



HELLOFRESH

GROUP

Transforming Food Manufacturing Through Lean, Analytics and Technology

*Matt Cicinelli, VP Supply Chain
Technology*

Our Mission

We change the
way people eat -
forever



Budget

Helping consumers to save money with every meal

Health

Democratizing access to high-quality food

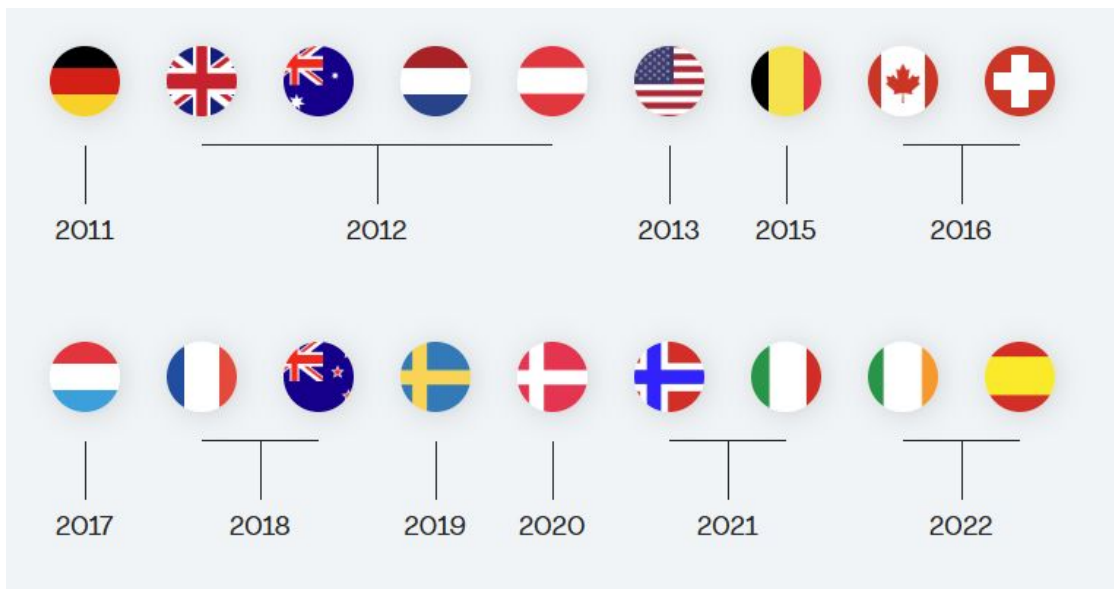
Taste

Allowing everyone to enjoy a varied and tasty diet

Sustainability

Less food waste, CO2 neutral delivery of every box

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Our Global Footprint

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Meal kit brands

Fresh home cooking with pre-portioned ingredients and curated recipes, delivered to your door.

Ready-to-eat (RTE) brands

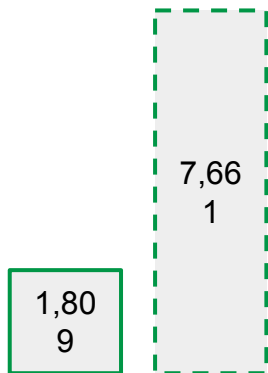
Health-oriented maximum convenience eating of varied meals - pre-cooked and ready to heat.

Single Product Brand “New Ventures”

Single brands belonging to adjacent product categories.

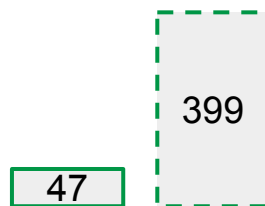
Our Brand Portfolio

Revenue



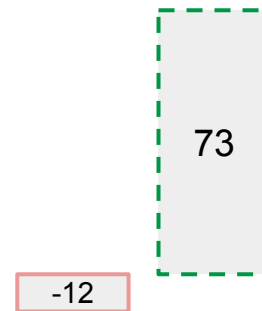
34% CAGR

AEBITDA



~9x
Increase

FCF



Turned
Positive

Our Growth, 2019 - 2024



FACTOR_

FUEL UP & FEEL GOOD FAST

America's #1 ready-to-eat meal delivery service, Factor takes the guesswork out of eating well with fresh, nutritious, and delicious meals & snacks for a life on the go.

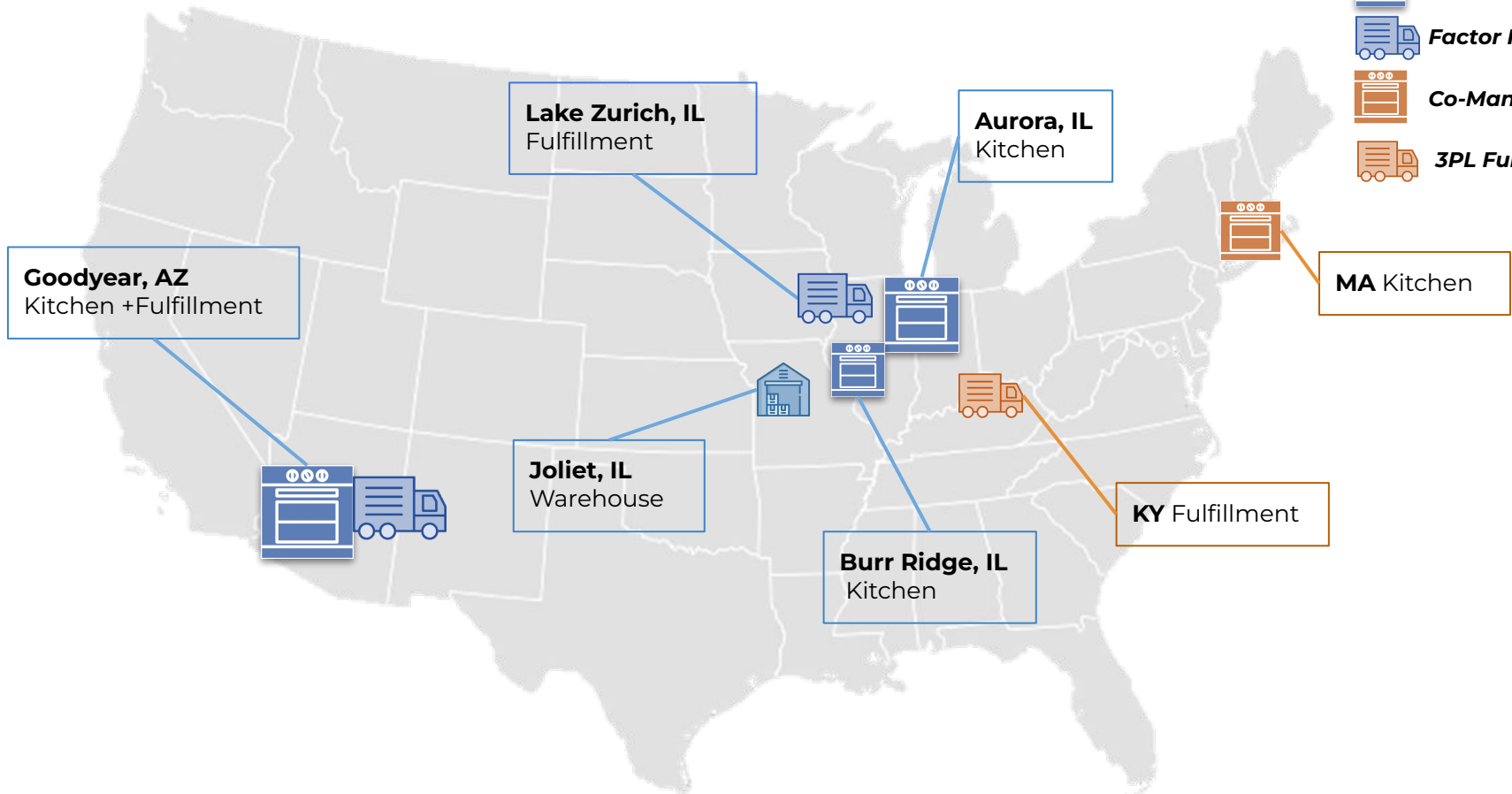
Factor is a fully-prepared meal delivery service that is taking a whole new approach to fresh-prepared food.

The rotating menu of 35 weekly meals and 60+ add-on options, including smoothies, juices, snacks and more, are hand-crafted by gourmet chefs and optimized by dietitians.

Factor also offers complimentary consultations with the in-house dietitian team to help customers create a personalized nutrition plan.

Factor Supply Chain (Kitchen & Fulfillment)

-  **Factor Warehouse**
-  **Factor Kitchen**
-  **Factor Fulfillment**
-  **Co-Man Kitchen**
-  **3PL Fulfillment**



Where we Started in May 2024

- High Cost
 - Excessive labor due to unplanned runs and excessive inventory
 - High food waste cost
 - Low asset utilization driving a multi million dollar capital ask
- Lack of Data and Process
 - Reliance on web of spreadsheets, overwritten weekly
 - Long process lead times reducing shelf life
- Bad Customer Experience
 - Capacity constrained capping our market demand
 - Dissatisfied customers due to short shipping orders



The Approach

The Kitchen is “manufacturing” meals so a Lean Six Sigma approach to improvement was taken.



Trained leadership on basic Lean tools to stabilize and improve

- 7 forms of waste / 3 flows
- 5S and WIP caps (Single piece flow)
- Standard work
- Value stream mapping
- OEE (Overall Equipment Effectiveness)
- Gemba walks (Floor level engagement / Problem solving)



Lead go and see activities to highlight the application of the tools



Identified key supporters to help drive the culture shift to learn

What We Learned

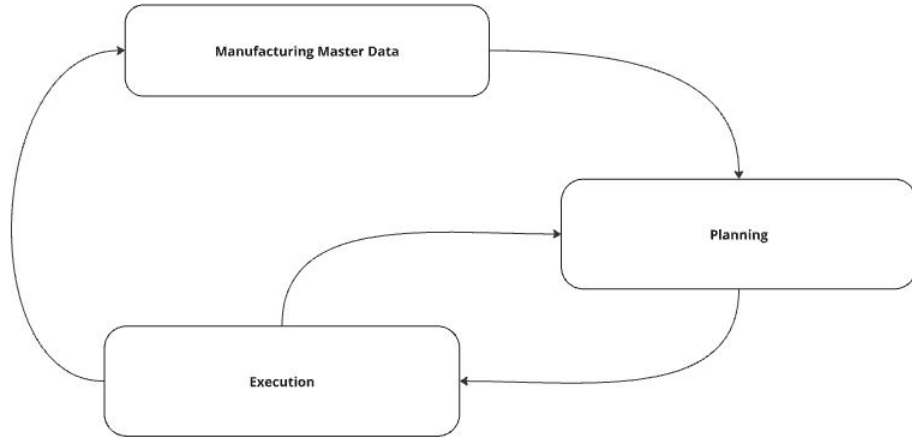
- 1. Equipment utilization was poor.
- 1. The scheduling logic did not match the need by times for component parts.
- 1. Each process step was acting independently from their up/downstream customer.
- 2. Product was commonly misplaced.
- 1. Rework was significant.
- 1. Every person had their own best way perform the process.

Quick Wins

- Fundamental shift from batch production of 5+ runs/week to 2 runs/week
 - 3rd is defect that is on the spot problem solved
- Establish Gemba Walks and gain direct floor observation and feedback from the process and hourly team
- Deploying Visual Controls and 5S mechanisms to guide material across building
- Visual standards for over & under producing product
 - Trays / produced meals / debox areas
 - Right size the work in progress
- WIP controls in queues to ensure not overstaging
 - Don't make 150 racks of raw goods when only need 50 / hr
- Aligned shipping schedule to cooking schedule to ensure producing as JIT



Long Term Change: *The Food Manufacturing Platform*



- Master Data
 - Source of truth for what goes into a meal and how to produce it
 - Database that houses all production data: Ingredients, amounts, steps (Plan for every Ingredient –PFEI), cycle times, yields, allergens, equipment changovers, etc
- Planning:
 - Determine the right amount to produce on the right day
 - Move from 'push' to 'pull' model
- Execution:
 - Progress against plan
 - Developed OEE Dashboard
 - Feedback loops



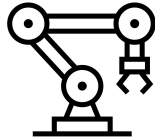
Results to Date

- Culture has fundamentally shifted to a **problem solving mindset**
- Safety incidences have reduced by over **55%**
- Customer shorts have gone from 16k/week to **Zero**
- Food waste has been reduced by **75%**
- Labor efficiencies have improved in the Kitchen by **10%** and Fulfillment **27%**
- Equipment utilization has gone from 30% to **82%**
- We have **unconstrained** our buildings to meet growing customer demand

What's Next



Continue to build on the Lean problem solving culture we have begun



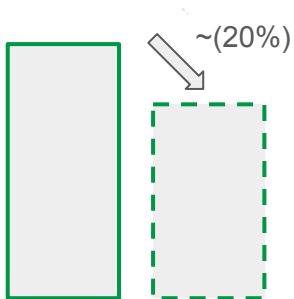
Test and deploy end-to-end automation solutions

- Kettle to Plating, eliminating the brazers
- Grain automation, eliminating the need to batch rice and other grains
- Deploy auto cook lines with PFEL information

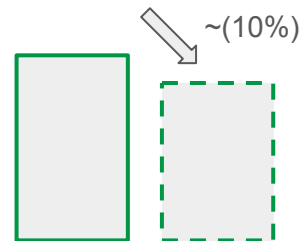


Key improvements will enable a significant increase in Menu Selection for our customers while drastically reducing labor cost, remove further waste, and increase shelf life

Targeted production cost development (2024 - 2026)



RTE



Meal Kits

Long term impact



A top-down view of a dining table with various plates of food, glasses, and silverware. The table is light-colored and textured. In the center, the text "Thank you!" is written in a bold, black, sans-serif font. Surrounding the text are several plates of food: a burger with a fried egg on top, a plate of rice with shrimp, a plate of rice with vegetables and cheese, a plate of fish, and a plate of rice with beans and vegetables. There are also glasses of water and beer, a small dish of chopped green herbs, and silverware (forks and knives) scattered around the table.

Thank you!