



HelloFresh – Bad Decisions. Bad conduct.

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On November 18, 2021, almost exactly three years ago, HelloFresh stock reached its peak value at €97.50. After that, it rapidly declined. By early January 2022, less than two months later, the price had fallen to €60, and a year later, on November 18, 2022, it had lost 75% of its value. This trend continued: by November 2023, the stock had dropped another 30%, and from November 2023 to today, it lost an additional 35% to about 9-10€.

The global lockdowns during the pandemic made the business boom. However, it was foreseeable that this extraordinary situation would eventually end. How did it come to pass that HelloFresh continued its expansive strategy without restraint for two more years, even when it was clear to every investor that the focus should have shifted to efficiency and cost-cutting? The first cost-saving measures were actually only initiated in 2024.

During the prolonged regional expansion, numerous companies were acquired, which, however, remained disconnected from HelloFresh's existing offerings without any real synergies. In the rush for growth, size became the focus, leaving everything else to be addressed later. Added to this was the board's lack of intercultural understanding, leading to legal conflicts with unions, employees, and authorities, sometimes resulting in significant fines. The company's "woke" shift away from meritocracy to a focus on DEI (diversity, equity, inclusion) has also not exactly painted a prosperous future for HelloFresh. This shift in priorities raises major concerns about its commitment to productivity and shareholder value. As seen in other companies, DEI initiatives often lead to inefficiency, internal frictions, and almost certain divert from more urgent needs such like cost cutting measures.

The many management mistakes were no coincidence. The founders had little experience and learned through trial and error. While the surge in demand during the pandemic certainly helped mask some of these mistakes, it raises a legitimate question whether experienced turnaround managers might be better suited to guide HelloFresh through its current difficulties.

However, the current board sees no reason for such a change, much like it watched the stock's decline for months without feeling compelled to act. Furthermore, there's concern about the board's lack of independence, as HelloFresh's governance reports provide several examples.

For instance, the application of the German Corporate Governance Code (DCKG) revealed practices diametrically opposed to good corporate governance, such as adjusting performance targets for variable executive compensation even within a fiscal year. Yet, the board was unwilling to change this practice, thus ensuring that executives still received their variable salary portions even in years with, for example, abysmal stock performance—a mockery of shareholders.

In early 2024, it was discovered that Dominik Richter, in addition to his role as CEO at HelloFresh, had also been serving as CEO of a €300 million SPAC based in the Cayman Islands since February 2021. The board announced that they were aware of this and had no issues with it. But if it posed no problem, why was it kept quiet?

There are other side activities by the two co-CEOs, Thomas Wartmut Griesel and Dominik Sebastian Richter, who are both involved in private equity and venture capital through



their firms TWG Ventures and DSR Ventures GmbH. In our view, these side activities are neither compatible with the time nor the substance of their responsibilities as HelloFresh executives. Why does the board not only allow such conflicts of interest but also support them?

TWG Ventures and DSR Ventures are also the most frequently mentioned in reports of notifiable transactions (Directors' Dealings), as outlined in [this earlier report](#). Dominik Richter's (or DSR Ventures') transactions often involve pledging his own shares as part of a credit transaction, likely to fund investments by DSR Ventures. These transactions, which can happen up to eight times a year, typically range from €5 million to €15 million.

In contrast, Thomas Griesel trades around four to six times a year, selling options on HelloFresh stock. As an option writer, he issues 100,000 to 200,000 options with expirations typically in about three months, sometimes even in a few days. Remarkably, many of these transactions involve selling call options. Griesel collects a premium upon selling but faces exponentially growing liabilities if prices rise. Thus, he is betting against the rising price of HelloFresh stock—a personal short position on the company he is supposed to lead as CEO. This results in a massive and ongoing conflict of interest.

Considering that the CEO of a publicly traded company can much more easily influence a stock's price downward than upward with a single word, it's unsurprising that the SEC in the USA prohibits board members from short-selling in any form under threat of severe penalties.

In Europe and Germany, Thomas Griesel's transactions could be considered insider trading or market manipulation under the Market Abuse Regulation (MAR). Additionally, the German Stock Corporation Act (AktG) in conjunction with the German Civil Code (BGB) could also give rise to potential damage claims from affected shareholders.

Especially since the violations have been ongoing for years, it is surprising that the authorities interested in such matters apparently haven't noticed anything. Or do they not want to notice?

We will certainly question the authorities about this.

In any case, the structures, the professional and personal suitability of the current board, the corrupted oversight bodies, and the woke prioritization make us seriously doubt any near-term profitability.



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