Strong growth, strategic progress, path to breakeven and long-term profitability

Operational Overview

- **Strong year of growth** with 2021 gross transaction value* (GTV) up 70% year-on-year in constant currency*
- **Further UK market share gains** as UKI grew GTV* by 71% year-on-year; UK population coverage expanded to 77% at end-2021 vs 53% at end-2020, planting the seeds for future growth
- **Strengthened leading on-demand grocery position**, reaching 8% of GTV* in 2021, with >11,000 partner sites live globally at end-2021 vs ~7,000 at end-2020; launched Deliveroo Hop, a new rapid grocery delivery service
- **Continued to scale Plus and Editions** – good momentum in these differentiated offerings, growing UKI Plus subscribers four-fold in the year and adding more than 100 Editions delivery-only kitchens globally
- **Strong rider satisfaction** with 85% globally saying they are satisfied or very satisfied working with Deliveroo; attraction and retention rates remained robust during 2021 despite rising job vacancies across economies
- **Bolstered financial resources** raising £1.1 billion net proceeds from IPO in April 2021 and Series H fundraising in January 2021; ended 2021 with no borrowings and £1.3 billion in cash and cash equivalents

Financial Overview[1]

- **Revenues** up 57% to £1,824 million, primarily due to the increase in GTV*
- **Loss before income tax** of £(298) million in 2021 compared to £(213) million in 2020
- **Cash and cash equivalents** of £1,291 million at 31 December 2021 vs £379 million at 31 December 2020
- **Gross transaction value*** up 70% to £6,631 million; GTV* growth was 104% in H1 and 46% in H2 2021, showing continued strength despite reopening effects and an increasingly tough comparison base
- **Gross profit*** up 43% to £497 million; gross profit margin (as % of GTV)* of 7.5%, down from 8.7% in 2020 due to accelerated investments in consumer acquisition and retention to support future growth, as well as the reversal of benefits from higher basket sizes during COVID-related lockdowns
- **Adjusted EBITDA*** was a loss of £(131) million compared to £(11) million in 2020, as higher aggregate gross profit was offset by increased marketing spend (to drive awareness and new consumers) and investment in technology (scaling the technology team to support future growth)

Financial Guidance

- **2022 GTV* growth**: expected to be in the range of 15–25% (in constant currency*), with higher growth rate in H2 than in H1, given tough comparison base in H1 (and especially Q1) as last year's COVID restrictions are lapped
- **2022 adjusted EBITDA*:** expected to be in the range of (1.5)–(1.8)% as a % of GTV*, an improvement against (2.0)% in FY 2021 and (3.2)% in H2 2021
- **Guidance for 2022** reflects current uncertainties, particularly across European markets, due to inflationary pressures, post-COVID consumer behaviour, and the broader geopolitical and economic impacts of the conflict in Ukraine
- **Medium-term guidance:** GTV* growth expectations maintained in the range of 20–25% p.a. (in constant currency*); Deliveroo aims to reach adjusted EBITDA* breakeven at some point during H2 2023–H1 2024, the next key milestone on the path to achieving its longer term profit ambitions
- **Longer-term guidance:** Deliveroo aims to reach an adjusted EBITDA margin (as % of GTV)* of 4%+ by 2026, with further upside potential beyond 2026, driven by an expansion of gross profit margin (as % of GTV)* and reduction of marketing and overheads (as % of GTV)*

[1] In this section, GTV* growth is year-on-year and in constant currency*; all other growth rates are year-on-year and in reported currency.

* To supplement performance assessment, Deliveroo uses Alternative Performance Measures ('APMs'), which are not defined under IFRS. APMs are indicated in this document with an asterisk (*); definitions and further details are provided on pages 40 to 41.

Will Shu, Founder and CEO of Deliveroo, said:

"We have continued to make good progress in executing our strategy and I am proud of our performance in 2021. We grew rapidly across all of our markets, with 70% GTV growth in constant currency – at the top end of our previously-upgraded guidance range. Particularly encouraging to me was our performance in the UK and Ireland, where we continued to grow our market share and achieved profitability on an adjusted EBITDA basis in a competitive environment – highlighting the strength of our consumer value proposition.*

We are pleased to have strengthened our proposition for our marketplace in 2021, increasing choice for consumers, offering riders more security in the form of improved insurance, and giving our restaurant and grocery partners opportunities to grow their businesses.

We are excited about the opportunities ahead and have today laid out our plans on our longer-term path to profitability. This is a key focus for the Company this year and beyond. We aim to reach breakeven at some point during H2 2023–H1 2024 on an adjusted EBITDA basis. And by 2026, we aim to reach a 4%+ adjusted EBITDA margin*, with further upside potential beyond 2026.*

At the same time, this year it is clear that all three sides of our marketplace in Europe will face headwinds due to inflationary pressures, the removal of economic stimulus and the broader geopolitical and economic impacts of the conflict in Ukraine. We will continue to monitor developments closely. Our 2022 guidance reflects our caution on these factors, but we are confident in our ability to adapt financially to a rapidly changing macroeconomic environment.

I'd like to thank the Deliveroo team, our restaurant and grocery partners and our riders for their focus and commitment in 2021 despite a challenging backdrop."

Summary Financial Information

£ million unless stated	**2021**	**2020**	**Change reported**
Orders (m)	300.6	173.7	*73%*
UK & Ireland GTV*	3,570.0	2,091.3	*71%*
International GTV*	3,061.0	1,887.5	*62%*
Gross Transaction Value*	**6,631.0**	**3,978.8**	***67%***
Revenue	1,824.4	1,163.0	*57%*
Gross Profit	**497.3**	**347.7**	***43%***
Gross Profit Margin (as % of GTV)*	7.5%	8.7%	*(120) bps*
Marketing and Overheads*	(628.7)	(358.5)	*75%*
Adjusted EBITDA*	**(131.4)**	**(10.8)**	***n.m.****
Adjusted EBITDA Margin (as % of GTV)*	(2.0)%	(0.3)%	*(170) bps*
Loss before income tax	(298.2)	(212.6)	*40%*
Cash and cash equivalents	**1,290.9**	**379.1**	***241%***

* Alternative Performance Measure (APM), refer to glossary on pages 40 to 41 for further details
**n.m. – not meaningful
GTV* change in constant currency* was 70% for Group, 71% for UK & Ireland, and 69% for International

This announcement includes inside information as defined in Article 7 of the Market Abuse Regulation No. 596/2014 and is being released on behalf of Deliveroo PLC by Catherine Sukmonowski, Company Secretary.

Analyst and investor call

A conference call and webcast with Q&A for analysts and investors will be held at 09:00 GMT / 10:00 CET on 17 March 2022. Participants can register for the conference call at https://secure.emincote.com/client/deliveroo/fy-2021/vip_connect and the webcast link is https://secure.emincote.com/client/deliveroo/fy-2021. The webcast will also be available to view at https://corporate.deliveroo.co.uk/. A replay will be made available later.

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About Deliveroo plc ('Deliveroo' or 'the Company')

Deliveroo is an award-winning delivery service founded in 2013 by William Shu and Greg Orlowski. Deliveroo works with around 160,000 most-loved restaurants and grocery partner sites, as well as over 180,000 riders to provide the best food delivery experience in the world. Deliveroo is headquartered in London, with offices around the globe. Deliveroo operates across 11 markets, comprising Australia, Belgium, France, Hong Kong, Italy, Ireland, Netherlands, Singapore, United Arab Emirates, Kuwait and the United Kingdom.

Additional Notes

This announcement may include forward-looking statements, which are based on current expectations and projections about future events. These statements may include, without limitation, any statements preceded by, followed by or including words such as "target", "believe", "expect", "aim", "intend", "may", "anticipate", "estimate", "plan", "project", "will", "can have", "likely", "should", "would", "could" and any other words and terms of similar meaning or the negative thereof. These forward-looking statements are subject to risks, uncertainties and assumptions about the Company and its subsidiaries and its investments, including, among other things, the development of its business, trends in its operating environment, and future capital expenditures and acquisitions. The forward-looking statements in this announcement speak only as at the date of this announcement. These statements reflect the beliefs of the Directors, (including based on their expectations arising from pursuit of the Group's strategy) as well as assumptions made by the Directors and information currently available to the Company. Further, certain forward-looking statements are based upon assumptions of future events which may not prove to be accurate and none of the Company nor any member of the Group, nor any of such person's affiliates or their respective directors, officers, employees, agents and/or advisors, nor any other person(s) accepts any responsibility for the accuracy or fairness of the opinions expressed in this announcement or the underlying assumptions. Actual events or conditions are unlikely to be consistent with, and may differ significantly from, those assumed. In light of these risks, uncertainties and assumptions, the events in the forward-looking statements may not occur. No representation or warranty is made that any forward-looking statement will come to pass. No one undertakes to update, supplement, amend or revise any forward-looking statements. You are therefore cautioned not to place any undue reliance on forward-looking statements.

Operating and Strategic Review

In this section, all growth rates are year-on-year and in reported currency unless otherwise stated, and all 2020 and 2021 figures exclude results from Spain, where operations ended in November 2021 and are treated as discontinued operations. The following commentary includes discussion of statutory measures such as revenue and operating loss, as well as alternative performance measures (APMs) such as gross transaction value (GTV), gross profit margin (as % of GTV)* and adjusted EBITDA*, as the business also uses these metrics to monitor and assess performance. A full list of APMs and their definitions can be found on pages 40 to 41. More detailed discussion of statutory results is contained in the Financial Review beginning on page 14.*

1. Key Developments in 2021

Growth

Deliveroo made strong progress in 2021. Full year gross transaction value (GTV)* was up 70% year-on-year in constant currency*. This is at the top end of revised guidance for 60-70% growth provided in October 2021 (upgraded from prior guidance of 50-60% growth provided in July 2021 and 30-40% growth provided in March 2021). Performance in the UK was particularly encouraging, with continued growth in market share in a competitive environment. This demonstrates the differentiation of Deliveroo's consumer value proposition and focus on execution. Deliveroo expanded UK population coverage to 77% at the end of 2021 compared to 53% at the end of 2020, planting the seeds for future growth.

On-demand grocery

In the last three years, Deliveroo has built a leading position in the on-demand grocery segment, and in H2 2021 grocery reached 8% of total GTV*. Deliveroo had over 11,000 grocery partner sites live globally at the end of the year. In September 2021, Deliveroo announced the launch of a new rapid grocery delivery service. 'Deliveroo Hop' will operate from delivery-only grocery stores, enabling deliveries in as little as 10 minutes and greater inventory accuracy. This model is still in the early stages of development, and is currently being operated with several different grocery partners in the UK and Italy.

Plus

Since 2017, Deliveroo's Plus subscription programme has unlocked access to unlimited free delivery for a fixed monthly fee. In 2021, the programme was broadened significantly. In Q1 2021, a new 'Silver' tier of the programme designed for families was launched. Strong initial take-up has been further boosted since September, when Deliveroo launched a new offering with Amazon Prime, allowing all UK and Ireland Amazon Prime members to sign up for free Deliveroo Plus membership for a year, with unlimited free delivery on orders over £25/€25. Traction from the programme has been impressive, with the number of new Plus subscribers exceeding management's initial expectations; by December 2021, the number of Deliveroo Plus subscribers in UKI had approximately tripled compared to August 2021. Growth in subscribers was driven by conversion of existing Deliveroo consumers to Plus as well as bringing new consumers to Deliveroo for the first time.

Editions

Deliveroo continues to scale other category innovations that drive long-term differentiation of the consumer value proposition. Editions is Deliveroo's delivery-only kitchens concept that allows restaurant partners to bring their brands to new locations and gives consumers access to a wider range of the best, exclusive restaurant content. The rollout of Editions accelerated during the course of 2021, with over 100 kitchens added in the year of which approximately half opened in Q4 2021, bringing brands like Dishoom, Five Guys, Shake Shack and Pho to new neighbourhoods.

Spain

In 2021, the Company made the difficult decision to end its operations in Spain. Deliveroo determined that achieving and sustaining a top-tier market position in Spain would require a disproportionate level of investment with highly uncertain long-term potential returns, which could impact the economic viability of the market for the Company. As such, the decision to end operations in Spain reflected the intention to focus investment and resources on the Company's other markets.

Riders

Deliveroo has provided riders with free and automatic accident and injury cover and third-party liability insurance since 2018. During Q3 2021, Deliveroo extended this free insurance to provide riders with enhanced protection in several markets. The new insurance coverage includes earnings support for riders working regularly with the Company who are unwell and unable to work for more than 7 days (backdated to day 1). In addition, insurance now entitles qualifying riders to a one-off lump sum payment following the birth or adoption of a child. Deliveroo is currently exploring extending these enhanced entitlements to additional markets. In 2021, rider attraction and retention rates remained robust despite rising job vacancies across economies as lockdown restrictions were lifted, providing further evidence that riders value the flexible self-employed work that Deliveroo offers.

Team

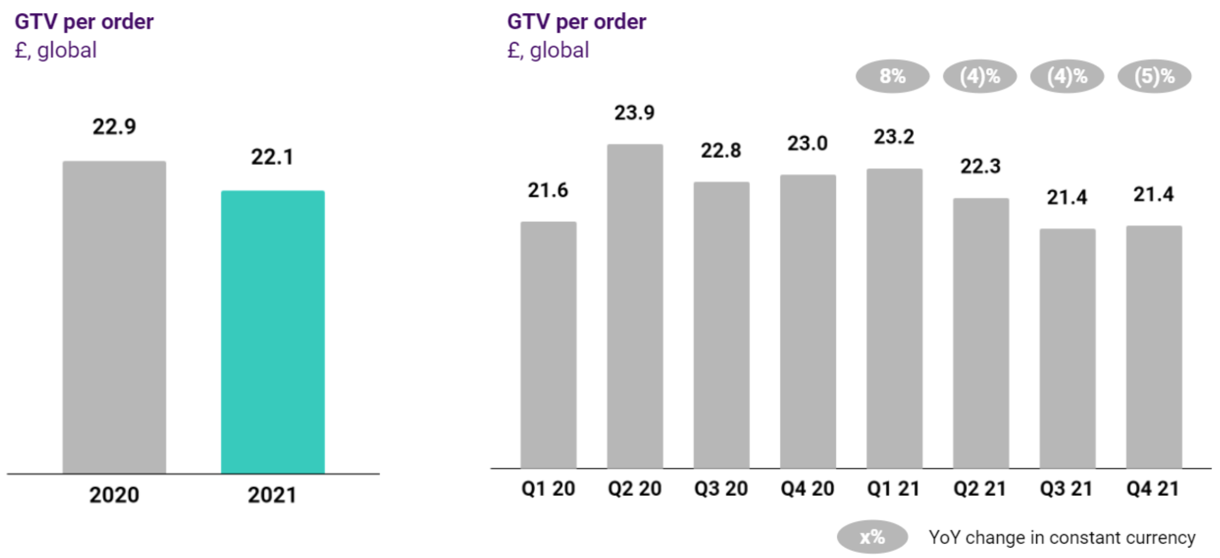
To support the continued growth in the business, Deliveroo welcomed many new colleagues this year. Amongst the new starters were two additions to the executive team. Eric French joined in January 2021 as Chief Marketplace Officer. Prior to joining, Eric worked at Amazon for 15 years holding a variety of leadership positions, most recently as Vice President for US Consumables where he had responsibility for the household, beauty, baby, and grocery categories. In September 2021 he was followed by Devesh Mishra, Chief Product and Technology Officer. Devesh also joined from Amazon, where most recently he was Vice President, Global Supply Chain. In this role Devesh oversaw a team of thousands made up of engineers, data scientists and product managers, building and operating a supply chain spanning 185 markets and using data analytics, predictive technology and machine learning to scale Amazon's retail and marketplace business. Both Eric and Devesh have made a real impact already, and they and the whole team are excited about executing on the opportunities ahead.

2. Group Operating Performance

Gross transaction value (GTV)* was £6,631.0 million, an increase of 67%, or 70% in constant currency*. The primary driver of GTV* growth in the year was an increase in the number of monthly active consumers (MACs). MACs averaged 7.5 million during the year, an increase of 64% compared to 2020, and in Q4 2021 the average number of MACs reached 8.0 million. Average order frequency increased slightly from 3.2 times per month in 2020 to 3.3 times per month in 2021, as increased frequency among maturing older cohorts offset the addition of new consumer cohorts, which typically start with a lower frequency.

As a result of the increase in MACs and average order frequency, orders increased by 73% to 300.6 million in 2021. GTV per order* fell to £22.1, down by 80p versus 2020 as basket sizes normalised following the lifting of COVID-19 restrictions in the majority of markets during the course of the year. This effect occurred predominantly during Q2 and Q3 2021; in Q4 2021 GTV per order* stabilised, increasing by 1% in constant currency* compared to Q3.

GTV per order*



£ million unless stated	**2021**	**2020**	**Change reported**
Orders (m)	300.6	173.7	*73%*
GTV per order* (£)	22.1	22.9	*(4)%*
Gross Transaction Value*	**6,631.0**	**3,978.8**	***67%***
Revenue	1,824.4	1,163.0	*57%*
Revenue Take Rate (as % of GTV)*	27.5%	29.2%	*(170) bps*
Gross Profit	**497.3**	**347.7**	***43%***
Gross Profit Margin (as % of GTV)*	7.5%	8.7%	*(120) bps*
Marketing and Overheads*	(628.7)	(358.5)	*75%*
Marketing and Overheads (as % of GTV)*	(9.5)%	(9.0)%	*(50) bps*
Adjusted EBITDA*	**(131.4)**	**(10.8)**	***n.m.****
Adjusted EBITDA Margin (as % of GTV)*	(2.0)%	(0.3)%	*(170) bps*
Operating loss	(304.3)	(208.8)	*46%*

* Alternative Performance Measure (APM), refer to glossary on pages 40 to 41 for further details
**n.m. – not meaningful
Change in constant currency* was 70% for GTV* and (2)% for GTV per order*

Deliveroo generates revenue primarily from restaurant and grocer commissions and from consumer fees, with limited additional revenue from advertising and other sources at this stage. In 2021, revenue was £1,824.4 million, an increase of 57%. This was below the growth rate in GTV*, reflecting a reduction in the revenue take rate* (i.e. revenue as a percentage of GTV) to 27.5% in 2021 from 29.2% in 2020. This reduction was the result of (i) a lower blended commission rate (primarily due to mix shifts, such as an increase in the proportion within GTV* of grocery, where commission rates are typically lower), and (ii) lower consumer fees as a percentage of GTV* (primarily due to growth in Plus, where consumer fees can be lower on a per order basis, offset on an aggregate basis by increased order frequency).

Gross profit is calculated as revenue less costs of sales, which primarily comprises delivery costs and credit card fees. Gross profit for the year was £497.3 million, an increase of 43% compared to 2020. The gross profit margin (as % of GTV)* was 7.5% in 2021 compared to 8.7% in 2020. Within 2021, gross profit margin (as % of GTV)* reduced from 7.8% in H1 2021 to 7.2% in H2 2021. The year-on-year and sequential movements in 2021 were driven by the reversal of benefits from higher basket sizes during COVID-related lockdowns, as well as investments to support future growth. These include investments to drive consumer acquisition (such as the New User Experience programme) and retention (via the Plus subscription offering), and to create differentiated content for consumers through Deliveroo's restaurant and grocery selection.

Investment in marketing and overheads* increased substantially in 2021 compared to the prior year. During most of 2020, Deliveroo took a very conservative approach to deploying capital, given capital constraints as a result of the CMA antitrust investigation, and the fact that long-term consumer behaviour was uncertain during the initial lockdowns in early 2020. Starting in Q4 2020, Deliveroo was much better positioned to increase investment, with a strong capital position following the conclusion of the CMA investigation in Q3 2020, the completion of the Series G and the Series H fundraising rounds, and the IPO in April 2021. Deliveroo also now has strong conviction that the pandemic has accelerated the secular shift in consumer behaviour, moving demand in food online.

Marketing and overheads* were £628.7 million in 2021 compared to £358.5 million in the prior year. Increased marketing costs year-on-year included additional spend in growth marketing (to support directly the acquisition of new consumers and retention of existing consumers) and brand marketing (to drive consumer brand awareness). Increased investment in overheads was particularly focused on technology, which will continue to be the case in 2022. Technology investment is directed towards building assets that: (1) drive direct financial benefits, through revenue generation (e.g. advertising platforms) or cost reduction (e.g. self-serve capabilities for consumers, partners and riders); (2) provide the enabling technology for particular businesses (e.g. for Deliveroo Hop delivery-only stores); and (3) provide supporting infrastructure for scaling the business efficiently (e.g. platform stability, forecasting models for consumer demand and rider supply).

Adjusted EBITDA* was £(131.4) million in the year, compared to £(10.8) million in 2020, as higher aggregate gross profit was more than offset by a step-up in investments in marketing and overheads* to support future growth. The investments were weighted to the second half of the year, with marketing and overheads* of £286.2 million in H1 2021 increasing to £342.5 million in H2 2021.

Adjusted EBITDA margin* was (2.0)% in 2021, compared to (0.3)% in 2020. Within 2021, adjusted EBITDA margin* was (0.8)% in H1 2021 and (3.2)% in H2 2021. Both the year-on-year and sequential movements in 2021 were attributable to the reduction in gross profit margin (as % of GTV)* and increased rate of investment to support future growth that are described above.

Operating loss in the period was £(304.3) million, compared to £(208.8) million in 2020. Included in operating loss in 2021 were: depreciation and amortisation of £43.0 million (£34.4 million in 2020); share-based payments charge and accrued national insurance on share options of £87.6 million (£73.2 million in 2020); legal and regulatory settlements and provisions of £7.5 million (£70.9 million in 2020); and exceptional costs of £35.4 million (£22.5 million in 2020).

3. Segment Performance

Deliveroo manages its business on a geographic basis, rather than on a product or market segmentation basis. The Company operates in two segments: the UK and Ireland (UKI) segment and the International segment, comprising the remainder of the Company's markets.

UK and Ireland

In 2021, the UKI segment represented 54% of total GTV*. Deliveroo operates in close to 250 towns and cities across the UK & Ireland.

£ million unless stated	**2021**	**2020**	**Change reported**
Orders (m)	147.7	85.9	*72%*
GTV per order* (£)	24.2	24.4	*(1)%*
Gross Transaction Value*	**3,570.0**	**2,091.3**	***71%***
Revenue	980.7	599.0	*64%*
Revenue Take Rate (as % of GTV)*	27.5%	28.6%	*(110) bps*
Gross Profit	**330.3**	**217.2**	***52%***
Gross Profit Margin (as % of GTV)*	9.3%	10.4%	*(110) bps*
Marketing and Overheads*	(239.2)	(136.7)	*75%*
Marketing and Overheads (as % of GTV)*	(6.7)%	(6.5)%	*(20) bps*
Segment Adjusted EBITDA*	**91.1**	**80.5**	***13%***
Segment Adjusted EBITDA Margin (as % of GTV)*	2.6%	3.8%	*(120) bps*

* Alternative Performance Measure (APM), refer to glossary on pages 40 to 41 for further details
Change in constant currency* was 71% for GTV* and (1)% for GTV per order*

In UKI, GTV* grew to £3,570.0 million in 2021, an increase of 71%. Year-on-year GTV* growth slowed sequentially during the year, from 142% in Q1 2021 to 36% in Q4 2021, both in constant currency*. This reflects an increasingly tough comparison base in the prior year, as well as lifting of COVID-related restrictions during the course of 2021. In 2021, orders grew by 72% to 147.7 million, primarily driven by a 64% increase in monthly active consumers, along with a slight increase in average order frequency. GTV per order* was down 1% in constant currency* to £24.2.

UKI revenue grew 64% to £980.7 million in 2021, primarily due to the increase in GTV*. Gross profit was £330.3 million in 2021 compared to £217.2 million in 2020, an increase of 52%. Gross profit margin (as % of GTV)* was 9.3% compared to 10.4% in 2020. This decrease was driven by the reversal of benefits from higher basket sizes during COVID-related lockdowns, as well as accelerated investments in consumer acquisition and retention to support future growth. Adjusted EBITDA* was £91.1 million in 2021, compared to £80.5 million in 2020, as increased aggregate gross profit was partially offset by continued investments in growth, including marketing and headcount additions. Adjusted EBITDA* was £55.3 million in H1 2021 and £35.8 million in H2 2021, with the sequential reduction primarily reflecting the phasing of growth investments and the reversal of benefits from higher basket sizes during COVID-related lockdowns.

During the period, Deliveroo continued to add differentiated content for consumers. UKI restaurant selection was further expanded, and in 2021 the Company added c.19,000 new sites, increasing the base of restaurants by 55%. The Company also continued to roll out its grocery offering: at the end of the period, Deliveroo had approaching 6,000 grocery sites live in the UKI across major partners and smaller independent partners, an increase of more than two-thirds compared to the end of 2020.

Alongside achieving strong growth in 2021, Deliveroo made excellent progress in delivering its geographic expansion plan – planting the seeds for future growth. At the beginning of 2021, the Company set out a goal to expand consumer population coverage to two-thirds of the UK population by year-end 2021, up from 53% at year-end 2020. As a result of strong operational execution, the UK expansion was well ahead of the original target, with 72% coverage of the UK population achieved at the end of June and 77% at the end of December.

International[2]

In 2021, the International segment represented 46% of total GTV*. Deliveroo's International segment comprises 9 markets across Europe, the Middle East and Asia Pacific.

£ million unless stated	**2021**	**2020**	**Change reported**
Orders (m)	152.9	87.8	*74%*
GTV per order* (£)	20.0	21.5	*(7)%*
Gross Transaction Value*	**3,061.0**	**1,887.5**	***62%***
Revenue	843.7	564.0	*50%*
Revenue Take Rate (as % of GTV*)	27.6%	29.9%	*(230) bps*
Gross Profit	**167.0**	**130.5**	***28%***
Gross Profit Margin (as % of GTV*)	5.5%	6.9%	*(140) bps*
Marketing and Overheads*	(223.0)	(123.6)	*80%*
Marketing and Overheads* (as % of GTV*)	(7.3)%	(6.5)%	*(80) bps*
Segment Adjusted EBITDA*	**(56.0)**	**6.9**	***n.m.****
Segment Adjusted EBITDA* Margin (as % of GTV*)	(1.8)%	0.4%	*(220) bps*

* Alternative Performance Measure (APM), refer to glossary on pages 40 to 41 for further details
**n.m. – not meaningful
Change in constant currency* was 69% for GTV* and (3)% for GTV per order*

[2] On 29 November 2021, Deliveroo ceased operations in Spain. Spain has been classified as a Discontinued Operation in accordance with IFRS 5 and as such the results from Spain are not included in this section.

In International, GTV* grew to £3,061.0 million in 2021, an increase of 69% in constant currency*. Year-on-year GTV* growth slowed sequentially during the year, from 125% in Q1 2021 to 36% in Q4 2021, both in constant currency*. This reflects an increasingly tough comparison base in the prior year, as well as lifting of COVID-related restrictions during the course of 2021 in European markets. In 2021, orders grew by 74% to 152.9 million, primarily driven by a 64% increase in monthly active consumers, along with a slight increase in average order frequency. GTV per order* was down 3% in constant currency* to £20.0 for the year.

Revenue for International grew 50% to £843.7 million in 2021, primarily due to the increase in GTV*. Gross profit was £167.0 million in 2021 compared to £130.5 million in 2020, an increase of 28%. Gross profit margin (as % of GTV)* was 5.5% compared to 6.9% in 2020. This decrease was driven by the reversal of benefits from higher basket sizes during COVID-related lockdowns, as well as accelerated investments in consumer acquisition and retention to support future growth. Adjusted EBITDA* was £(56.0) million in 2021, compared to £6.9 million in 2020, as increased aggregate gross profit was offset by continued investments in growth. Adjusted EBITDA* was £(10.3) million in H1 2021 and £(45.7) million in H2 2021, with the sequential movement primarily reflecting the phasing of growth investments and the reversal of benefits from higher basket sizes during COVID-related lockdowns.

Across the International segment, growth in 2021 was supported by strengthened relationships with restaurant partners, especially in France, Hong Kong and UAE. During the period, the Company also expanded its grocery offering, continuing the rollout with key partners such as Carrefour in France, Italy, and Belgium and Casino in France, and signing Park N Shop in Hong Kong and Picard in France. At the end of the year, Deliveroo had approaching 6,000 grocery sites live with major partners and smaller independent grocery partners across International markets.

In Q3 2021, Deliveroo determined that achieving and sustaining a top-tier market position in Spain would require a disproportionate level of investment with highly uncertain long-term potential returns, which could impact the economic viability of the market for the Company. Deliveroo announced on 30 July 2021 that it proposed to consult on ending its operations in Spain. The consultation concluded in November and Deliveroo decided to proceed with the proposal; the last day of operations was 29 November 2021. The discontinuation of operations in Spain reflects the intention to focus investment and resources on the Company's other markets.

4. The Three Sides of the Marketplace

Since 2013, Deliveroo has pioneered on-demand food delivery via a hyperlocal three-sided online marketplace, connecting local consumers, restaurants and grocers, and riders. For consumers, Deliveroo has unlocked broad choice and fast delivery times, working with restaurants and grocers who overwhelmingly have never offered an online presence and on-demand deliveries before. For restaurants and grocers, Deliveroo not only provides logistics, but, more importantly, an incremental demand generation channel, including access to millions of new consumers alongside online tools to grow their business effectively. For riders, Deliveroo offers highly flexible work which they can rely on for attractive earnings and security. In 2021, Deliveroo made further progress in developing all three sides of the marketplace.

Consumers

Deliveroo’s consumer base continued to grow through 2021, with an average of 8.0 million monthly active consumers (MACs) in Q4 2021, up 37% compared to Q4 2020 and up 123% compared to Q4 2019. Average order frequency increased in 2021 compared to 2020, and reached 3.4 per month in Q4 2021.

Group	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
UK & Ireland (m)	1.8	2.1	2.5	3.0	3.6	3.9	3.8	4.1
International (m)	1.8	2.1	2.2	2.8	3.5	3.7	3.6	3.9
Average MACs (m)	3.6	4.2	4.6	5.9	7.1	7.6	7.3	8.0
Year-on-year growth	*27%*	*36%*	*52%*	*63%*	*95%*	*82%*	*59%*	*37%*
2021 vs 2019 growth	-	-	-	-	*148%*	*148%*	*141%*	*123%*
Monthly frequency	3.0	3.2	3.2	3.2	3.3	3.4	3.3	3.4

Deliveroo tracks consumers on the basis of historical cohorts, with each cohort representing consumers who placed their first order on the platform in a given period (for example, the 'January 2018 cohort' represents consumers who placed their first order in January 2018). Historically, consumer cohorts have consistently increased their average order frequency over time. Encouragingly, this pattern has continued in 2021, despite lockdown restrictions easing. For example, consumers in the UKI 2018 cohort had a monthly average order frequency of 3.1x in Q4 2019, increasing to 3.5x in Q4 2020 and 3.8x in Q4 2021.

Monthly Average Order Frequency (of MACs, in UKI)

Consumer acquisition cohort	Q4 2016	Q4 2017	Q4 2018	Q4 2019	Q4 2020	Q4 2021
2015	2.9	3.2	3.9	4.1	5.1	5.4
2016	-	2.6	3.2	3.4	4.0	4.3
2017	-	-	3.0	3.2	3.6	3.9
2018	-	-	-	3.1	3.5	3.8
2019	-	-	-	-	3.4	3.7
2020	-	-	-	-	-	3.2

Restaurants and On-demand Grocery

Restaurant selection is an important part of Deliveroo's consumer value proposition. Growth in restaurant selection increases availability and choice to consumers on a neighbourhood by neighbourhood basis. The number of partner restaurant sites continues to increase, and at the end of the year Deliveroo worked with over 148,000 restaurant partner sites globally, compared to 102,000 at the end of 2020.

As well as bringing partners' existing restaurant sites onto the platform, Deliveroo has continued to develop Editions, its delivery-only kitchens concept. Editions provides additional value to all three sides of the marketplace. Restaurant partners use Editions to bring their brands to new neighbourhoods without needing to open a new dine-in location; they also use Editions even in areas where they have a restaurant, as delivery-only kitchens allow them to separate and optimise their dine-in and delivery operations. Consumers enjoy the increased availability in their area of most-loved brands – evidenced by the fact that Editions can account for 10-15% of total orders within the zone of their delivery radius. And riders benefit from increased earnings opportunities, including the fact that the efficiency of the delivery-only kitchens means reduced wait-time at restaurants, increasing their earnings potential. During 2021, Deliveroo added more than 100 Editions kitchens to bring the total to over 300. The increased pace of expansion of Editions sites in 2021 was reflected in the increase in the Group's purchase of property, plant and equipment, which amounted to £21.4 million in 2021 compared to £5.8 million in 2020. With a strong pipeline of sites, Editions openings are expected to continue to bring the best, exclusive restaurant content to a wider range of consumers.

Deliveroo also continues to develop its on-demand grocery offering. This offers powerful synergies with the core platform, representing incremental demand to the restaurant offering and providing an effective customer acquisition channel. Unit economics for grocery offer potential for further improvements by driving higher basket sizes, improving selection and inventory management, and by adding non-commission revenue from fast-moving consumer goods (FMCG) companies as advertising spend in the category moves online.

On-demand grocery continued to grow as a percentage of total GTV* over the last two years, increasing to 8% of total GTV* in H2 2021, compared to 6% in H2 2020. In UKI, Deliveroo now has approaching 6,000 grocery sites live with major partners and smaller independent partners. Coverage has reached 76% of the UK population with major grocery partners, including Waitrose, Co-op, Morrisons and Sainsbury's, up from 36% at the end of Q1 2020. In International, Deliveroo now has approaching 6,000 partner sites live. Growth has been driven by continued rollout with key grocery partners, such as Carrefour in France, Italy, and Belgium, Casino in France, and Park N Shop in Hong Kong.

To complement its leading network of partner store-picked grocery sites, Deliveroo launched a new rapid grocery delivery service called 'Deliveroo Hop' in September 2021. Hop operates from delivery-only grocery stores run by Deliveroo, working in partnership with established grocers. The first Hop stores were established in London in partnership with Morrisons; since the end of 2021, further Hop partnerships have been launched in the UK with Waitrose and in Italy with Carrefour.

Hop enables deliveries in as little as 10 minutes, greater inventory accuracy, and a wider product range – including partner-branded products such as Waitrose own-label products and Morrisons 'The Best' range. The service benefits from a deep integration between Deliveroo's new grocery management technology, existing logistics algorithms and network of delivery riders, as well as partners' established supply chain.

Riders

Riders are a vital part of Deliveroo's three-sided marketplace and Deliveroo works with over 180,000 riders globally. Riders value the flexible work Deliveroo offers, enabling them to set their own work patterns without having to plan ahead, select which orders to accept or reject, and to work with multiple companies simultaneously. This is reflected in high satisfaction ratings, with 85% of riders globally saying they are satisfied or very satisfied working with Deliveroo.

Deliveroo continues to see strong rider application pipelines and rider retention rates. In 2021, as lockdowns eased across several markets in Q2 and Q3 and the availability of employment vacancies increased, rider applications and retention remained high, underlining the popularity of the work Deliveroo offers.

Since 2018, Deliveroo has provided riders with free and automatic accident and injury cover and third-party liability insurance. During Q3 2021, Deliveroo extended this to provide riders with enhanced protection in several markets. The new insurance coverage Deliveroo offers includes earnings support for riders working regularly with the company who are unwell and unable to work and qualifying riders are now entitled to a one-off lump sum payment following the birth or adoption of a child. Deliveroo is currently exploring extending these enhanced entitlements to additional markets.

The independent contractor status of riders continues to be the subject of scrutiny in certain markets. Highlights of the material developments that occurred in 2021 in Deliveroo's markets are:

- In the UK, the Court of Appeal confirmed in June by unanimous decision that riders are self-employed, the fourth such judgement in the UK courts;
- In France, the Paris Court of Appeal confirmed in April that Deliveroo offers self-employed work and the Government has brought forward legislation that protects platform workers' self-employed status; there are also ongoing challenges into historical models in France that are being defended;
- In Italy, Deliveroo continues to work in a Collective Bargaining Agreement that recognises riders as self-employed and settled the investigation into a historical model by the health and safety authorities; challenges to certain of Deliveroo's models by other Italian authorities remain ongoing;
- In Spain, a new law outlining criteria to determine the status of platform workers came into force in August; this will not impact Deliveroo on an ongoing basis as separately, Deliveroo decided to end operations in Spain, having determined that achieving and sustaining a top-tier market position in Spain would require a disproportionate level of investment with highly uncertain long-term potential returns;
- The European Union published proposals for a reform to platform work, which Deliveroo believes could provide welcome clarity on the tests to determine the status of platform workers; Deliveroo is contributing to the consultation process.

At any given time, Deliveroo will be involved in regulatory investigations, audits, claims, court cases and appeals, as well as individual and collective legal claims in any market. Deliveroo will continue to disclose developments in relation to rider matters that management considers to be material in the context of both the relevant country and the business as a whole.

5. Outlook and Guidance

A key focus for Deliveroo in 2022 and beyond is making progress on the Company's longer term path to profitability. Deliveroo was profitable on an adjusted EBITDA* basis in H2 2020. In 2021, unit economics were impacted by two factors: a reversal of the benefits seen from higher basket sizes during COVID-related lockdowns; and increased investment in order to capture growth opportunities. From 2022 onwards, Deliveroo expects its adjusted EBITDA margin (as % of GTV)* to improve, driven by expansion of gross profit margin (as % of GTV)* and reduction of marketing and overheads (as % of GTV)*.

In 2022 and beyond, the European consumer will face some headwinds. Consumer price indices are expected to be high for some period of time. Inflationary pressures have been building in recent months; this has been exacerbated by the grave crisis in Ukraine, and the broader geopolitical and economic impacts of this crisis are only just beginning to be felt. Coupled with interest rate rises, consumers will be operating under a different spending environment in the quarters ahead. How this impacts consumer staples and discretionary categories, and where delivery of restaurant food and groceries fits into that environment, is not clear yet.

An inflationary environment will also impact the other sides of Deliveroo's marketplace. Restaurant and grocery partners will face challenges from rising costs across a range of inputs, including food, fuel and labour. Higher fuel prices will also affect many riders, despite the vast majority of orders being delivered on two-wheel vehicles. Deliveroo will monitor all of these impacts closely and ensure that consumer pricing adequately reflects this reality.

After operating against the backdrop of COVID-19 for an extended period, many markets have now been out of full lockdown restrictions for about a year. Management believes that COVID was a catalyst to accelerate the existing trend of adoption in the online food delivery category. It is encouraging that consumers remained engaged through 2021 even after the removal of lockdown restrictions, but it is still early to determine how cohorts acquired during COVID times will behave over the long term. Furthermore, new user acquisition is expected to be more difficult and costly than during COVID times.

Deliveroo is committed to continuing to drive sustainable growth and strengthen the levers of profitability. Expectations for 2022 reflect caution on the factors outlined above, but management is confident in the Company's ability to adapt financially to a rapidly changing macroeconomic environment and provides the following financial guidance:

- **2022 GTV* growth:** expected to be in the range of 15–25% (in constant currency*), with higher growth rate in H2 than in H1, given tough comparison base in H1 (and especially Q1) as last year's COVID restrictions are lapped;
- **2022 adjusted EBITDA*:** expected to be in the range of (1.5)–(1.8)% as a % of GTV*****; this is an improvement against (2.0)% for FY 2021 and (3.2)% for H2 2021;
- **Medium-term:** GTV* growth expectations maintained in the range of 20–25% p.a. (in constant currency*); Deliveroo aims to reach adjusted EBITDA* breakeven at some point during H2 2023–H1 2024, the next key milestone on the path to achieving its longer-term profit ambitions;
- **Longer-term:** Deliveroo aims to reach an adjusted EBITDA margin (as % of GTV)* of 4%+ by 2026, with further upside potential beyond 2026, driven by an expansion of gross profit margin (as % of GTV)* and reduction of marketing and overheads (as % of GTV)* .

Exhibit 1: path to profitability

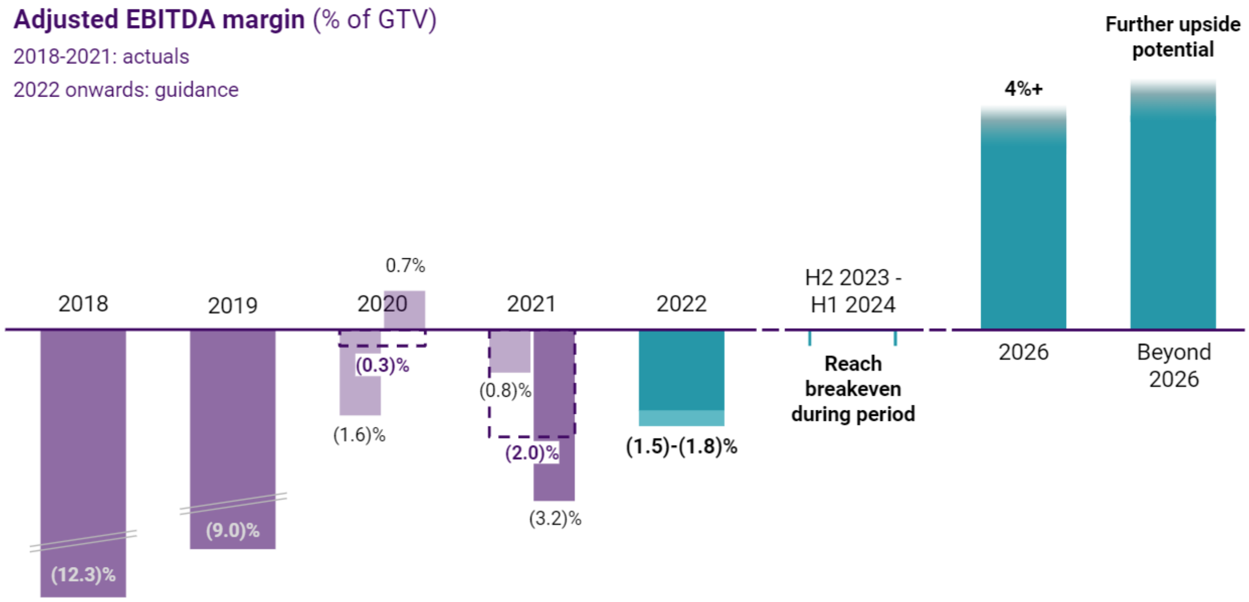


Exhibit 2: profitability levers and illustrative impact

	% of GTV			Key Components	Levers
	2021	2026	bps chg		
Revenue	27.5 %			Commission, consumer, and advertising revenue; refunds	**Revenue levers** • Increase AOV (eg by upselling) • Optimise consumer pricing • Develop high quality advertising model • Reduce fraud & improve order accuracy
Cost of sales	(20.0)%			Delivery costs; card fees	
Gross Profit	**7.5 %**	**~10-11%**	**~250-350**		**Cost of sales levers** • Reduce 'rider experience time' (eg wait time at restaurant, handover to consumer) • Increase network density and batching • Reduce card fees
Marketing	(4.0)%			Consumer (performance, own digital, brand-building) and rider marketing	
Overheads	(5.5)%			Semi-variable (ops & sales); people (tech & non-tech); facilities & other	**Marketing & overheads levers** • Improve marketing efficiency/targeting • Increase automation (eg self-service support for partners & consumers) • Drive operating leverage with scale
M&O	**(9.5)%**	**~(6)-(7)%**	**~250-350**		
Adj. EBITDA	**(2.0)%**	**4.0%+**	**600+**		

2021 GTV % rounded to nearest 50 bps for illustrative purposes

Financial Review[3]

Income Statement (see page 17)

Revenue

Revenue was £1,824.4 million in 2021 compared to £1,163.0 million in 2020, an increase of 57% or £661.4 million. The increase in revenue was primarily the result of increased orders, driven by growth in monthly active consumers.

Cost of sales

Cost of sales increased to £1,327.1 million in 2021 from £815.3 million in 2020, an increase of 63% or £511.8 million. This increase was driven by higher aggregate rider costs as a result of increased orders, and reflects a year-on-year decline in the rider cost per order as operational efficiency continued to improve.

Administrative expenses

Administrative expenses were £785.9 million in 2021 compared to £548.0 million in 2020, an increase of 43% or £237.9 million. This increase was primarily due to higher sales and marketing costs and an increase in staff costs.

Other operating income

Other operating income was £3.1 million in 2021 compared to £4.0 million in 2020, a decrease of 23% or £0.9 million. The decrease was primarily due to a reduction in relief grants introduced in 2020 as a consequence of the impact of COVID-19 on the food industry.

Other operating expenses

Other operating expenses were £18.8 million in 2021 compared to £12.5 million in 2020, an increase of 50% or £6.3 million. This was due to increased spend on rider kit during the period as overall delivery volume increased; this was not offset by income from the sale of rider kit, since the Company typically absorbs the majority of the cost of riders' equipment and clothing.

Finance income

Finance income was £7.3 million in 2021 compared to £0.9 million in 2020, an increase of £6.4 million. This increase was primarily due to an increase in unrealised foreign exchange gains.

Finance costs

Finance costs were £1.2 million in 2021 compared to £4.7 million in 2020, a decrease of £3.5 million. This decrease was primarily due to a decrease in unrealised foreign exchange losses.

Income tax

Income tax charge was £5.5 million in 2021 compared to a credit of £4.2 million in 2020. This movement is primarily due to an increased recognition of deferred tax in 2020 and an additional current tax charge in 2021 due to increased taxable profits in certain overseas markets.

Loss for the period

Loss for the period was £303.7 million in 2021 compared to £208.4 million in 2020, as a result of the movements described above.

[3] In this section, all growth rates are year-on-year and in reported currency unless otherwise stated

Alternative Performance Measures

To supplement performance assessment, Deliveroo uses Alternative Performance Measures ('APMs'), which are not defined under IFRS.

Gross transaction value*

Gross transaction value* (GTV*) is a widely used measure for understanding the total value spent by consumers on the marketplace. GTV* was £6,631.0 million in 2021 compared to £3,978.8 million in 2020, an increase of 67% (70% in constant currency*).

Gross profit margin (as % of GTV)*

Gross profit margin (as % of GTV*) is considered a measure of profitability at a transactional level. The gross profit margin (as % of GTV)* was 7.5% in 2021 compared to 8.7% in 2020.

Marketing and overheads*

Management believes that Deliveroo's business model can have a high degree of operating leverage on its fixed cost base over time. For the purposes of assessing and managing performance, the fixed cost base has been split into two major categories: marketing and overheads. Marketing and overheads* were £628.7 million in 2021, compared to £358.5 million in 2020, an increase of £270.2 million or 75%.

Adjusted EBITDA*

Adjusted EBITDA* is considered to be a measure of the underlying trading performance of the business. It is used, amongst other measures, to evaluate operations from a profitability perspective, to develop budgets, and to measure performance against those budgets. Adjusted EBITDA* was £(131.4) million in 2021 compared to £(10.8) million in 2020. The movement of £120.6 million was the result of increased aggregate gross profit* being more than offset by increased investments in marketing and overheads* to support future growth. Adjusted EBITDA margin (as % of GTV)* was (2.0)% in 2021, compared to (0.3)% in 2020; adjusted EBITDA margin (as % of GTV)* was (0.8)% in H1 2021 and (3.2)% in H2 2021.

	Reconciliation to financial statements	
	2021	2020
	£m	£m
Operating loss	(304.3)	(208.8)
Depreciation	19.3	16.6
Amortisation	23.7	17.8
EBITDA	**(261.3)**	**(174.4)**
Share based payments charge and accrued national insurance on share options	87.6	73.2
Legal provisions and other settlements	7.5	70.9
Exceptional items* (see note 8)	34.8	19.5
Adjusted EBITDA*	**(131.4)**	**(10.8)**
Marketing and overheads*	**628.7**	**358.5**
Gross profit	**497.3**	**347.7**

* Alternative Performance Measure (APM), refer to glossary on pages 40 to 41 for further details

Cash Flow Statement (see page 20)

Cash flows from operating activities

Net cash outflow from operating activities was £(167.7) million in 2021 compared to a net cash inflow of £7.4 million in 2020. The increase in net cash outflow from operating activities was primarily driven by the £120.6 million increase in adjusted EBITDA* loss in 2021, as well as a lower working capital inflow in the year.

Within 2021, there was a net cash inflow from operating activities of £134.0 million in H1 2021 and a net cash outflow of £(301.7) million in H2 2021. This difference was mainly attributable to the following factors: (1) the adjusted EBITDA* loss was £(25.7) million in H1 2021, increasing to £(105.7) million in H2 2021; (2) in H1 2021, cash flows from operating activities benefited from an increase in payables of £132.1 million related to the timing of employee tax and social security payments on share options exercised on IPO, which reversed in H2 2021; (3) H1 2021 benefited from a more favourable timing of the period-end cut off than in H2 2021, meaning that Deliveroo held a higher amount of payables due to restaurants at 30 June 2021 (£104.4 million) than at 31 December 2021 (£62.8 million).

Cash flows used in investing activities

Net cash flows used in investing activities were £58.4 million in 2021 compared to £25.4 million in 2020, an increase of £33.0 million. Purchases of property, plant and equipment increased to £21.4 million in 2021 from £5.8 million in 2020 mainly related to the rollout of Editions delivery-only kitchens. Investment in capitalised development costs increased to £34.6 million in 2021 from £20.5 million in 2020 in connection with the growth of the technology team and associated development work undertaken across our platform. This includes investing in assets that: (1) drive direct financial benefits, through revenue generation (e.g. advertising platforms) or cost reduction (e.g. self-serve capabilities for consumers, partners and riders); (2) provide the enabling technology for particular businesses (e.g. for Deliveroo Hop delivery-only stores); and (3) provide supporting infrastructure for scaling the business efficiently (e.g. platform stability, forecasting models for consumer demand and rider supply).

Cash flows from financing activities

Net cash inflow from financing activities was £1,139.0 million in 2021 compared to a net cash inflow of £167.1 million in 2020. The strong cash inflow was primarily due to £1,011.7 million net proceeds (after costs) from the IPO in April 2021, as well as £135.3 million net proceeds (after costs) from the Series H fundraising round in January 2021.

Balance Sheet (see page 18)

Following the successful completion of fundraising activities in H1 2021, Deliveroo had a strong financial position at the end of 2021. Cash and cash equivalents were £1,290.9 million at 31 December 2021, compared to £1,626.7 million at 30 June 2021 and £379.1 million at 31 December 2020. As at 31 December 2021, Deliveroo had no debt outstanding. The Company has £75 million and €87.5 million of available loan finance in the form of a Revolving Credit Facility ("RCF"), none of which has been drawn down.

Provisions at 31 December 2021 were £81.7 million, a reduction of £30.5 million compared to £112.2 million at 31 December 2020. This reduction is principally related to a release of £21.9 million to accruals for settlements reached with labour inspectors (which is expected to be paid in H1 2022), and the utilisation of provisions of £11.4 million as a related payment to the tax office in an overseas jurisdiction. These have been offset by the recognition of further provisions for legal, regulatory and contractual matters, principally in some of the Group's overseas territories.

Total equity was £1,073.7 million at 31 December 2021, compared to £175.1 million at 31 December 2020. This movement primarily reflects the issue of share capital in the year of £1,150.2 million partially offset by the total comprehensive loss for the year of £317.0 million.

Dividend and Dividend Policy

No dividend has been declared or paid in the current or comparative periods. Given the early stage of maturity of the online food category, Deliveroo remains focused on investing to maximise long-term free cash flow per share, believing that this is the best way to drive long-term shareholder value. The dividend policy will be reviewed on an ongoing basis, but the Company does not expect to declare or pay any dividends for the foreseeable future.

Consolidated Income Statement and Statement of Comprehensive Income

For the year ended 31 December 2021

	Note	2021 £m	2020 (restated)* £m
Continuing operations			
Revenue		1,824.4	1,163.0
Cost of sales		(1,327.1)	(815.3)
Gross profit		**497.3**	**347.7**
Administrative expenses		(785.9)	(548.0)
Other operating income		3.1	4.0
Other operating expenses		(18.8)	(12.5)
Operating loss		**(304.3)**	**(208.8)**
Finance income		7.3	0.9
Finance costs		(1.2)	(4.7)
Loss before income tax		**(298.2)**	**(212.6)**
Income tax (charge)/credit	6	(5.5)	4.2
Loss for the year from continuing operations		**(303.7)**	**(208.4)**
Discontinued operations			
Loss for the year from discontinued operations	7	(4.8)	(18.0)
Loss for the year attributable to the owners of the Company	**5**	**(308.5)**	**(226.4)**

Loss per share	Note	2021 £	2020 (restated) £
From continuing operations			
- Basic	9	(0.18)	(0.15)
- Diluted	9	(0.18)	(0.15)
From continuing and discontinuing operations			
- Basic	9	(0.18)	(0.17)
- Diluted	9	(0.18)	(0.17)

Other comprehensive loss	Note	2021 £m	2020 £m
Loss for the year	**5**	**(308.5)**	**(226.4)**
Items that may be reclassified subsequently to profit or loss:			
Currency translation		(8.5)	3.3
Total comprehensive loss for the year		**(317.0)**	**(223.1)**

*Results for the year ended 31 December 2020 have been restated to reflect the reclassification of Roofoods Spain, S.L. as a discontinued operation.

This statement should be read in conjunction with the notes to the consolidated financial statements on pages 21 to 39.

Consolidated Statement of Financial Position

As at 31 December 2021

	Note	2021 £m	2020 £m
Non-current assets			
Property, plant and equipment		33.7	22.9
Right-of-use assets		39.8	30.2
Intangible assets	10	52.8	41.9
Deferred tax asset		10.7	19.5
Investments in financial assets		2.9	-
Trade and other receivables		17.3	14.4
Total non-current assets		**157.2**	**128.9**
Current assets			
Inventory		18.2	8.2
Trade and other receivables		103.7	92.5
Cash and cash equivalents		1,290.9	379.1
Total current assets		**1,412.8**	**479.8**
Total assets		**1,570.0**	**608.7**
Non-current liabilities			
Lease liabilities		(36.4)	(28.7)
Provisions	13	(81.7)	(112.3)
Total non-current liabilities		**(118.1)**	**(141.0)**
Current liabilities			
Trade and other payables	12	(368.0)	(285.3)
Lease liabilities		(10.2)	(7.3)
Total current liabilities		**(378.2)**	**(292.6)**
Total liabilities		**(496.3)**	**(433.6)**
Net assets		**1,073.7**	**175.1**
Equity			
Share capital	14	9.3	7.1
Share premium		1,013.0	-
Merger reserve		1,288.5	1,153.5
Share option reserve		161.2	153.3
Accumulated losses		(1,386.7)	(1,135.7)
Foreign currency translation reserve		(11.6)	(3.1)
Total equity		**1,073.7**	**175.1**

This statement should be read in conjunction with the notes to the consolidated financial statements on pages 21 to 39.
The financial statements on pages 17 to 20 were approved and authorised for issue on behalf of the Board of Directors on 16 March 2022 and were signed on its behalf by:

Adam Miller
Chief Financial Officer

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	Share capital (Note 14)	Share premium	Merger reserve	Share option reserve	Accumulated losses	Foreign currency translation reserve	Total
	£m	£m	£m	£m	£m	£m	£m
At 1 January 2020	**5.9**	**-**	**778.6**	**100.8**	**(909.3)**	**(6.4)**	**(30.4)**
Loss for the year	-	-	-	-	(226.4)	-	(226.4)
Other comprehensive income for the year	-	-	-	-	-	3.3	3.3
Total comprehensive income/ (loss) for the year	-	-	-	-	(226.4)	3.3	(223.1)
Employee share-based payment awards	-	-	-	48.3	-	-	48.3
Deferred tax	-	-	-	4.2	-	-	4.2
Issue of share capital	1.2	-	374.9	-	-	-	376.1
At 31 December 2020	7.1	-	1,153.5	153.3	(1,135.7)	(3.1)	175.1
Loss for the year	-	-	-	-	(308.5)	-	(308.5)
Other comprehensive loss for the year	-	-	-	-	-	(8.5)	(8.5)
Total comprehensive loss for the year	-	-	-	-	(308.5)	(8.5)	(317.0)
Issue of share capital	2.2	1,013.0	135.0	-	-	-	1,150.2
Employee share-based payment awards	-	-	-	13.6	57.5	-	71.1
Deferred tax	-	-	-	(5.7)	-	-	(5.7)
At 31 December 2021	**9.3**	**1,013.0**	**1,288.5**	**161.2**	**(1,386.7)**	**(11.6)**	**1,073.7**

This statement should be read in conjunction with the notes to the consolidated financial statements on pages 21 to 39.

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	Note	2021 £m	2020 £m
Cash flows from operating activities			
Net cash (used in)/generated from operating activities	**15**	**(167.7)**	**7.4**
Cash flows from investing activities			
Purchase of property, plant and equipment		(21.4)	(5.8)
Acquisition of intangible assets	10	(34.6)	(20.5)
Purchase of financial assets		(2.9)	-
Interest received		0.5	0.9
Net cash used in investing activities		**(58.4)**	**(25.4)**
Cash flows from financing activities			
Net proceeds from issue of share capital	14	1,150.2	178.0
Payments of lease liabilities		(10.0)	(9.7)
Interest on lease liabilities		(1.2)	(1.2)
Net cash from financing activities		**1,139.0**	**167.1**
Net increase in cash and cash equivalents		**912.9**	**149.1**
Cash and cash equivalents at the beginning of the year		379.1	229.8
Effect of foreign exchange rate changes		(1.1)	0.2
Cash and cash equivalents at the end of the year		**1,290.9**	**379.1**

This statement should be read in conjunction with the notes to the consolidated financial statements on pages 21 to 39.

Notes to the condensed set of financial statements

For the year ended 31 December 2021

1. General information

Deliveroo plc (the 'Company') and its subsidiaries (together, the 'Group') is a public limited company incorporated and domiciled in the United Kingdom under the Companies Act 2006 (Registration number 13227665). The Company was incorporated on 25 February 2021 and replaced Roofoods Ltd as the ultimate Parent Company of The Deliveroo Group as part of the restructuring that accompanied the Initial Public Offering (IPO). The Group's ultimate controlling party is Will Shu.

The address of the registered office is The River Building, Level 1 Cannon Bridge House, 1 Cousin Lane, London, EC4R 3TE.

2. Summary of accounting policies

Basis of preparation

The financial information set out in this document is unaudited and does not constitute statutory accounts for the Group for the year ended 31 December 2021, but is extracted from the 2021 Annual Report. The Annual Report for 2021 will be delivered to the Registrar of Companies in due course.

Statutory accounts for the year ended 31 December 2020 have been filed with the Registrar of Companies. The report of the auditor on those accounts (i) was unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the International Financial Reporting Standards Interpretations Committee (IFRS IC) interpretations as adopted by the United Kingdom, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention. As permitted by Section 408 of the Companies Act 2006, no separate income statement is presented for the Company.

On 6 April 2021, in connection with the pre-IPO reorganisation, the Roofoods Ltd shareholders entered into a Share-for-Share Exchange Agreement with the shareholders of Deliveroo plc. As a result, Deliveroo plc became the ultimate Parent Company of the Group, with a 100% investment in Roofoods Ltd.

The restructure does not constitute a business combination under IFRS 3 'Business Combinations'. As such, the comparative and current period reserves of the Group are adjusted to reflect the statutory share capital, share premium and merger reserves of Deliveroo plc as if it had always existed.

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all years presented.

Discontinued operations

A discontinued operation is a component of the Group for which operations and cash flows can be clearly separated from the rest of the Group and which represents a major line of business or geographical area of operations.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the income statement. Comparatives are re-presented accordingly.

Going concern

The Group's loss for the financial year amounted to £308.5 million (2020: £226.4 million). The Group had net assets of £1,073.7 million (2020: £175.1 million) at year end, including a cash balance of £1,290.9 million (2020: £379.1 million). The Group also has access to a Revolving Credit Facility of £150 million, which is available until 7 April 2026. This remains undrawn at the date of signing, and is therefore available to draw down if required.

In assessing whether to adopt the going concern basis of accounting, management has considered whether there are any material uncertainties surrounding the Group's and Company's ability to continue operating over a period of at least twelve months from the date of this report. Management has prepared detailed forecasts which have been approved by the board. Appropriate assumptions have been made in respect of order growth and profitability, based on the estimated economic outlook over the following twelve months and beyond. Appropriate sensitivities have been applied in order to stress test the model, considering situations in which future costs are substantially higher than forecast and future trading is less than forecasted. Management has also considered available undrawn cash facilities, which are not included in our forecasts as we do not currently anticipate needing to draw on these over the forecast period.

Based on this assessment, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities and obligations as they fall due over the forecast period, and accordingly are satisfied that the adoption of the going concern basis of preparation is appropriate.

Revenue

Revenue arises from commissions, user fees, restaurant sign-up fees and packaging sales. Revenue is measured at the fair value of the consideration received or receivable and represents amounts received for goods and services provided in the normal course of business, net of discounts, rebates, refunds, the delivery fee portion of certain consumer credits utilised, VAT and other sales-related taxes.

Commissions

The Group is considered to be an agent with respect to the food and beverage ordered on the platform, as it is not subject to inventory risk or pricing risk, but instead receives a commission as remuneration from restaurants. Payment for the food and beverage is collected by the Group from the end user, and funds are remitted to the restaurant, net of the commission fee.

Revenue from commissions is earned and recognised at the point of order fulfilment when all performance obligations are fulfilled.

User fees

Consumers pay a fee, either for each order or on a subscription basis if they sign up for Deliveroo Plus. Fees payable on an order-by-order basis are recognised at the point of order fulfilment, when the performance obligation is fulfilled. Subscription fees are recognised on a straight-line basis over the period of the subscription. In situations where customers are dissatisfied with the quality of the service provided, and the Group is at fault, customers may be offered a refund or credit for future orders.

Due to the nature of the service, refunds are typically processed and recorded almost immediately as a deduction to revenue.

Credit for future orders is added to a customer's account, and this is applied to the next order. A corresponding adjustment to revenue is recognised for the expected utilisation of credits in issue at the end of the financial year. This is based on actual data in respect of available credit, as well as historical usage patterns.

Restaurant sign-up fees

Sign-up fees are payable when a new restaurant joins Deliveroo. Fees comprise set-up on the platform and payment for restaurant equipment, enabling partner restaurants to receive orders. These fees are split, and the portion that relates to the restaurant equipment is recognised on receipt of the assets. The remainder is deferred and recognised over the assumed life of the customer. Certain partners receive rebates, and revenue is adjusted by the expected rebates which are realised on a case-by-case basis.

Packaging sales

Revenue from the sale of packaging is recognised when the packaging has been delivered, and performance obligations are fulfilled.

Exceptional items

Exceptional items are separately identifiable income and expenditure arising from activities or events outside the normal course of business, and are deemed material to the understanding of the accounts. They are items of income or expense that are qualitatively or quantitatively material and are significant or unusual in nature or amount.

Exceptional items mainly comprise incremental costs attributable to the COVID-19 pandemic, costs related to the closure of parts of the business and costs related to the preparation for an Initial Public Offering.

Income taxes

Any tax expense or credit recognised in the income statement is based on the results for the period as adjusted for items which are disallowed or not taxed. It is based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is calculated using the liability method in respect of temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not recognised if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity respectively.

Intangible assets

Initial recognition

For internally-developed customised software, expenditure on the research phase of projects to develop new software for IT and telecommunication systems is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the following recognition requirements:

- the development costs can be measured reliably;
- the project is technically and commercially feasible;
- the Group intends to, and has sufficient resources to, complete the project;
- the Group has the ability to use or sell the software; and
- the software will generate probable future economic benefits.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Qualifying development costs have been capitalised in accordance with IAS 38 'Intangible Assets'.

Subsequent measurement

All intangible assets, including internally developed software, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite.

Residual values and useful lives are reviewed at each reporting date. The useful life applied for all internally generated software is three years. Amortisation of intangible assets is recorded within 'administrative expenses' in the consolidated income statement.

Subsequent expenditure on maintenance of computer software is expensed as incurred.

Goodwill

Goodwill is not amortised but is instead reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination.

Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount, then the impairment loss is allocated first to reduce the carrying amount of goodwill, and then to the other assets of the cash-generating unit pro rata on a basis of the carrying amount of each asset in the unit.

Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Either the timing or the amount of the outflow will be uncertain.

Provisions are measured at the estimated cost required to settle the present obligation, based on the most reliable evidence available at the reporting date, including risks and uncertainties associated with the present obligation.

Provisions are discounted where the time value of money is considered to be material. No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no disclosure is included.

Equity and reserves

Share capital represents the fair value of shares that have been issued. Any transaction costs directly attributable to the issuing of new shares are deducted from share premium, net of any related income tax benefits.

Other components of equity include the following:

- share premium – comprises the difference between the value of the shares on issue and their nominal value;
- share options reserve – comprises equity-settled share-based remuneration;
- foreign currency translation reserve – comprises foreign currency translation differences arising on the translation of financial statements of the Group's foreign entities into Sterling;
- accumulated losses – comprises all current and prior period retained losses; and
- merger reserve – comprises the difference between the fair value of Roofoods Ltd as at 6 April 2021 and the nominal value of shares acquired by Deliveroo plc as part of the Share-for-Share exchange which took place prior to Admission.

All transactions with owners of the Parent are recorded separately within equity.

Trade and other payables

Trade and other payables include obligations to pay for goods and services acquired in the normal course of business, amounts outstanding on purchases and other amounts due to third parties, including restaurants. The trade and other payables are considered to be short-term, non-interest-bearing and have no security attached. The carrying value of trade and other payables is considered to be a reasonable approximation of fair value.

Significant accounting judgements and estimates

When preparing the financial statements, management has made a number of estimates and assumptions regarding the future and has made some significant judgements in applying the Group's accounting policies. Accounting estimates are reviewed on an ongoing basis, and revisions to such estimates are recognised in the current and future periods as applicable. The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Provisions and contingent liabilities

The independent contractor status of riders, which applies in most of the jurisdictions in which we operate, has been and is likely to continue to be the subject of challenge in certain markets, including some of our key markets. We have been and are involved in legal proceedings, under which the independent contractor status of our riders is under review. The recognition of legal provisions (note 22) and associated contingent liabilities (note 29) arising from such matters involves management estimates of the present value of the potential costs required to settle obligations. Provisions are calculated based on the information available at the time of signing these accounts. Key inputs to the calculations of such provisions include the likelihood of receiving claims, the scope of those claims, the likelihood of making payments, an assessment of the time value of money and the risks specific to each potential obligation. A change in the assessment of these assumptions could materially change the measurement of a provision or contingent liability. In rare circumstances, where there are too many variables, the Directors may conclude it is not possible to estimate a contingent liability and disclose the fact. It is expected that the resolutions to these matters may extend over several years. The following are the critical judgements, apart from those involving estimations (which are dealt with separately above), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Provisions and contingent liabilities

The recognition of a provision requires judgement as to the likelihood of economic outflow. Where the Group has a possible obligation as a result of a past event, it will disclose a contingent liability. Changes to circumstances or the assessed likelihood of success may result in a contingent liability becoming a provision, or the remeasurement of a provision, and such judgements are reviewed in accordance with the recognition criteria set out in IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', on a regular basis. See notes 22 and 29 for detail of the amounts provided and disclosed as a contingent liability.

Discontinued operations

The identification of the closure of our Spanish business in November 2021 as a Discontinued Operation required judgement in interpreting IFRS 5: Discontinued Operations. IFRS 5 states that a discontinued operation comprises a component of an entity that either has been disposed of, or is classified as held for sale and represents a separate major line of business, or geographical area of operations. The directors have concluded that Deliveroo Spain is a separate entity and a separate geographical area of operations for which the results of the business are qualitatively significant. This conclusion particularly references the liabilities of the Company related to provisions and accruals for legal and regulatory investigations, and as such we consider the additional information shown as a result of concluding that the entity comprises a Discontinued Operation to be useful for the reader of the financial statements. As such, Spain has been classified as a Discontinued Operation in accordance with IFRS 5.

Consumer acquisition and retention costs

The group invests in marketing specifically to drive consumer acquisition and retention. Some of this spend is in the form of credits that can be applied to the consumer's account for an order on the Deliveroo platform, where those orders are placed in accordance with the terms and conditions of the credit. The customer for the provision of the delivery service is the consumer, with Deliveroo being the principal. IFRS 15: Revenue from contracts with customers, does not specify requirements or guidance on the treatment of such costs where the consideration payable to the customer exceeds the transaction price (i.e. the delivery fee revenue from that consumer), since the consumer is our customer in the delivery relationship. As such, judgement is applied in the classification of such costs. For the delivery fee element of the associated order, the cost of the credit is recognised as a debit to revenue. The excess of the cost of the credit is recognised as a marketing cost, having first offset any historic cumulative delivery fee revenue, reflecting the nature of the cost as a consumer acquisition and retention tool, and the nature of the marketplace business, where Deliveroo is the agent for the provision of food and beverage. Any subsequent sales to that consumer are recognised as revenue in the usual way, i.e. without adjusting the amount previously reflected as a marketing cost. Our judgement is that this better reflects the nature of these costs and the understanding of the Group's financial performance, rather than treating the entire amount as negative revenue. This has contributed to the overall increase in sales and marketing expenses in the year of £146 million (2020 – decrease of £26 million), and represented approximately 15% of overall sales and marketing expenses in FY2021 and FY2020.

3. Segment information

Information reported to the Group's Chief Executive Officer (the Chief Operating Decision Maker (CODM)) for the purposes of resource allocation and assessment of segment performance focuses on a geographical split of the Group between 'UK and Ireland' and 'International' (being overseas jurisdictions other than UK and Ireland). These geographical segments comprise both the operating and reportable segments under IFRS 8.

The CODM primarily uses a measure of adjusted earnings before interest, tax, depreciation and amortisation (adjusted EBITDA*, see below) to assess the performance of the operating segments.

The segments primarily generate revenue through the operation of an on-demand food delivery platform.

In addition, another heading, not relating to reportable operating segments, has been included in order to reconcile revenue and adjusted EBITDA*. 'Other' primarily represents head office and Group services.

Finance income and costs are not allocated to segments as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

Spain operations were discontinued in the current year. The segment information reported on the next pages does not include any amounts for these discontinued operations, which are described in more detail in note 7.

The following is an analysis of the Group's revenue and results by reportable segment:

2021	UK and Ireland	International	Segments total	Other	Total
	£m	£m	£m	£m	£m
Total Revenue	980.7	843.7	1,824.4	-	1,824.4
Cost of sales	(650.4)	(676.7)	(1,327.1)	-	(1,327.1)
Other operating income	0.2	2.3	2.5	-	2.5
Administrative expenses	(229.8)	(216.1)	(445.9)	(166.5)	(612.4)
Other operating expenses	(9.6)	(9.2)	(18.8)	-	(18.8)
Adjusted EBITDA*	**91.1**	**(56.0)**	**35.1**	**(166.5)**	**(131.4)**
Share based payments charge and accrued national insurance on share options	-	-	-	(87.6)	(87.6)
Legal and regulatory settlements and provisions	-	(0.8)	(0.8)	(6.7)	(7.5)
Exceptional income	-	0.6	0.6	-	0.6
Exceptional costs	(18.0)	(7.7)	(25.7)	(9.7)	(35.4)
Depreciation and amortisation					(43.0)
Finance income					7.3
Finance costs					(1.2)
Loss before income tax					**(298.2)**
Income tax					**(5.5)**
Loss for the year from discontinued operations					(4.8)
Loss after tax and discontinued operations					**(308.5)**

2020	UK and Ireland £m	International £m	Segments total £m	Other £m	Total £m
Total Revenue	599.0	564.0	1,163.0	-	1,163.0
Cost of sales	(381.8)	(433.5)	(815.3)	-	(815.3)
Other operating income	0.4	0.6	1.0	-	1.0
Administrative expenses	(131.0)	(117.8)	(248.8)	(98.2)	(347.0)
Other operating expenses	(6.1)	(6.4)	(12.5)	-	(12.5)
Adjusted EBITDA*	**80.5**	**6.9**	**87.4**	**(98.2)**	**(10.8)**
Share based payments charge and accrued national insurance on share options	-	-	-	(73.2)	(73.2)
Legal and regulatory settlements and provisions	-	-	-	(70.9)	(70.9)
Exceptional income	-	3.0	3.0	-	3.0
Exceptional costs	(3.1)	(0.9)	(4.0)	(18.5)	(22.5)
Depreciation and amortisation					(34.4)
Finance income					0.9
Finance costs					(4.7)
Loss before income tax					**(212.6)**
Income tax credit					**4.2**
Loss for the year from discontinued operations					(18.0)
Loss after tax and discontinued operations					**(226.4)**

No single customer contributed 10% or more to the Group's revenue in either 2021 or 2020.

Revenues presented by reporting segment are in respect of transactions with external customers only.

The measurement of assets and liabilities by reportable segment is not included in this note disclosure as this information is not regularly reviewed by the CODM for decision making purposes.

Geographical information

The Group's non-current assets, excluding financial instruments, deferred tax assets and other financial assets, split by geographical location are detailed below:

	2021	2020
	Non-current assets	
	£m	£m
UK and Ireland	97.7	79.9
Rest of the World	28.6	15.1
	126.3	**95.0**

4. Revenue

The Group's revenue is analysed as follows:

	2021 £m	2020 £m
UK & Ireland	980.7	599.0
Rest of the World	843.7	564.0
Total revenue	**1,824.4**	**1,163.0**

	2021 £m	2020 £m
Point in time	1,760.2	1,125.8
Over time	64.2	37.2
Total revenue	**1,824.4**	**1,163.0**

Contract balances are immaterial to the Group so no disclosure is provided. There have been no significant changes to the contract balances in the current financial year.

5. Loss for the year

Loss for the year from continuing and discontinued operations is stated after charging/(crediting):

	2021 £m	2020 £m
Depreciation of plant, property and equipment	8.9	8.1
Depreciation of right-of-use assets	10.7	9.2
Amortisation (see note 10)	23.7	17.8
(Decrease)/increase in provisions	(30.6)	79.9
Research and development costs	42.0	16.0
Loss on disposal of property, plant and equipment	1.3	0.5
Auditor's remuneration	4.4	2.3
Sales and marketing costs (excluding staff costs)	281.2	134.9
Staff costs	284.7	204.5
Exceptional items	44.7	19.6

6. Income tax expense

	2021 £m	2020 £m
Current tax charge for the year	3.4	0.5
Current tax charge/(credit) relating to prior year adjustment	0.3	(0.9)
Deferred tax charge/(credit) relating to the current year	2.1	(1.9)
Deferred tax credit relating to prior year adjustment	(0.3)	(1.9)
Total	**5.5**	**(4.2)**

The standard rate of corporation tax applied to reported loss in the UK is 19.0% (2020: 19.0%). Taxation for other jurisdictions is calculated at the prevailing rates in the respective jurisdictions.

The reconciliation between the tax expense and the product of accounting profit multiplied by the domestic tax rate for the years ended 31 December 2021 and 2020 is as follows:

	2021 £m	2020 £m
Loss before income tax	(298.2)	(212.6)
Loss before tax multiplied by the tax rate of 19.01% (2020: 18.29%)	(56.7)	(38.9)
Adjustments for non-deductible expenses:		
Losses not recognised	65.2	23.8
Recognition of tax losses – deferred tax	(1.1)	(4.5)
Permanent differences	3.2	14.8
Tax credit received	-	(1.5)
Movement in other unrecognised temporary differences	(5.7)	4.3
Adjustment in respect of prior years	0.2	(1.7)
Effect of changes in tax rates	(0.3)	(0.1)
Other taxes	0.7	(0.4)
Total	**5.5**	**(4.2)**

In the UK, a corporation rate of 25% (effective 1 April 2023) was substantively enacted on 11 March 2021. This will impact the Group's future current tax charge accordingly.

The Group operates across a number of different jurisdictions, which results in various cross-border transactions arising between Group companies. In line with OECD guidelines, the Group bases its transfer pricing policy on the 'arm's length principle'. In certain situations, different tax authorities may seek to attribute further profit to activities being undertaken in their jurisdiction which could lead to double taxation, which the Group will seek to mitigate if it arises.

7. Discontinued operations

On 29 November 2021, the Group ended operations in Spain. The Group has determined that achieving and sustaining a top- tier market position in Spain would require a disproportionate level of investment with highly uncertain long-term potential returns that could impact the economic viability of the market for the Group.

The results of the discontinued operations, which have been included in the loss for the year, were as follows:

	2021 £m	2020 £m
Revenue	24.3	27.8
Expenses	(28.6)	(40.7)
Loss before tax	(4.3)	(12.9)
Attributable tax expense	(0.5)	(5.1)
Net loss attributable to discontinued operations (attributable to owners of the Company)	**(4.8)**	**(18.0)**

8. Exceptional items

The following have been recognised as exceptional items where there is separately identifiable income and expenditure arising from activities or events outside the normal course of business, and are deemed material to the understanding of the accounts. Exceptional items include redundancy costs, Coronavirus relief grants, which relate to Government grants received as a consequence of the impact of COVID-19 on the food industry, and COVID-19 related costs which primarily relate to the purchase of personal protective equipment for riders. Proposed M&A and other project costs and legal and professional fees in relation to a regulatory investigation and preparation for an Initial Public Offering have also been deemed exceptional and are split out below.

	2021 £m	2020 £m
From continuing operations		
Coronavirus relief grants	(0.6)	(3.0)
Coronavirus related costs	1.3	4.0
Redundancy costs	-	6.5
Legal and Regulatory fees	6.0	3.0
Proposed M&A and other project costs	1.0	3.2
Initial public offering related costs	27.1	5.8
Total exceptional items from continuing operations	34.8	19.5
From discontinued operations	9.9	0.1
Total exceptional items	**44.7**	**19.6**

9. Loss per share

The calculation of the basic and diluted loss per share is based on the following data. Losses are from continuing and discontinued operations.

Loss	2021 £m	2020 £m
Loss for the year from continuing operations	(303.7)	(208.4)
Loss for the year from continuing and discontinued operations	(308.5)	(226.4)

Number of shares	2021	2020 (restated)
Weighted average number of ordinary shares outstanding	1,707,650,646	1,348,387,488

From continuing operations	2021 £	2020 £
Loss per share		
- Basic	(0.18)	(0.15)
- Diluted	(0.18)	(0.15)
From continuing and discontinuing operations		
Loss per share		
- Basic	(0.18)	(0.17)
- Diluted	(0.18)	(0.17)

The weighted average number of shares has been restated in comparative periods to take into account the share split that took place during the current period.

There was no difference between basic earnings per share and diluted earnings per share, since the effect of all potentially dilutive shares outstanding was anti-dilutive.

10. Intangible assets

	Goodwill	Acquired software	Capitalised development expenditure	Total
	£m	£m	£m	£m
Cost				
At 1 January 2020	4.9	9.8	49.5	64.2
Additions	-	-	20.5	20.5
At 31 December 2020	4.9	9.8	70.0	84.7
Additions	-	-	34.6	34.6
At 31 December 2021	**4.9**	**9.8**	**104.6**	**119.3**
Accumulated amortisation				
At 1 January 2020	-	(2.1)	(22.9)	(25.0)
Amortisation charge for the year	-	(1.3)	(16.5)	(17.8)
At 31 December 2020	-	(3.4)	(39.4)	(42.8)
Amortisation charge for the year	-	(1.3)	(22.4)	(23.7)
At 31 December 2021	**-**	**(4.7)**	**(61.8)**	**(66.5)**
Net book value				
At 31 December 2021	**4.9**	**5.1**	**42.8**	**52.8**
At 31 December 2020	4.9	6.4	30.6	41.9

Goodwill was recognised on the acquisition of assets from Omakase Inc. It has been allocated to the cash-generating unit (CGU) ‘Roofoods Ltd’. The recoverable amount of the group of CGUs is determined from value in use calculations. The key assumptions in these calculations comprise discount rates, growth rates, pricing fluctuations and changes to direct costs. These assumptions are consistent with available external information sources. Discount rates are estimated using pre-tax rates that reflect current market assessments of the time value of money. The discount rate used was 12.5%. A terminal growth rate of 3% was used to extrapolate cash flow beyond the forecast period.

For the purpose of a goodwill impairment review, management prepares cash flow forecasts for a period of five years. Thereafter a growth rate is applied that does not exceed the long-term average growth rate for the industry and geography. There is no reasonably possible change in any key assumptions that would cause the carrying amount to exceed the recoverable amount.

11. Deferred tax

	2021 £m	2020 £m
Deferred tax assets		
Deferred tax assets relating to tax losses	8.0	9.3
Deferred tax assets relating to other temporary differences	1.4	1.4
Deferred tax assets relating to share-based payments	-	8.1
Deferred tax assets relating to fixed asset temporary differences	1.3	0.7
Total deferred tax assets	**10.7**	**19.5**

	1 January 2021 £m	Recognised in income* £m	Recognised in equity £m	Foreign exchange differences £m	Total £m
Fixed asset temporary differences	0.7	0.6	-	-	1.3
Tax value of loss carry-forwards utilised	9.3	(0.4)	-	(0.9)	8.0
Share-based payments	8.1	(2.4)	(5.7)	-	-
Other	1.4	-	-	-	1.4
Net deferred tax asset	**19.5**	**(2.2)**	**(5.7)**	**(0.9)**	**10.7**

	1 January 2020 £m	Recognised in income* £m	Recognised in equity £m	Foreign exchange differences £m	Total £m
Fixed asset temporary differences	1.4	(0.7)	-	-	0.7
Tax value of loss carry-forwards utilised	9.5	(0.2)	-	-	9.3
Share-based payments	1.5	2.4	4.2	-	8.1
Other	-	1.4	-	-	1.4
Net deferred tax asset	**12.4**	**2.9**	**4.2**	**-**	**19.5**

* This amount includes tax attributable to discontinued operations in Spain.

All deferred tax liabilities are expected to be settled more than 12 months after the reporting period.

The recognition of deferred tax assets is based on the Group's forecast of future operating results which is adjusted for significant permanent differences and specific limits to the use of any unused tax loss or credit. The Group has unrecognised tax losses of £1,370.4 million (2020: £884.7 million) available for offset against future taxable profits. There are also unrecognised temporary differences of £90.7 million (2020: £314.6 million) across other items including fixed assets and share-based payments. No deferred tax asset has been recognised in relation to these temporary differences on the basis that their future economic benefit is uncertain given the unpredictability of future profits. The significant portion of the unrecognised temporary differences arise in the UK where there is no expiry for utilisation.

12. Trade and other payables

	2021 £m	2020 £m
Trade payables	25.2	22.9
Accruals and deferred income	165.6	136.1
Other tax and social security payables	99.3	61.4
Other payables	15.1	11.3
Amounts due to restaurants	62.8	51.4
Corporation tax payable	-	2.2
Total payables	**368.0**	**285.3**

The trade and other payables are considered to be short-term, non-interest-bearing and have no security attached. The carrying value of trade and other payables is considered to be a reasonable approximation of fair value.

13. Provisions

	2021 £m	2020 £m
Legal provision	81.7	112.2
Earn-out provision	-	0.1
Total provisions	**81.7**	**112.3**

The movement in the provisions during the year is reconciled below:

	Legal provisions £m	Earn-out provision £m
At 1 January 2021	112.2	0.1
Foreign exchange revaluation	(3.3)	-
Additional amounts provided for	13.1	-
Amounts utilised	(12.2)	(0.1)
Amounts released	(28.1)	-
Total provisions	**81.7**	**-**

The Group is involved in a number of ongoing legal and arbitration proceedings with third parties, primarily across its European territories. The amounts provided in the legal provision represent our best estimate of associated economic outflows based on the status of proceedings at the time of approval of these financial statements, and are based on current claims from regulators, even where we dispute the amounts claimed. In some instances, court proceedings and investigations are expected to extend for at least 12 months, and as such, depending on the outcomes, the total economic outflow could be different to that currently provided. The Directors will review and revise the amounts of such provisions as necessary as and when new information becomes available. See note 16 for contingent liabilities for similar inspection types in other jurisdictions and differing stages.

Further to the amounts provided above, the challenges of the new, on-demand economy means that, like other companies in this industry, some subsidiary companies may eventually be subject to further inspections or litigation of the same nature in the future. The Group would assess any such future challenge on a case-by-case basis. We continue to defend ourselves robustly against challenge of this nature, but we recognise that there are jurisdictions which may seek to regulate the on-demand economy and as a result the risk may be heightened, and we have recognised provisions accordingly. The Directors are confident in the operating model and practices – and will take all reasonable steps to defend its position if so challenged. In addition, the Company and its subsidiaries are engaged with relevant stakeholders to seek to bring greater certainty – together with flexibility – for individuals who work within the on-demand economy.

The earn-out provision relates to the earn-out arrangement arising on the acquisition of Cultivate Software Ltd. This is payable in two tranches a year, and two years post-acquisition.

14. Share capital

Shares issued and fully paid:	2021	2020	2021	2020
	Shares	Shares	£	£
Ordinary	-	1,336,755	-	1,336,755
Ordinary A	1,754,496,973	-	8,772,485	-
Ordinary B	100,299,642	-	501,498	-
Series A Preferred	-	328,947	-	328,947
Series B Preferred	-	440,579	-	440,579
Series C Preferred	-	491,566	-	491,566
Series D Preferred	-	469,150	-	469,150
Series E Preferred	-	1,243,722	-	1,243,722
Series F Preferred	-	1,395,544	-	1,395,544
Series G Preferred	-	1,435,742	-	1,435,742
Total shares issued	**1,854,796,615**	**7,142,005**	**9,273,983**	**7,142,005**

On 6 April 2021, in connection with the pre-IPO reorganisation, the Roofoods Ltd shareholders entered into a Share-for-Share Exchange Agreement with shareholders of Deliveroo plc. As a result, Deliveroo plc became the ultimate Parent Company of the Group, with a 100% investment in Roofoods Ltd. Prior to Admission, all shares, including those issued as part of the Series H fundraising round in January 2021 (209,306 Series H preferred shares), were converted to Ordinary A and Ordinary B Shares and sub-divided into 200 resulting in a nominal value per share of £0.005.

The share capital presented reflects the share capital structure of Deliveroo plc as if it had been the Parent of the Group during the current period and all comparative periods.

All shares have a nominal value of £0.005. At the year end, the Company and Group has authorised share capital of 1,854,796,615 (2020: 7,142,005). Of these, 1,854,796,615 (2020: 1,336,755) are Ordinary Shares and none (2020: 5,805,250) are preferred shares.

15. Reconciliation of cash used in operations

	2021 £m	2020 £m
Cash flows from operating activities		
Operating loss	(308.8)	(221.1)
Depreciation and amortisation	43.3	35.1
Loss on disposal of fixed assets	1.3	**0.5**
Loss on disposal of right-of-use asset	0.3	-
Impairment of right-of-use asset	0.2	-
Gain on disposal of lease liability	(0.2)	-
Share-based payments charge	71.1	48.3
(Increase)/decrease in inventories	(10.0)	1.4
(Increase) in trade and other receivables	(14.1)	(28.9)
Increase in trade and other payables	79.8	94.0
(Decrease)/increase in provisions	(30.6)	78.1
Cash (used in)/generated from operations	**(167.7)**	**7.4**

16. Contingent liabilities and guarantees

As regulators consider the new on-demand economy, from time-to-time companies operating in the gig economy will be subject to regulatory inspections and investigations. Certain companies in the Group are currently subject to such investigations about elements of our operating model. Whilst we defend ourselves robustly in such cases, we recognise the inherent uncertainty connected to regulatory inspections and investigations. Due to the stage of completion of such discussions, it is not possible to predict, with any reasonable certainty, the likely outcome. However, whilst we consider that the chance of economic outflow is not probable at this stage, it is possible that economic outflow could be needed to settle all or some of these claims at the eventual conclusion of such matters.

Depending on the outcomes, the total economic outflow in relation to the quantifiable contingent liabilities is estimated to be £37.3 million (2020: £10.3 million). In addition to this, there is a new regulatory challenge at an extremely early stage. As such, it is difficult at this time to quantify a potential economic outflow, and we will continue to refine our calculation, however at the time of signing the financial statements, we have assessed a range of economic outflows representing our best estimate in the event of a potential adverse outcome, which could range from £75 million to £200 million.

There are further contingent liabilities which are not, at this time, quantifiable, due to the lack of available information to enable such estimation. The Directors will review the amounts of such contingent liabilities as necessary throughout the duration of the relevant proceedings and revise amounts accordingly as and when new information is available.

The Group has issued guarantees totalling £7.6 million. Of this, £6.8 million relates to guarantees provided to tax authorities. The remainder primarily relates to office rental guarantees.

On 9 December 2021, the European Commission published proposals on the regulation of platform work. The proposals recognise that the majority of platform workers will be confirmed as self-employed. The proposals contain a ‘rebuttable presumption’ of employment, in which platform workers would be presumed to be employees should two of five criteria set out in the proposals be met. Any such determination could be challenged (‘rebutted’) by a platform. Any such challenge would be based on existing domestic employment law. The proposals are at an early stage and subject to consultation, and, if adopted, will be applied prospectively. As such, at this time there is no impact on our calculation and recognition of contingent liabilities or provisions. Deliveroo believes the proposals could provide welcome clarity on the tests to determine the status of platform workers and is contributing to the consultation process.

17. Events after the reporting period

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

Alternative Performance Measures and Glossary

The Group assesses performance using Alternative Performance Measures ('APMs') which are not defined under IFRS. Definitions of measures and reconciliations to amounts presented in the financial statements are set out below.

Metric	Definition and purpose	Reconciliation to GAAP measure
Financial measures		
Gross merchandise value (GMV)	Gross merchandise value (GMV) is the total value of food baskets (net of any discounts), excluding from our Signature offering, and is represented excluding any consumer fees, tips, VAT, or other sales-related taxes. GMV is commonly used among platform companies for understanding the value of goods traded on a marketplace.	See definition for calculation method
Gross transaction value (GTV)	GTV comprises the total value of food baskets (net of any discounts) and consumer fees, excluding from our Signature offering, and is represented including VAT and other sales-related taxes but excluding any discretionary tips. As such, GTV represents the total value paid by consumers, excluding any discretionary tips. It is a widely used measure for understanding the total value spent by consumers on our marketplace. Spain discontinued operations are excluded from GTV in 2020-21 but included for 2018-19.	See definition for calculation method
Average order value (AOV)	Average order value (AOV) is defined as the total gross merchandise value divided by the total number of orders. AOV is considered a key driver of the Group's GTV. Spain discontinued operations are excluded from AOV in 2020-21 but included in 2018-19.	See definition for calculation method
GTV per order	Gross transaction value per order (or GTV per order) is defined as the total gross transaction value divided by the total number of orders. GTV per order is used as a measure for understanding the total value spent by consumers on our marketplace on a unit basis. Spain discontinued operations are excluded from GTV per order in 2020-21 but included for 2018-19.	See definition for calculation method
Revenue take rate (as % of GTV)	Revenue take rate is revenue divided by GTV. It is a widely used measure for understanding the proportion of total value spent by consumers on our marketplace that is captured by Deliveroo.	See definition for calculation method
Gross profit	Gross profit is calculated as revenue less costs of sales, which primarily comprises rider costs and credit card fees. Gross profit is used to calculate gross profit margin which is considered a good measure of profitability at a transactional level.	See below for reconciliation
Gross profit margin (as % of GTV)	Gross profit margin as a percentage of GTV is defined as gross profit divided by GTV. It is considered a good measure of profitability at a transactional level.	See definition for calculation method
Marketing and overheads	Marketing and overheads represent the difference between gross profit and adjusted EBITDA. For the purposes of assessing and managing performance, Deliveroo's fixed cost base has been split into two major categories: marketing and overheads. Marketing costs are a combination of both brand-building activities and activities focused on in-period acquisition. Overheads consist of staff costs, the non-capitalised portion of costs relating to information technology, and other administrative expenses.	See below for reconciliation
Adjusted EBITDA	Adjusted EBITDA represents loss for the year before income tax charge/credit, finance costs, finance income, depreciation and amortisation, exceptional costs, exceptional income, legal and regulatory settlements and provisions, and share-based payments charge and accrued national insurance on share options. Adjusted EBITDA is considered to be a measure of the underlying trading performance of the Group and is used, amongst other measures, to evaluate operations from a profitability perspective, to develop budgets, and to measure performance against those budgets. EBITDA less capital expenditure and capitalised development costs is used as a further measure of underlying operating profitability of the business.	See below for reconciliation

Adjusted EBITDA margin (as % of GTV)	Adjusted EBITDA margin is defined as adjusted EBITDA divided by GTV. It is used, amongst other metrics, as a measure of operating profitability.	See definition for calculation method
Segment adjusted EBITDA	Information reported to the Group's Chief Executive Officer (the Chief Operating Decision Maker (CODM)) for the purposes of resource allocation and assessment of segment performance focuses on a geographical split of the Group between 'UK and Ireland' and 'International' (being overseas jurisdictions other than UK and Ireland). The CODM primarily uses segment adjusted EBITDA to assess the performance of the operating segments.	See note 3 for further information
Exceptional items (income/ costs)	Exceptional income and exceptional costs are items where there is separately identifiable income and expenditure arising from activities or events outside the normal course of business and are deemed material to the understanding of the Group's accounts.	See note 8 for further information
Constant currency	Constant currency adjusts for period-to-period local currency fluctuations. The Group uses constant currency information because the Directors believe it allows the Group to assess consumer behaviour on a like-for-like basis to better understand the underlying trends in the business.	See definition for calculation method

Metric	Definition
Non-financial measures	
Orders	Orders represents the total number of orders delivered from our platform, including from our Marketplace and Signature offering, over the period of measurement.
Monthly active consumers	Monthly active consumers (MACs) is the number of individual consumer accounts that have placed an order on our platform in a given month.

	Reconciliation to financial statements	
	2021 £m	2020 £m
Operating loss	(304.3)	(208.8)
Depreciation	19.3	16.6
Amortisation	23.7	17.8
EBITDA	**(261.3)**	**(174.4)**
Share based payments charge and accrued national insurance on share options	87.6	73.2
Legal provisions and other settlements	7.5	70.9
Exceptional items*	34.8	19.5
Adjusted EBITDA*	**(131.4)**	**(10.8)**
Marketing and overheads*	628.7	358.5
Gross Profit	**497.3**	**347.7**