

TELL US ABOUT HAPPYFRESH'S BEGINNINGS AND WHERE IT IS TODAY.

HappyFresh is a startup that solely focuses on the grocery sector while employing an asset-light model. We partner with brick-and-mortar grocery retailers to offer an online shopping experience that leverages off their existing physical assets and distribution networks.

The company was founded to bring the benefit of convenience to consumers in clogged cities across South-east Asia. It was our ambition to prove that it is possible to deliver high quality fresh groceries and frozen products to consumers, within an hour, in traffic-congested cities such as Bangkok, Jakarta and Kuala Lumpur.

Co-founder and chief technology officer Fajar Budiprasetyo and his team of long-time software engineers built the first prototype of the software consisting of consumer front end and shopper-and-driver back end in less than eight weeks between December 2014 and February 2015. The business was launched in two cities in March 2015. This proprietary technology, combined with our vast data and e-commerce capabilities, has allowed us to make great strides in the highly competitive online grocery industry.

Since completing the last round of funding in 2016, we have spent the last few months rationalising and streamlining our operations to strengthen the sustainability and scalability of our business. As a result of this focused approach, HappyFresh achieved pre-marketing profitability (ie per order basis profitability) in December 2016.

Looking ahead, we will continue to work with our supermarket partners to create the best experience for our customers, both offline and online. We are convinced that with our technology expertise and together with our partners, we can blend online and offline boundaries and make every step of our customer's journey intuitive and delightful.

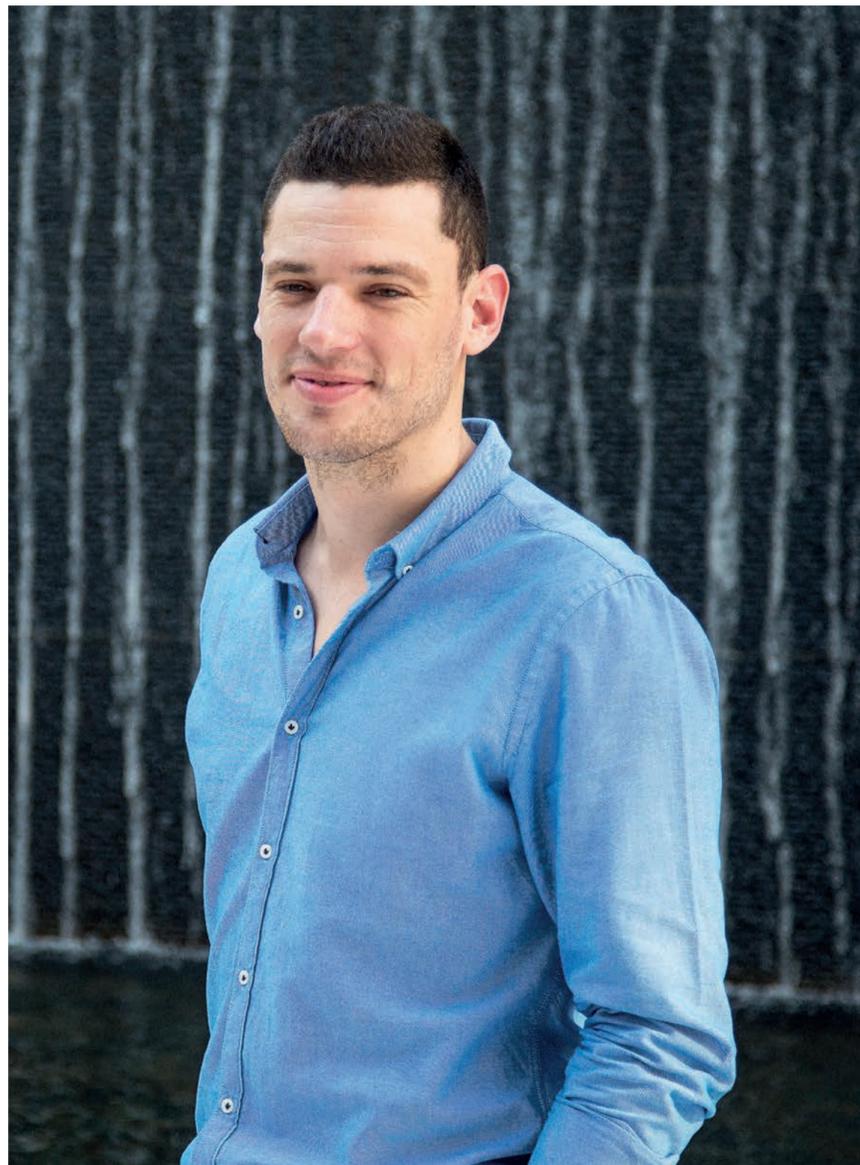
WHY DID YOU DECIDE TO JOIN HAPPYFRESH?

I joined HappyFresh in March 2015 as its vice-president, operations. I am passionate about solving problems and providing solutions that can make life easier, and HappyFresh has given me the opportunity to do that.

Another reason that attracted me to this company was the people. The company was founded by a team of seasoned entrepreneurs who had strong business acumen, technical expertise and most importantly, acute local insight. I had the privilege to learn from great people and hence, was able to grow very fast. I love the fact that I was – and still am – constantly challenged to break my limits. That is how you grow and become better.

Over the years, I've also had the opportunity to build and work with an incredible team of local talent who were invaluable to the success of HappyFresh in various markets. I am very proud of our HappyFreshers as they had carried us through so many storms.

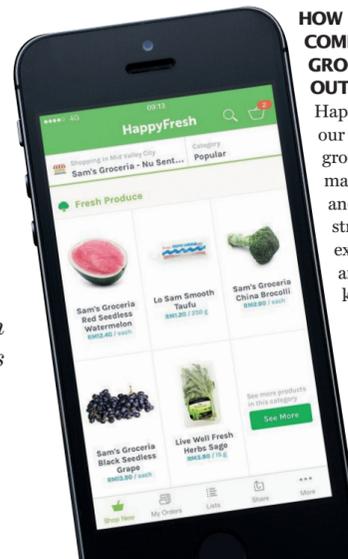
I think there is no better time than now to be



MOVING TOWARDS GROCERIES 2.0

Traditionally, people get their groceries from brick-and-mortar stores because they need to touch the food before buying to check for freshness. Startup HappyFresh is turning this around by offering convenience to consumers, delivering high quality fresh groceries and frozen products within an hour – and doing so with technology as the main driver of its operations. It partners grocery retailers to offer an online shopping experience that leverages off their existing physical assets and distribution networks. HappyFresh's CEO Guillem Segarra (above) tells us what makes his business different.

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in the grocery retail industry. I am convinced that the grocery retail industry will change more in the next five years than it did in the past 50 years. The combination of a fast-growing, large category of spend with naturally high frequency and a region (ie South-east Asia) experiencing rapid urbanisation with a rising middle class and the willingness to purchase online will drive the change – not only for the online, but also for the offline category.

I am excited to be a part of this change. In a couple of years, I hope that everyone in HappyFresh can look back and feel proud that they were part of a great company that has transformed the grocery industry in South-east Asia.

WHAT ARE SOME OF HAPPYFRESH'S BIGGEST ACHIEVEMENTS?

The company has achieved pre-marketing profitability (ie per order basis profitability) in December 2016, after being in business for less than two years. Being a pure play company gives us laser focus and makes us an expert in the sector. This gives us a competitive advantage as we continue our focused journey to crack that bucket of grocery spend, generating value for our retail partners, brands and customers.

HappyFresh also has the financial backing from well-known institutional investors. In September 2015, we successfully completed a funding round led by Vertex Venture, the venture arm of Temasek Holdings, and Sinar Mas Digital Ventures, the venture arm of Sinar Mas Group of Indonesia. Other participating investors include Asia Venture Group, Beenext, Ardent Capital, 500 Startups and Cherry Ventures.

Last year, we raised fresh funds from new investors including Samena Capital and Endeavor. This fund infusion helped put HappyFresh on a path to sustained profitability and growth. This fresh funding was also backed by HappyFresh's existing investors, and is a testament to our leading position in the food and grocery delivery industry.

HOW DOES THE COMPANY COMPETE WITH THE MANY GROCERY DELIVERY STARTUPS OUT THERE?

HappyFresh differentiates from our competitors as the only grocery-focused, asset-light marketplace in the region, and further benefits from a strong proprietary tech stack, experienced management team and financial backing from well-known institutional investors.

Not only that, but we have a solid base of partners – both supermarkets and brands, FMCGs (fast-moving consumer goods), banks – that ensures the sustainability and profitability of our value

proposition towards our customers, hence a solid foundation as a business.

Our technology, data and e-commerce capabilities allow us to offer consumers the convenience of ordering groceries online and having them delivered at a time of their choice, as fast as within the next hour. For retailers, we are able to offer an end-to-end, plug-and-play e-commerce solution. More than 50 FMCG brands are already using our customer insights solution to deliver targeted advertising based on shopping behaviour to reduce marketing spillover and to position themselves within the weekly grocery shopping of the consumer. We can keep the wheels of the ecosystem turning faster which will eventually benefit all players.

The majority of other players have moved into other verticals due the lack of scalability or profitability while we are already able to monetise every single order that we deliver while seeing double-digit growth month on month.

I believe that we are uniquely positioned to act as a catalyst for the ecosystem helping all players – retail partners, brands and consumers alike – to overcome the challenges that the grocery retail industry will be facing.

EVEN BIG PLAYERS SUCH AS AMAZON ARE TAKING NOTE OF GROCERY DELIVERY. ARE SMALLER PLAYERS LIKE YOURSELF CONCERNED?

We see ourselves moving from an online groceries player into a company that will bring South-east Asia to the Groceries 2.0 stage together with our supermarket partners. Technology will be the main driver, but an innovative mindset and a fluid organisation is also required to make that change. We combine all these qualities and are ready to take the helm in this transformation.

Amazon's acquisition of Whole Foods validates our approach to selling groceries online – the only scalable and sustainable model is through combining technology and e-commerce capabilities with an offline network of physical stores.

Moving forward, HappyFresh will continue to leverage its growing network of supermarket partners to refresh its offerings and meet ever-changing consumer demand.

WHAT ARE SOME OF YOUR BIGGEST CHALLENGES?

We are in the business of changing a habit that is thousands of years old. Going to the store and buying the food for you and your family is a deeply ingrained behaviour. You don't let that go so easily, especially since we are not yet so far as to be able to provide a haptic experience when shopping online.

Touching the food that you buy, especially fresh produce is important to a lot of people, especially here in South-east Asia where shopping is a family event. On the weekend, you go to the mall, do all kinds of things there and conclude it with grocery shopping. Having said that, just like how online shopping has become a successful vertical, we are

absolutely convinced that online grocery shopping will go the same way.

In addition, our experience working closely with leading grocery retailers in this region also suggests that most grocery retailers are ill-prepared for this impending disruption (threat of Amazon/Alibaba in the region and also changing consumer expectations and behaviours).

This creates a window of opportunity for HappyFresh to monetise this strategic niche by being an ally to grocery retailers. With our people, skills and expertise, we can help them navigate these choppy waters ahead, optimise their operations and develop defendable omni-channel experiences of their own.



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The grocery retail industry is expected to change more in the next five years than it did in the past 50 years

WHAT IS IN STORE FOR HAPPYFRESH IN THE NEAR FUTURE? WHAT ARE YOUR GOALS?

My primary goal is to catalyse the changes that this industry will need to go through in order to provide the best experience for all of us, the end consumers. HappyFresh has the right DNA to do that – it is a technology company focused on innovation, and we are thinking everyday what else is out there for our customers – how can we make a difference and surprise the world. ■