

Letter by the Management Board

Dear HelloFresh shareholders,

Over the past decade, HelloFresh has reshaped how millions of people eat at home. We pioneered the meal kit category, scaled it globally, weathered the pandemic, and built category-defining businesses in both Meal Kits and Ready-to-Eat — today, we ship close to one billion meals annually.

Along the way, we've celebrated major milestones, but we've also had our share of missteps. Each has brought valuable lessons, sharpened our focus, and helped shape a stronger foundation for the future.

Despite our scale, we remain early in our journey. The global food-at-home market is more than 1,000 times our current size. It's a fragmented landscape, but the companies that endure all share a core trait: a relentless focus on product quality and customer value. Our long-term success will come from the same: delivering a food experience that is not just convenient, but craveable. Not just functional, but delightful.

In previous letters, we emphasized two priorities for 2025:

- Delivering our MEUR 300+ efficiency program, and
- Reinvesting into the Product to materially improve the customer experience.

Over the past 12 months, we've fixed a lot and done the hard work on improving the underlying fundamentals: fixing structural inefficiencies, rebuilding cost discipline, and simplifying our operating model. At the same time our teams largely mitigated unprecedented inflation in red meat and scenario-planned for looming tariff threats, all consuming a lot of mindshare.

Much of that work - though not always visible externally to its full degree - was essential. It was not only cost-cutting but a structural reset of how we operate.

Of the MEUR 300 in recurring annual cost savings by FY2026 we have implemented measures corresponding to c. MEUR 150 annually already, most notably in overhead personnel, direct labor productivity and network optimization. Additional initiatives worth c. MEUR 90 will still be executed in H2 2025 and the remaining initiatives worth c. MEUR 60 are scheduled for 2026.

Based on current run-rate and the tight governance we have wrapped around the program we feel confident that we will achieve or outperform the original MEUR 300 cost savings target. Additional initiatives, especially stemming from our efforts of deploying Generative AI into content production, menu planning and workflow automation, may offer further upside to our MEUR 300 efficiency program base case. The P&L impact of the entire efficiency program will be somewhat backend-weighted given run-rate effects, notice periods or severance packages.

Crucially, the majority of these actions are permanent. They structurally lower our fixed cost base and improve margins on every order to be shipped in 2026 and beyond. Despite a lower topline and order volume in H1 2025, these efforts resulted in significantly improved profit contribution margins, lower indirect costs, and a leaner, faster organization already.

The results are clearly visible: free cash flow per diluted share in H1 2025 was up 4x vs. the same period last year.

Now, we are putting that foundation to work.

To seize it, we are executing a multi-year strategy we call “The Refresh.” At its heart it is a simple but powerful idea: leverage our meaningfully improved cost base to reinvest into what matters most: a radically better food experience. That means upgrading the quality, variety, and personalization of our meals, and massively expanding the number of options customers can choose from across Meal Kits and Ready-to-Eat.

These two priorities, efficiency & product reinvestment, are not isolated efforts. They are interconnected - and deliberately sequenced. In the next 12 months we plan to reinvest over MEUR 100 of the +MEUR 300 efficiency program back into a much improved customer experience. The flywheel is clear: cost discipline funds product innovation; great product drives retention and LTV; retention unlocks profitable growth at scale.

We won't stop here. Every additional EUR saved on top of our efficiency program goal is a EUR we can partially put back into delighting customers. And every delighted customer drives higher engagement, order rates, and lifetime value. That's how we will return to sustainable, profitable growth and move one step closer to fulfilling our long-term mission: to change the way people eat, forever.

The bulk of our product upgrades will launch in H2 2025 and scale into 2026. We have, however, de-risked our product-led, "return to growth" strategy with select initiatives carried out in H1, the results of which have been encouraging and deepened our conviction:

- In Canada, we doubled the number of weekly meal options and enabled HelloFresh customers to mix and match Meal Kits with Factor meals — all from a single account.
- In the UK, redesigned the entire unboxing experience, including a new box design that keeps ingredients fresher for longer, and generously increased vegetable portions, and the share of seafood offerings considerably.
- In DACH, we introduced organic proteins and dairy as premium options, moved entirely to grass-fed beef and launched a series of successful "Street Food" monthly specials.

The next major milestone we embark on is our largest product upgrade to date which has been launched for the back-to-school season in the US just last week. US meal kit customers will benefit from a 50% larger menu, having access to over 100 weekly options in a first step. And, at the same time, we're upgrading the menu itself through a combination of more seafood options, more generous protein and vegetable portion sizes, much higher cuisine diversity and a new look and feel of our packaging, further emphasizing the improved value our customers get.

Starting from August, Factor US customers will see more than double the number of meals on the menu versus Q1 2025. This is in addition to a wide range of new, high value protein cuts, premium seafood options, and larger portion sizes.

While we're encouraged by the progress in our Meal Kit business, Factor US experienced operational setbacks in Q2 that temporarily disrupted customer satisfaction and growth momentum. As we rolled out our multi-leg growth plan, including GLP-1 targeted offerings, expanded cuisine variety and upper funnel campaigns, we were too slow to respond to emerging operational challenges.

Regulatory changes required us to invest in additional shelf-life testing, rework some of our most popular meals and to temporarily increase meal reheat times. This resulted in a few months of much higher week-over-week repetition, reduced menu novelty and adversely affected customer satisfaction metrics. That was a miss - and it has been taking longer to correct than we had initially expected

With new leadership in place since April, we've moved decisively to course-correct. The results are encouraging:

- Meal ratings as of June are now at a 15-month high, recovering from March lows.
- Cancellation rates have declined for three consecutive months, supported by deeper menus and exciting new ingredients.
- Forward-looking customer lifetime values rebounded, from -15 % YoY in late Q1 to in line or better than prior-year levels by June.

We expect that the re-establishment of Factor's historical quality foundation, along with doubling our menu size and variety, will position our business for a strong recovery in the quarters ahead and pave the way for a re-acceleration of growth by Q4 and beyond.

All of our data points demonstrate to us the incredible importance of ensuring that our meal experiences consistently live up to and exceed the expectations of our customers at any time. That conviction is what drives "The Refresh". And it's why we believe that a radically better food experience is the single biggest unlock for long-term growth.

We remain excited about the long-term opportunity ahead of us. After a year of rightsizing, with the majority of these tailwinds still to work their full effect through the P&L and balance sheet in the coming quarters, we are turning our attention toward returning to growth. Growth fueled by quality, powered by efficiency, and grounded in customer love.

It's been energizing to see our teams rally behind that vision and bring it to life - we look forward to sharing more as these initiatives roll out.

Thank you for your continued support and confidence in our mission to “change the way people eat, forever”.

Berlin, 13 August 2025

Dominik Richter Chief Executive Officer	Thomas Griesel Chief Executive Officer International	Christian Gaertner Chief Financial Officer	Edward Boyes Chief Commercial Officer
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