBITDA (in % of revenue)	6.6 %	6.2 %	0.4 pp	7.9 %	9.5 %	(1.6 pp)
International						
Revenue (in MEUR)	713.7	626.1	14.0 %	2,319.9	1,974.3	17.5 %
Revenue constant currency (in MEUR)	689.7	626.1	10.2 %	2,261.8	1,974.3	14.6 %
Contribution margin (in MEUR)*	173.3	144.0	20.3 %	556.0	503.4	10.4 %
Contribution margin (in % of revenue)*	24.0 %	22.9 %	1.1 pp	23.8 %	25.4 %	(1.6 pp)
AEBITDA (in MEUR)	31.7	52.3	(39.4 %)	141.7	223.3	(36.5 %)
AEBITDA (in % of revenue)	4.4 %	8.3 %	(3.9 pp)	6.1 %	11.3 %	(5.2 pp)
Group Financial Position						
Net working capital (in MEUR)	(427.5)	(319.3)		(427.5)	(319.3)	
Cash flow from operating activities (in MEUR)	88.1	85.2		265.2	396.3	
Cash and cash equivalents (in MEUR)	603.7	955.1		603.7	955.1	
Free cash flow (in MEUR)	(52.3)	17.7		(86.7)	250.2	

*excluding share-based compensation (SBC) expenses

HelloFresh delivers strong performance in Q3 across both segments:

- Active customers increased to 7.51 m, a 8.2 % growth compared to the third quarter 2021.
- Average order value increased further to EUR 63.7, driven by both segments.
- Group revenue of MEUR 1,860.2 in Q3 2022, a year-on-year growth of 31.4 % on euro basis and 17.9 % on a constant currency basis. Both segments contributed meaningfully to this growth. The International segment shows a growth in revenue of 10.2 %; and the US a growth of 24.1 %, both on a constant currency basis.
- Absolute contribution margin of MEUR 454.9 in Q3 2022, compared to MEUR 318.0 in Q3 2021. As percentage of revenue 24.5 % in Q3 2022 compared to 22.5 % in Q3 2021, primarily driven by continued productivity improvements in production despite meaningful inflationary trends in both segments.
- AEBITDA of MEUR 71.8 in Q3 2022 compared to MEUR 79.8 in the prior year quarter, reflecting higher marketing spend.
- Both segments delivered a strong quarter of positive AEBITDA margin: International with 4.4 %, and US with 6.6 % of revenue.
- Cash on balance sheet remained at a strong level of MEUR 603.7 at the end of Q3 2022.

Financial Performance of the Group

Consolidated income statement for the third quarter 2022 ended 30 September

In MEUR	3 months ended			9 months ended		
	30-Sep-22	30-Sep-21	YoY	30-Sep-22	30-Sep-21	YoY
Revenue	1,860.2	1,415.5	31.4 %	5,732.7	4,413.4	29.9 %
Procurement expenses	(644.5)	(489.8)	31.6 %	(1,978.1)	(1,509.8)	31.0 %
% of revenue	(34.6 %)	(34.6 %)	0.0 pp	(34.5 %)	(34.2 %)	(0.3 pp)
Fulfilment expenses	(768.0)	(613.8)	25.1 %	(2,337.5)	(1,790.4)	30.6 %
% of revenue	(41.3 %)	(43.4 %)	2.1 pp	(40.8 %)	(40.6 %)	(0.2 pp)
Contribution margin	447.6	311.9	43.5 %	1,417.0	1,113.3	27.3 %
% of revenue	24.1 %	22.0 %	2.0 pp	24.7 %	25.2 %	(0.5 pp)
Contribution margin (excl. SBC)	454.9	318.0	43.1 %	1,437.9	1,128.0	27.5 %
% of revenue	24.5 %	22.5 %	2.0 pp	25.1 %	25.6 %	(0.5 pp)
Marketing expenses	(333.8)	(209.5)	59.4 %	(980.7)	(640.9)	53.0 %
% of revenue	(17.9 %)	(14.8 %)	(3.1 pp)	(17.1 %)	(14.5 %)	(2.6 pp)
Marketing expenses (excl. SBC)	(331.2)	(209.1)	58.4 %	(972.9)	(640.6)	51.9 %
% of revenue	(17.8 %)	(14.8 %)	(3.0 pp)	(17.0 %)	(14.5 %)	(2.5 pp)
General and administrative expenses, other operating income and expenses	(112.6)	(61.0)	84.8 %	(304.6)	(165.9)	83.6 %
% of revenue	(6.1 %)	(4.3 %)	(1.7 pp)	(5.3 %)	(3.8 %)	(1.6 pp)
General and administrative expenses, other operating income and expenses (excl. SBC)	(102.9)	(58.5)	75.9 %	(276.6)	(164.4)	68.2 %
% of revenue	(5.5 %)	(4.1 %)	(1.4 pp)	(4.8 %)	(3.7 %)	(1.1 pp)
EBIT	1.2	41.4	(97.0 %)	131.7	306.4	(57.0 %)
% of revenue	0.1 %	2.9 %	(2.9 pp)	2.3 %	6.9 %	(4.6 pp)
Depreciation and amortization	44.6	25.5	74.6 %	113.1	65.9	71.7 %
EBITDA	45.8	67.0	(31.6 %)	244.8	372.3	(34.2 %)
% of revenue	2.5 %	4.7 %	(2.3 pp)	4.3 %	8.4 %	(4.2 pp)
Special items	6.4	4.0	62.5 %	15.7	7.8	101.0 %
Share-based compensation expenses	19.6	8.9	121.4 %	56.6	16.6	240.4 %
AEBITDA	71.8	79.8	(10.0 %)	317.1	396.8	(20.1 %)
% of revenue	3.9 %	5.6 %	(1.8 pp)	5.5 %	9.0 %	(3.5 pp)
AEBIT	27.2	54.3	(49.9 %)	204.0	330.9	(38.3 %)
% of revenue	1.5 %	3.8 %	(2.4 pp)	3.6 %	7.5 %	(3.9 pp)

During the third quarter of 2022, HelloFresh continued to deliver substantial revenue growth of 31.4 % on euro basis, and 17.9 % on a constant currency basis compared to the same quarter of 2021. In absolute values, the Group revenue increased from MEUR 1,415.5 in the third quarter 2021 to MEUR 1,860.2 in this quarter. The increase in revenue is mainly attributable to: (i) a year-on-year increase in active customers by 8.2 %, which reached 7.51 m, compared to 6.94 m in the same quarter of the previous year, and the corresponding increase in number of orders, (ii) an increase in average order value, driven by the take-up of add-ons due to the continued roll-out of HelloFresh Market, increased take-up of surcharge products per order, and year-on-year price increases in several markets, and (iii) the ongoing appreciation of the US dollar, which resulted in a favorable FX effect for revenue in the US segment.

Contribution margin (excluding share-based compensation expenses) as a percentage of revenue in the third quarter 2022 increased to 24.5 % compared to 22.5 % in the third quarter 2021. Procurement expenses as percentage of revenue remained stable for the Group at 34.6 % in Q3 2022 compared to the same quarter in the previous year, despite certain inflationary cost increases in ingredient pricing. Fulfilment expenses as percentage of revenue decreased by 2.1 pp in Q3 2022. This improvement is primarily driven by continued productivity improvements in production despite meaningful inflationary trends across most categories.

Marketing expenses (excluding shared-based compensation expenses) as percentage of revenue increased by 3.0 pp to 17.8% in this quarter compared to 14.8 % in the same quarter of the previous year. This is partly due to a more normalized marketing spending in Q3 2022, compared to 2021, which was still impacted by some effects of COVID-19. In addition, this is also the result of somewhat higher customer acquisition costs stemming from a more uncertain macro environment, but also in the US a higher relative share of Factor75 customers, which have a higher than Group-average order value, but also higher customer acquisition costs.

General and administrative expenses, and other operating income and expenses (including share-based compensation expenses) as percentage of revenue increased from 4.3 % in Q3 2021 to 6.1 % in Q3 2022. In absolute terms, these expenses increased from MEUR 61.0 in the third quarter 2021 to MEUR 112.6 in the current quarter. General and administrative expenses, and other operating income and expenses (excluding share-based compensation expenses) as percentage of revenue also increased from 4.1 % in Q3 2021 to 5.5 % in Q3 2022. Key drivers for the increase are further build-out of key functions, especially our tech and data teams as well as other central functions.

The Group reported EBIT of MEUR 1.2 in Q3 2022, a positive margin of 0.1 % compared to a positive margin of 2.9 % in Q3 2021. This is a result of the factors described above.

Special items for Q3 2022 mainly relate to reorganization initiatives in the US and the acquisition related management earnout programs that are in place for Factor75 and YouFoodz.

Share-based compensation expenses amount to MEUR 19.6 in the third quarter of 2022, compared to MEUR 8.9 in the same quarter of 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 71.8, a positive margin of 3.9 %, compared to MEUR 79.8 in Q3 2021.

AEBIT amounts to MEUR 27.2, a positive margin of 1.5 %, compared to MEUR 54.3 in Q3 2021.

Financial Performance of US Segment

In MEUR	3 months ended			9 months ended		
	30-Sep-22	30-Sep-21	YoY	30-Sep-22	30-Sep-21	YoY
Revenue (total)	1,151.3	791.4	45.5 %	3,424.5	2,444.3	40.1 %
Revenue (external)	1,146.5	789.3	45.3 %	3,412.6	2,438.7	39.9 %
Procurement expenses	(368.3)	(241.6)	52.5 %	(1,063.6)	(728.7)	46.0 %
% of revenue	(32.0 %)	(30.5 %)	(1.5 pp)	(31.1 %)	(29.8 %)	(1.2 pp)
Fulfilment expenses	(495.9)	(374.7)	32.4 %	(1,469.0)	(1,085.6)	35.3 %
% of revenue	(43.1 %)	(47.3 %)	4.3 pp	(42.9 %)	(44.4 %)	1.5 pp
Contribution margin	287.1	175.1	63.9 %	891.9	630.0	41.6 %
% of revenue	24.9%	22.1 %	2.8 pp	26.0 %	25.8 %	0.3 pp
Contribution margin (excl. SBC)	292.9	178.9	63.7 %	908.5	639.1	42.2 %
% of revenue	25.4%	22.6 %	2.8 pp	26.5 %	26.1 %	0.4 pp
Marketing expenses	(205.0)	(122.2)	67.8 %	(598.8)	(377.0)	58.8 %
% of revenue	(17.8 %)	(15.4 %)	(2.4 pp)	(17.5 %)	(15.4 %)	(2.1 pp)
Marketing expenses (excl. SBC)	(203.5)	(122.0)	66.8 %	(594.1)	(376.7)	57.7 %
% of revenue	(17.7 %)	(15.4 %)	(2.3 pp)	(17.3 %)	(15.4 %)	(1.9 pp)
General and administrative expenses, other operating income and expenses	(71.8)	(47.0)	52.8 %	(222.1)	(190.1)	16.9 %
% of revenue	(6.2 %)	(5.9 %)	(0.3 pp)	(6.5 %)	(7.8 %)	1.3 pp
Thereof holding fee	(29.9)	(22.3)	34.2 %	(110.2)	(120.8)	(8.8 %)
General and administrative expenses, other operating income and expenses (excl. SBC and holding fee)	(38.8)	(24.2)	60.3 %	(103.5)	(68.6)	50.9 %
% of revenue	(3.4 %)	(3.1 %)	(0.3 pp)	(3.0 %)	(2.8 %)	(0.2 pp)
EBIT	10.2	5.9	73.0 %	70.9	62.9	12.8 %
% of revenue	0.9 %	0.7 %	0.1 pp	2.1%	2.6 %	(0.5 pp)
EBIT (excl. holding fee)	40.1	28.2	42.2 %	181.1	183.7	(1.4 %)
% of revenue	3.5 %	3.6 %	(0.1 pp)	5.3 %	7.5 %	(2.2 pp)
Depreciation and amortization	20.8	13.0	59.9 %	50.1	33.0	51.9 %
EBITDA (excl. holding fee)	60.9	41.2	47.8 %	231.2	216.7	6.7 %
% of revenue	5.3 %	5.2 %	0.1 pp	6.8 %	8.9 %	(2.1 pp)
Special items	4.3	2.9	50.3 %	10.3	5.6	83.6 %
Share-based compensation expenses	10.5	4.6	129.9 %	29.7	10.1	194.9 %
AEBITDA	75.7	48.7	55.4 %	271.2	232.4	16.7 %
% of revenue	6.6 %	6.2 %	0.4 pp	7.9 %	9.5 %	(1.6 pp)
AEBIT	54.9	35.7	53.8 %	221.1	199.4	10.9 %
% of revenue	4.8 %	4.5 %	0.3 pp	6.5 %	8.2 %	(1.7 pp)

In the third quarter 2022, external revenue of our US segment increased by 45.3 % from MEUR 789.3 to MEUR 1,146.5, compared to the third quarter 2021. On a constant currency basis, this represents a 24.1 % growth rate. Similar to the trend described for the Group, this is driven by (i) an increase in active customers (ii) a slight increase in average orders per customer, and (iii) an increase in average order value, stemming from an increase in meals per order, more take-up of add-ons, and surcharge offerings and price increases.

The contribution margin (excluding share-based compensation expenses) increased by a very strong 2.8 pp to 25.4 % in Q3 2022, despite continuing inflationary trends in food pricing leading to increasing procurement cost in relation to revenue.

Fulfilment expenses as a percentage of revenue improved by 4.3 pp in the third quarter 2022. This development is the result of increased productivity in production despite year-on-year increased production wages. Shipping expenses increased on a relative basis, due to higher rates and higher fuel prices.

In line with the trend on Group level, US Marketing expenses (excluding share-based compensation expenses) as a percentage of revenue increased from 15.4 % in third quarter in 2021 to 17.7 % in this quarter, reflecting an increase of 2.3 pp.

General and administrative expenses, other operating income and expenses (excluding share-based compensation expenses and holding fee) as percentage of revenue slightly increased by 0.3 pp to 3.4 % compared to 3.1 % in the third quarter 2021.

Reported EBIT (excluding holding fee) increased to MEUR 40.1 in Q3 2022, a positive margin of 3.5 %, compared to MEUR 28.2, a positive margin of 3.6 % in the third quarter of 2021. This is a result of the factors described above.

AEBITDA for the third quarter 2022 amounts to MEUR 75.7, reflecting a positive margin of 6.6 %, compared to MEUR 48.7, a margin of 6.2 % in the third quarter of 2021.

AEBIT for the third quarter 2022 amounts to MEUR 54.9, a positive margin of 4.8 %, compared to MEUR 35.7, a margin of 4.5 % in the third quarter of 2021.

Financial Performance of International Segment

In MEUR	3 months ended			9 months ended		
	30-Sep-22	30-Sep-21	YoY	30-Sep-22	30-Sep-21	YoY
Revenue (total)	721.0	629.1	14.6 %	2,337.2	1,983.0	17.9 %
Revenue (external)	713.7	626.1	14.0 %	2,319.9	1,974.3	17.5 %
Procurement expenses	(276.2)	(248.1)	11.3 %	(914.6)	(780.7)	17.2 %
% of revenue	(38.3 %)	(39.4 %)	1.1 pp	(39.1 %)	(39.4 %)	0.2 pp
Fulfilment expenses	(272.5)	(237.7)	14.6 %	(869.4)	(700.6)	24.1 %
% of revenue	(37.8 %)	(37.8 %)	0.0 pp	(37.2 %)	(35.3 %)	(1.9 pp)
Contribution margin	172.3	143.3	20.3 %	553.1	501.8	10.2 %
% of revenue	23.9 %	22.8 %	1.1 pp	23.7 %	25.3 %	(1.6 pp)
Contribution margin (excl. SBC)	173.3	144.0	20.4 %	556.0	503.4	10.4 %
% of revenue	24.0 %	22.9 %	1.2 pp	23.8 %	25.4 %	(1.6 pp)
Marketing expenses	(127.2)	(84.2)	51.2 %	(373.8)	(257.6)	45.1 %
% of revenue	(17.6 %)	(13.4 %)	(4.3 pp)	(16.0 %)	(13.0 %)	(3.0 pp)
Marketing expenses (excl. SBC)	(126.7)	(84.1)	50.7 %	(372.4)	(257.7)	44.5 %
% of revenue	(17.6 %)	(13.4 %)	(4.2 pp)	(15.9 %)	(13.0 %)	(2.9 pp)
General and administrative expenses, other operating income and expenses	(58.2)	(46.7)	24.6 %	(169.1)	(167.6)	0.9 %
% of revenue	(8.1 %)	(7.4 %)	(0.7 pp)	(7.2 %)	(8.5 %)	1.2 pp
Thereof Holding fee	(21.4)	(27.7)	(22.8 %)	(68.1)	(114.8)	(40.7 %)
General and administrative expenses, other operating income and expenses (excl. SBC and holding fee)	(35.7)	(18.7)	91.4 %	(97.7)	(52.1)	87.5 %
% of revenue	(5.0 %)	(3.0 %)	(2.0 pp)	(4.2 %)	(2.6 %)	(1.6 pp)
EBIT	(13.1)	12.4	(205.2 %)	10.2	76.6	(86.7 %)
% of revenue	(1.8 %)	2.0 %	(3.8 pp)	0.4 %	3.9 %	(3.4 pp)
EBIT (excl. holding fee)	8.3	40.1	(79.2 %)	78.3	191.4	(59.1 %)
% of revenue	1.2 %	6.4 %	(5.2 pp)	3.4 %	9.7 %	(6.3 pp)
Depreciation and amortization	19.4	10.4	87.0 %	52.2	28.0	86.5 %
EBITDA (excl. holding fee)	27.7	50.5	(45.1 %)	130.5	219.4	(40.5 %)
% of revenue	3.8 %	8.0 %	(4.2 pp)	5.6 %	11.1 %	(5.5 pp)
Special items	1.4	0.7	(105.0 %)	3.6	1.7	112.7 %
Share-based compensation expenses	2.6	1.1	(129.2 %)	7.6	2.2	236.9 %
AEBITDA	31.7	52.3	(39.3 %)	141.7	223.3	(36.5 %)
% of revenue	4.4 %	8.3 %	(3.9 pp)	6.1 %	11.3 %	(5.2 pp)
AEBIT	12.3	41.9	(70.6 %)	89.5	195.3	(54.2 %)
% of revenue	1.7 %	6.7 %	(5.0 pp)	3.8 %	9.8 %	(6.0 pp)

In the third quarter 2022, external revenue of the International segment increased by 14.0 % from MEUR 626.1 to MEUR 713.7, compared to the third quarter 2021. On a constant currency basis, this represents a 10.2 % growth rate. This increase was mainly driven by (i) growth in active customers by 11.0 % to 3.84 m in the third quarter 2022 resulting into a higher number of orders by 3.7 %, and (ii) increase in average order value by 8.4 %, all compared to the third quarter 2021.

Contribution margin (excluding share-based compensation expenses) of the International segment as a percentage of revenue increased by 1.2 pp in the third quarter 2022 to 24.0 % from 22.9 % in the third quarter 2021. This was primarily driven by the trends described earlier for the Group. Procurement expenses as a percentage of revenue decreased by 1.1 pp in the third quarter 2022, compared to the same quarter 2021. This was a result of continued focus on efficiency, certain geographic mix effects within International and selected price increases, against the backdrop of elevated ingredient price inflation across the regions. Fulfilment expenses as a percentage of revenue remained stable in the third quarter 2022 compared to the same quarter 2021, which was a result of increased efficiencies in production offset by the overall inflationary effects.

Marketing expenses (excluding share-based compensation expenses) as a percentage of revenue increased from 13.4 % in the third quarter of 2021 to 17.6 % in the third quarter 2022, driven by the factors described on Group level, and the ramp-up of new geographies and brands.

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 5.0 % in Q3 2022 compared to 3.0% in Q3 2021.

Reported EBIT (excluding holding fee) amounts to MEUR 8.3 in Q3 2022, reflecting a positive margin of 1.2 %, compared to 6.4 % in Q3 2021. This is a result of the factors described above.

AEBITDA amounts to MEUR 31.7, reflecting a margin of 4.4 %, compared to a margin of 8.3 % in the third quarter of 2021.

AEBIT amounts to MEUR 12.3, reflecting a positive margin of 1.7 %, compared to a margin of 6.7 % in Q3 2021

Share-Based Compensation Expenses

The Group operates share-based compensation plans, under which Group companies receive services from employees and employees receive equity instruments of the Company as a consideration. In 2022, the share based compensation program for the employees (excluding the management board) was amended to (i) allowing beneficiaries more flexibility choosing between RSUs (Restricted Stock Units) and VSOPs (Virtual Stock Option Plans), (ii) aligning the vesting period for both programs to quarterly over three years, and (iii) having both programs 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		9 months ended	
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
USA	10.5	4.6	29.7	10.1
International	2.6	1.1	7.6	2.2
Holding	6.6	3.2	19.4	4.3
Total	19.6	8.9	56.6	16.6

Share-based compensation expenses have increased year-on-year in comparison to the third quarter 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 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)	7.5	0.1	7.6
WAEP (in EUR) - vested shares	15.22	—	14.95
Unvested (in mn)	3.1	1.3	4.4
WAEP (in EUR) - unvested shares	44.78	—	31.39
Outstanding (in mn)	10.6	1.5	12.1
WAEP (in EUR)	23.83	—	20.96

EBIT to AEBITDA

In MEUR	3 months ended	3 months ended	YoY growth	9 months ended	9 months ended	YoY growth
	30-Sep-22	30-Sep-21		30-Sep-22	30-Sep-21	
EBIT	1.2	41.4	(97.0 %)	131.7	306.4	(57.0 %)
Depreciation and amortization	44.6	25.5		113.1	65.9	
EBITDA	45.8	67.0	(31.6 %)	244.8	372.3	(34.2 %)
Special items	6.4	4.0		15.7	7.8	
Share-based compensation	19.6	8.9		56.6	16.6	
AEBITDA	71.8	79.8	(10.0 %)	317.1	396.8	(20.1 %)
AEBITDA margin	3.9 %	5.6 %	(1.8 pp)	5.5 %	9.0 %	(3.5 pp)
AEBIT	27.2	54.3	(49.9 %)	204.0	330.9	(38.3 %)
AEBIT margin	1.5 %	3.8 %	(2.4 pp)	3.6 %	7.5 %	(3.9 pp)

Cash Flow

In MEUR	3 months ended 30-Sep-22	3 months ended 30-Sep-21	9 months ended 30-Sep-22	9 months ended 30-Sep-21
Cash and cash equivalents at the beginning of the period	642.2	933.4	827.1	729.0
Net Cash flows from operating activities	88.1	85.2	265.2	396.3
Net Cash flows (used in) investing activities	(122.8)	(57.5)	(337.3)	(124.5)
Net Cash flows (used in) financing activities	(15.3)	(8.5)	(183.5)	(59.2)
Effects of exchange rate changes and other changes on cash and cash equivalents	11.5	2.5	32.2	13.5
Cash and cash equivalents at the end of the period	603.7	955.1	603.7	955.1

Cash flow from operating activities in the third quarter 2022 amounts to MEUR 88.1 as compared to MEUR 85.2 in the third quarter 2021. This is mainly driven by (i) the profit for the period, and (ii) positive inflow from change in the working capital amounting to MEUR 65.1.

Cash flow from investing activities represents a cash outflow of MEUR 122.8 in the third quarter 2022. The outflow increased due to capex of MEUR 112.0 related to an ongoing capacity optimization, including the build out of ready-to-eat facilities, and automation investments. Key target geographies for these investments in Q3 2022 were the US, Germany, Canada and the UK.

The cash outflow from financing activities amounting to MEUR 15.3 is primarily a result of the lease payments (in accordance with IFRS 16) amounting to MEUR 15.2 in the third quarter 2022.

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

In MEUR	3 months ended 30-Sep-22	3 months ended 30-Sep-21	9 months ended 30-Sep-22	9 months ended 30-Sep-21
Cash Flow from operating activities	88.1	85.2	265.2	396.3
Net Capital expenditure	(125.2)	(58.7)	(311.9)	(129.2)
Repayment of lease liability excluding interest	(15.2)	(8.8)	(40.0)	(16.9)
Free Cash Flow for the period	(52.3)	17.7	(86.7)	250.2

HelloFresh maintained a strong cash level at MEUR 603.7. In addition, the company has a MEUR 400.0 revolving credit facility in place of which MEUR 369.3 is not utilized, and available at the end of the third quarter of 2022.

Outlook

The Company maintains its outlook provided on 20 July 2022 for the fiscal year 2022: a constant currency revenue growth of between 18 % and 23 % and an adjusted EBITDA ("AEBITDA") of between MEUR 460 and MEUR 530.

Events after the reporting period

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

Berlin, 27 October 2022

Dominik Richter
Chief Executive
Officer

Thomas Griesel
Chief Executive
Officer International

Christian Gärtner
Chief Financial
Officer

Edward Boyes
Chief Commercial
Officer

Consolidated Statement of Financial Position as of 30 September 2022

In MEUR	As at 30-Sep-22	As at 31-Dec-21
Assets		
Non-current assets		
Property, plant and equipment	1,088.6	618.6
Intangible assets	107.5	82.6
Goodwill	304.9	274.1
Investments in associates accounted at equity	0.0	0.0
Other financial assets	30.3	27.0
Other non-financial assets	0.2	0.4
Deferred income tax assets	61.5	52.8
Total non-current assets	1,593.0	1,055.5
Current assets		
Inventories	272.7	220.4
Trade receivables	17.4	21.4
Other financial assets	10.8	11.3
Other non-financial assets	106.7	72.9
Cash and cash equivalents	603.7	827.1
Total current assets	1,011.3	1,153.1
Total assets	2,604.3	2,208.6

Consolidated Statement of Financial Position (continued)

as of 30 September 2022

In MEUR	As at 30-Sep-22	As at 31-Dec-21
Equity and liabilities		
Equity		
Share capital	171.8	173.9
Treasury shares	(124.1)	(1.3)
Capital reserves	470.0	472.8
Other reserves	122.9	82.1
Accumulated gains	291.5	199.1
Other comprehensive income/(loss)	25.2	(30.9)
Equity attributable to the Company's shareholders	957.3	895.7
Non-controlling interests	(0.3)	0.9
Total equity	957.0	896.6
Non-current liabilities		
Other financial liabilities	436.4	304.3
Deferred income tax liability	22.1	16.1
Long-term debt	159.4	155.2
Provisions	13.0	10.2
Other non-financial liabilities	0.9	0.9
Total non-current liabilities	631.8	486.7
Current liabilities		
Trade payables	592.7	440.7
Other financial liabilities	114.5	91.7
Provisions	32.8	26.2
Deferred revenue	141.4	103.7
Income tax liabilities	29.2	82.8
Other non-financial liabilities	104.9	80.2
Total current liabilities	1,015.5	825.3
Total equity and liabilities	2,604.3	2,208.6

Consolidated Statement of Comprehensive Income for the period ended as of 30 September 2022

In MEUR	3 months ended		9 months ended	
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
Revenue	1,860.2	1,415.5	5,732.7	4,413.4
Procurement expenses	(644.5)	(489.8)	(1,978.1)	(1,509.8)
Fulfilment expenses	(768.0)	(613.8)	(2,337.5)	(1,790.4)
Marketing expenses	(333.8)	(209.5)	(980.7)	(640.9)
General and administrative expenses	(99.2)	(56.2)	(272.9)	(148.8)
Other operating income	2.0	2.3	9.5	7.1
Other operating expenses	(15.5)	(7.1)	(41.3)	(24.2)
Operating profit	1.2	41.4	131.7	306.4
Results from investment in associates	—	(1.1)	—	(2.9)
Interest income	0.9	0.2	1.2	0.4
Interest expense	(7.0)	(5.1)	(17.5)	(14.2)
Other finance income	23.1	3.9	53.9	14.5
Other finance expenses	(3.3)	(3.3)	(7.8)	(6.4)
Profit before income tax expense	15.0	36.0	161.5	297.8
Income tax expense	(12.9)	(12.9)	(69.9)	(89.2)
Profit for the period	2.1	23.1	91.6	208.6
attributable to:				
Owners of the Company	2.6	23.1	92.8	208.5
Non-controlling interests	(0.5)	0.0	(1.2)	0.1
Other comprehensive income (loss):				
Items that may be subsequently reclassified to profit or loss				
Exchange differences on net investments in foreign operations	—	(0.2)	—	(3.5)
Exchange differences on translation to presentation currency	14.8	2.6	33.5	9.5
Revaluation of non-controlling interests put options	2.8	(4.3)	22.1	(11.7)
Other comprehensive income (loss) for the period	17.6	(1.9)	55.6	(5.7)
Total comprehensive income for the period	19.7	21.3	147.2	202.9
Total comprehensive income attributable to:				
Owners of the Company	20.2	21.3	148.4	202.7
Non-controlling interests	(0.5)	0.0	(1.2)	0.2
Basic profit per share (in EUR)	0.01	0.13	0.53	1.20
Diluted profit per share (in EUR)	0.02	0.13	0.53	1.15

Consolidated Statement of Cash Flows for the period ended as of 30 September 2022

In MEUR	3 months ended		9 months ended	
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
Cash flow from operating activities				
Profit for the period	2.1	23.1	91.6	208.6
Adjustments for:				
Results from investment in associates	—	1.1	—	2.9
Interest expense	7.0	5.1	17.5	14.2
Interest income	(0.9)	(0.2)	(1.2)	(0.4)
Other finance income	(23.1)	(3.9)	(53.9)	(14.5)
Other finance expenses	3.3	3.3	7.8	6.4
Income tax	12.9	12.9	69.9	89.2
Income tax paid	(13.0)	(10.8)	(118.7)	(58.4)
Depreciation of property, plant and equipment	18.2	10.6	47.4	26.1
Depreciation of right-of-use assets	20.7	10.7	50.6	27.1
Amortization of intangible assets	5.6	4.2	15.2	12.6
Loss on disposal of fixed assets	0.1	(1.3)	—	(1.4)
Share-based payment expense (equity-settled)	19.6	8.9	56.6	16.6
Other non-cash transactions	2.4	2.3	3.1	(1.1)
Increase / (decrease) in provisions	2.0	4.5	4.2	6.8
Changes in working capital related to operating activities				
(Increase) / decrease in trade receivables	3.5	(11.1)	5.0	(7.9)
(Increase) / decrease in inventories	(0.7)	(17.7)	(22.8)	(66.1)
Increase / (decrease) in trade and other payables	34.9	29.1	104.2	149.7
Increase / (decrease) in deferred revenue	26.0	34.6	25.7	25.7
Net change in VAT receivables/payables and similar taxes	1.4	(7.2)	(4.0)	(3.3)
(Increase) / decrease in other financial assets	(0.6)	(4.9)	1.3	(10.5)
(Increase) / decrease in other non-financial assets	(11.0)	(9.1)	(18.8)	(17.4)
Increase / (decrease) in other financial liabilities	(3.0)	0.8	(3.7)	8.4
Increase / (decrease) in other non-financial liabilities	(13.0)	5.2	1.4	(4.7)
Interest received	0.7	0.1	1.0	0.2
Interest paid	(3.5)	(3.4)	(6.1)	(8.1)
Interest paid - IFRS 16	(3.5)	(1.7)	(8.1)	(4.4)
Net cash from operating activities	88.1	85.2	265.2	396.3

In MEUR	3 months ended		9 months ended	
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
Cash flow from investing activities				
Acquisition of subsidiary, net of cash acquired	—	—	(24.8)	—
Purchase of property, plant and equipment	(112.0)	(52.9)	(276.4)	(117.5)
Software development expenditure	(12.2)	(5.4)	(28.8)	(11.0)
Purchase of intangible assets	(1.0)	(0.4)	(6.7)	(0.7)
Interest received (IFRS 16)	0.1	0.1	0.2	0.2
Lease payments received from finance leases (IFRS 16)	0.4	0.3	1.1	0.9
(Transfer) of cash into restricted cash accounts and deposits	(0.3)	(0.2)	(5.2)	(1.2)
Withdrawal of cash from restricted cash accounts and deposits	2.2	1.0	3.3	4.8
Net cash (used in) investing activities	(122.8)	(57.5)	(337.3)	(124.5)
Cash flow from financing activities				
Repurchase of equity instruments due to share-based compensation	(0.1)	—	(16.0)	(39.3)
Proceeds from the issuance of share capital	—	0.2	—	0.4
Repurchase under share buyback program	—	—	(125.1)	—
Associate company loan	—	0.1	—	0.1
Repurchase of shares in subsidiaries	—	—	(2.4)	(2.0)
Repayment of long-term debt	—	—	—	(1.5)
Repayment of principal under IFRS 16	(15.2)	(8.8)	(40.0)	(16.9)
Net cash (used in) financing activities	(15.3)	(8.5)	(183.5)	(59.2)
Effects of exchange rate changes and other changes on cash and cash equivalents	11.5	2.5	32.2	13.5
Cash and cash equivalents at the beginning of the period	642.2	933.4	827.1	729.0
Cash and cash equivalents at the end of the period	603.7	955.1	603.7	955.1

Consolidated Segment Statement

In MEUR	9-months ended 30-Sep 22					
	USA	Int'l	Total segments	Holding	Conso	Group
Total revenue	3,424.5	2,337.2	5,761.7	402.6	(431.6)	5,732.7
Internal revenue	11.9	17.3	29.2	402.4	(431.6)	—
External revenue	3,412.6	2,319.9	5,732.5	0.2	—	5,732.7
Contribution margin (excl. SBC)	908.5	556.0	1,464.5	388.8	(415.4)	1,437.9
Adjusted EBITDA	271.2	141.7	412.9	(95.8)	—	317.1
Special items	(10.3)	(3.6)	(13.9)	(1.8)	—	(15.7)
Share-based compensation expenses	(29.7)	(7.6)	(37.3)	(19.3)	—	(56.6)
EBITDA (excl. holding fees)	231.2	130.5	361.7	(116.9)	—	244.8
Depreciation and amortization	(50.1)	(52.2)	(102.3)	(10.8)	—	(113.1)
EBIT (excl. holding fees)	181.1	78.3	259.4	(127.7)	—	131.7
Holding fee	(110.2)	(68.1)	(178.3)	179.2	(0.9)	—
EBIT	70.9	10.2	81.1	51.5	(0.9)	131.7
Results from investment in associates	—	—	—	—	—	—
Interest income	0.7	0.2	0.9	0.3	—	1.2
Interest expense	(6.4)	(4.1)	(10.5)	(7.0)	—	(17.5)
Other finance income (excl. intercompany dividends)	39.2	4.2	43.4	15.0	(4.5)	53.9
Other finance expenses	(3.7)	(7.1)	(10.8)	(2.4)	5.4	(7.8)
Income tax expense	(28.3)	(17.1)	(45.4)	(24.5)	—	(69.9)
Profit/(Loss) for the period	72.4	(13.7)	58.7	32.9	—	91.6

In MEUR	9-months ended 30-Sep 21					
	USA	Int'l	Total segments	Holding	Conso	Group
Total revenue	2,444.3	1,983.0	4,427.3	378.1	(391.9)	4,413.4
Internal revenue	5.6	8.7	14.3	377.6	(391.9)	—
External revenue	2,438.7	1,974.3	4,413.0	0.4	—	4,413.4
Contribution margin (excl. SBC)	639.1	503.4	1,142.6	369.7	(384.3)	1,128.0
Adjusted EBITDA	232.4	223.3	455.7	(59.0)	—	396.8
Special items	(5.6)	(1.7)	(7.3)	(0.5)	—	(7.8)
Share-based compensation expenses	(10.1)	(2.2)	(12.3)	(4.3)	—	(16.6)
EBITDA (excl. holding fees)	216.7	219.4	436.1	(63.8)	—	372.3
Depreciation and amortization	(33.0)	(28.0)	(61.0)	(4.9)	—	(65.9)
EBIT (excl. holding fees)	183.7	191.4	375.1	(68.7)	—	306.4
Holding fee	(120.8)	(114.8)	(235.6)	235.6	—	—
EBIT	62.9	76.6	139.5	166.9	—	306.4
Results from investments in associates	—	—	—	(2.9)	—	(2.9)
Interest income	0.2	0.1	0.3	0.1	—	0.4
Interest expense	(5.4)	(2.1)	(7.4)	(6.8)	—	(14.2)
Other finance income (excl. intercompany dividends)	3.1	3.3	6.4	10.7	(2.6)	14.5
Other finance expenses	(3.2)	(2.7)	(5.9)	(3.1)	2.6	(6.4)
Income tax expense	(12.6)	(14.7)	(27.3)	(61.9)	—	(89.2)
Profit for the period	45.0	60.5	105.5	103.1	—	208.6

Earnings per share

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

Basic earnings per share is calculated as follows:

	3 months ended 30-Sep-22	3 months ended 30-Sep-21	9 months ended 30-Sep-22	9 months ended 30-Sep-21
Net income for the period attributable to the shareholders of HelloFresh SE (in MEUR)	2.1	23.2	91.6	208.6
Weighted average number of ordinary shares (in millions)	171.5	173.6	171.7	173.6
Basic earning per share in EUR	0.01	0.13	0.53	1.20

Diluted earnings per share is calculated as follows:

	3 months ended 30-Sep-22	3 months ended 30-Sep-21	9 months ended 30-Sep-22	9 months ended 30-Sep-21
Net income after dilution for the period attributable to the shareholders of HelloFresh SE (in MEUR)	3.3	24.3	95.3	212.1
Weighted average number of diluted shares (in millions)	179.3	183.9	179.4	184.0
Diluted earning per share in EUR	0.02	0.13	0.53	1.15

The basic earnings per share are determined by dividing the net income for the period attributable to the shareholders of HelloFresh SE by the basic weighted average number of shares.

The diluted earnings per share are determined by adding the post-tax interest component on convertible bonds to the net income for the period attributable to the shareholders and dividing them by diluted weighted average number of shares. The dilutive effect stems from outstanding stock options attributable to VSOP and RSU programs, call options and the group's convertible bond.

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).

Holding fees

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

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 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.



HELLOFRESH
GROUP

HelloFresh SE
Prinzenstrasse 89
10969 Berlin