

Significant progress on profitability and cash flow; proposed £250 million additional return of structural surplus capital

Operational overview¹

- **Profitability ahead of expectations** with adjusted EBITDA* of £39 million in H1; adjusted EBITDA margin (as a % of GTV)* increased to 1.1% in H1 from 0.2% in H2 2022 and (1.5)% in H1 2022; profit improvement levers in H1 2023 included efficiencies in marketing and overheads*, and an increasing contribution from advertising.
- **Resilient growth in challenging macroeconomic conditions** with revenue up 5% and GTV* up 3% (3% and 1%, respectively at constant currency*) despite orders down 6%; sequentially orders and GTV up Q2 versus Q1.
- **UKI growth outperformed International** with GTV in UKI up 7% and in International down 3% (down 7% at constant currency) versus H1 2022, with year-on-year growth in both segments improving in Q2 compared to Q1.
- **Consumer value proposition further strengthened** with focus on service and value for money, alongside enhanced selection, improved in-app experience, premium delivery and top-up grocery orders.
- **Loss for the period** improved by £71 million to £(83) million.
- **Net cash* of £948 million**; further progress towards sustainable cash-generation, with free cash outflow* reduced to £(28) million.
- **Proposed £250 million additional return of structural surplus capital**, bringing total capital return to shareholders announced in 2023 to £300 million, equivalent to 30% of net cash at the start of the year.

Summary financial information

£ million unless stated	H1 2023	H1 2022	Change
Orders	145.2	154.1	(6)%
GTV per order (£)*	24.2	22.1	10%
GTV*	3,506.8	3,413.2	3%
Revenue	1,020.3	972.9	5%
Revenue take rate (as % of GTV)*	29.1%	28.5%	60 bps
Gross profit	365.1	296.7	23%
Gross profit margin (as % of GTV)*	10.4%	8.7%	170 bps
Adjusted EBITDA*	39.4	(51.6)	n/a
Adjusted EBITDA margin (as % of GTV)*	1.1%	(1.5)%	260 bps
Loss for the period[^]	(82.9)	(153.8)	46%
Free cash flow* [^]	(27.7)	(168.7)	84%
Net cash*[^]	947.8	1,130.1	(16)%

* Alternative performance measure ('APM'), refer to glossary on page 45 for further details

[^] Continuing and discontinued operations

Change in constant currency was 1% for GTV, 7% for GTV per order and 3% for revenue

2023 outlook

- **2023 GTV growth guidance narrowed** to lower single digits percentage growth in constant currency (previous guidance of low-to mid- single digits percentage growth in constant currency).
- **2023 adjusted EBITDA guidance upgraded** to a range of £60-80 million (previous guidance range of £20-50 million) reflecting strong H1 performance and further investments in the consumer value proposition in H2.

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.

¹ In this section, all growth rates are year-on-year and in reported currency unless otherwise stated, and all figures exclude results from Australia and the Netherlands, where operations ended on 16 November 2022 and 30 November 2022 respectively, and Spain, where operations ended on 29 November 2021 (all three markets are treated as discontinued operations).

* Alternative performance measure ('APM'), refer to glossary on page 45 for further details

Will Shu, Founder and CEO of Deliveroo, said:

"I am very pleased with our progress so far this year. We have delivered a strong financial performance despite challenging macroeconomic conditions. This has been achieved alongside continued improvements to our proposition for consumers, riders and merchants. In particular, for consumers we have continued to innovate, for example now offering a more personalised in-app experience and enabling consumers to top up their restaurant orders with grocery items.

"Over the last 18 months, Deliveroo has reached adjusted EBITDA profitability ahead of plan, and we are progressing towards our goal of generating consistent positive free cash flow. The industry is large and still early in its maturity, and we are excited by the growth opportunities ahead of us - whether this is daily incremental improvements to the consumer value proposition, or expanding in verticals such as grocery and non-food retail. Against this backdrop of strategic progress and growth opportunity, the Board has considered our strong capital position and is proposing an additional £250 million capital return to shareholders.

Looking ahead, we will continue to adapt to the evolving market conditions and execute against our strategy. We remain excited about the number of opportunities we have to drive further growth in the medium and longer-term, and we have the team and resources to capture these opportunities."

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Analyst and investor call

A conference call and webcast with Q&A for analysts and investors will be held today at 09:00 BST / 10:00 CEST. Registration details as follows:

Conference call: https://secure.emincote.com/client/deliveroo/hy-2023/vip_connect

Webcast: <https://secure.emincote.com/client/deliveroo/hy-2023>

The webcast will also be available to view at <https://corporate.deliveroo.co.uk/>. A replay will be made available later.

Upcoming events

Q3 2023 trading update: 19 October

Capital markets event: 29 November

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

Deliveroo is an award-winning delivery service founded in 2013 by William Shu and Greg Orlowski. Deliveroo works with approximately 182,000 best-loved restaurants and grocery partners, as well as around 135,000 riders to provide the best food delivery experience in the world. Deliveroo is headquartered in London, with offices around the globe. Deliveroo operates across 10 markets, including Belgium, France, Hong Kong, Italy, Ireland, Kuwait, Qatar, Singapore, United Arab Emirates and the United Kingdom.

Further information regarding Deliveroo is available on the Company's website at <https://corporate.deliveroo.co.uk/>.

Disclaimer

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 review²

1. Key developments

Growth and operating environment

In H1 2023, GTV grew 3% (1% in constant currency) and revenue was up 5% (3% in constant currency), a resilient performance in the context of the market backdrop. Starting last year, high food price inflation in many markets has put pressure on consumer spending power and impacted demand for food delivery, while COVID-related restrictions in Asian markets in early 2022 created a tougher comparison base, especially during Q1 2023.

GTV growth improved through the period, with GTV growth of (1)% in Q1 and 3% in Q2, both in constant currency. This improvement was partly due to comparatives easing, particularly in Hong Kong and Singapore, alongside continued good performance in UKI. We are committed to driving further topline growth, and with consumer headwinds expected to persist for at least the remainder of 2023, we are focusing on the growth levers in our control.

During the period, we made further progress scaling our advertising business, reaching an annualised revenue run-rate of £55 million or 0.8% of GTV in Q2 2023 (Q4 2022: £40 million run-rate or 0.6% of GTV). The vast majority of this revenue currently comes from our sponsored positioning and search results product for restaurants and grocers. We continue to take a consumer-first approach, wanting to strike the right balance between helping merchants drive incremental demand, while always prioritising the consumer experience. In H1 2023, over 50,000 merchants placed an advert on the platform (H2 2022: around 38,000), while we also ran campaigns with brands such as PepsiCo, Quorn, ITVX and Sky Glass.

Consumer value proposition

While we face short-term macroeconomic headwinds, the industry is still early in its maturity and there remains ample room for growth. An important part of unlocking this is to get the basics right: build the best consumer value proposition ('CVP') by continually improving factors such as consumer experience, selection and price/value.

As an on-demand three-sided marketplace we aim to deliver a seamless consumer delivery experience on each occasion. This is a key company priority in 2023, and working with restaurants and riders, we have been able to substantially reduce poor service outcomes such as missing items and late orders.

In the UKI, we have launched a 'premium' delivery option, allowing consumers to pay a small fee to guarantee that the consumer's order is brought directly to them, ahead of any other order; if a premium delivery arrives after the estimated delivery time, the fee is fully refunded. We are also offering consumers the opportunity to top up their restaurant order with a Hop grocery order through the order tracking page, with no additional fees. Within our grocery offering, we have transformed the in-app experience, making consumer discovery more personalised, with features like 'Your Regulars' and 'Top Picks' based on previous buying behaviour, as well as significantly expanding the range of products we have available.

We have continued to enhance the selection available to consumers, adding more merchant supply to the platform and taking the total number of restaurant and grocery partners to around 182,000. We also expanded delivery radii in certain zones to improve selection for consumers and to allow restaurants and grocers to reach more consumers.

Price and value is another key component of the CVP, particularly when the cost of living crisis is impacting consumers' spending power. While we do not set menu prices, we are actively promoting value in the app. Examples include highlighting where restaurant and grocers are matching prices to their dine-in or in-store prices, as well as using targeted promotions to provide value, for example our '£7 off 7' orders promotion and 'summer saver' campaigns, alongside buy-one-get-one-free offers with participating restaurants.

² In this section, all growth rates are year-on-year and in reported currency unless otherwise stated, and all figures exclude results from Australia and the Netherlands, where operations ended on 16 November 2022 and 30 November 2022 respectively, and Spain, where operations ended on 29 November 2021 (all three markets 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 page 45. More detailed discussion of statutory results is contained in the Financial Review beginning on page 8.

* Alternative performance measure ('APM'), refer to glossary on page 45 for further details

Improving profitability

Deliveroo made further progress towards reaching our ambition of a 4%+ adjusted EBITDA margin (as % of GTV) by 2026. Despite the challenging macroeconomic environment, adjusted EBITDA increased to £39.4 million in H1 2023, compared to £6.6 million in H2 2022 and £(51.6) million in H1 2022. Adjusted EBITDA margin (as % of GTV) reached 1.1% in H1 2023, an improvement of 260 basis points (bps) versus H1 2022. This was driven by 170 bps of gross profit margin (as % of GTV)* expansion and 90 bps of reduction in marketing and overheads as % of GTV*.

The annualisation of the measures we took in H1 2022 to optimise consumer fees (ensuring that delivery fees appropriately reflect delivery distance and adjusting the balance between delivery fees and service fees) and the increasing contribution of advertising boosted the revenue take rate and profitability. In addition, we improved gross profit margin through efficiencies in the rider network that helped to limit the inflationary impact on cost of sales per order (£4.51 in H1 2023 versus £4.39 in H1 2022). Marketing and overheads* decreased further to £325.7 million, compared to £339.9 million in H2 2022 and £348.3 million in H1 2022. The sequential improvement was in large part due to overhead cost efficiencies, with benefits from headcount reduction measures being realised slightly earlier than projected.

Capital position and proposed return of capital

Deliveroo's IPO in March 2021 raised primary proceeds to meet the anticipated investment needs of the Group at that time. Since then, the competitive environment has evolved, in part driven by the shift in financial market conditions. In addition, Deliveroo has reached adjusted EBITDA profitability ahead of plan, and we have made progress towards our goal of generating sustainable positive free cash flow*. Together, these factors have prompted the Board to re-evaluate the cash requirements of the Group.

At the 2022 Interim results, Deliveroo announced a share purchase programme of £75 million, via the Employee Benefit Trust, in order to mitigate dilution related to our employee share plans. This programme was completed in January 2023. With the 2022 Preliminary results, in recognition of our strong balance sheet, we announced a share purchase programme of up to £50 million. In addition, we committed to provide a further update on our capital position with the 2023 Interim results.

The Board has since undertaken a review of the Group's capital structure, growth opportunities and required cash balances, both now and in the future. The Board sees that its capital requirements fall into three broad categories.

First, strategic and operational capital. This is the capital we need to maintain and strengthen our market positions, including in case of any intensified competitive backdrop, and to fund ongoing operational requirements and working capital. In addition, a portion of this capital will be used to fund additional investments for future growth. The Group intends to provide further details on our potential future growth opportunities at a capital markets event in November. Second, capital is required to provide a prudent and appropriate level of headroom for unforeseen circumstances and for the potential crystallisation of provisions or contingent liabilities, as set out in our accounts.

The third and final category is surplus capital. Following this review, the Board has concluded that the Group has structural surplus cash and proposes a return to shareholders of £250 million, in addition to the £50 million return announced in March 2023. This proposed total capital return of £300 million announced in 2023 is equivalent to 30% of net cash at the start of the year.

Going forward, we will regularly review our capital position, as we make further progress on our profitability and cash generation and as the competitive, consumer and regulatory backdrop becomes clearer.

As at 30 June 2023, the Group had a net cash position of £948 million. The proposed £250 million capital return, together with the remaining £21 million balance of the £50 million share buyback programme announced in March 2023, would leave the Group with a pro forma net cash balance of £677 million at 30 June 2023.

We intend to consult with shareholders to determine the most appropriate distribution mechanism for the proposed return of capital. Following this consultation, we expect to update the market on how we will return the proposed £250 million before the end of September.

Opportunities ahead

Our industry is at an early stage of maturity, and we see multiple opportunities ahead of us to drive strong growth in revenue, profit and free cash flow. We will host a capital markets event on 29 November at our London office to share more insights into these opportunities and our strategy for pursuing them. Further details will be provided closer to the time.

2. The three sides of the marketplace

Since 2013, we have pioneered on-demand food delivery via a hyperlocal three-sided online marketplace, connecting local consumers, riders, and merchants. For consumers, Deliveroo unlocks broad choice and fast delivery times, working with merchants who overwhelmingly have never offered an online presence and on-demand deliveries before. For merchants, we not only provide 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, we offer highly flexible work which they can rely on for attractive earnings, alongside security and benefits. In H1 2023, we made further progress in developing all three sides of the marketplace.

Consumers

Deliveroo's average monthly active consumers ('MACs') averaged 7.1 million across H1 2023, compared to 7.5 million in H1 2022. Over the last year, MACs have declined modestly, coinciding with inflationary pressures on consumers. In H1 2023, we saw some signs that this decline is stabilising, with 7.1 million MACs in both Q1 and Q2. Average order frequency remains stable at 3.4 times per month.

Group	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
UK & Ireland (m)	4.1	4.0	3.9	4.1	4.0	4.0
International (m)	3.5	3.4	3.1	3.3	3.1	3.1
Average MACs (m)	7.6	7.4	7.0	7.4	7.1	7.1
<i>Year-on-year growth in MACs</i>	<i>15%</i>	<i>5%</i>	<i>4%</i>	<i>(1)%</i>	<i>(7)%</i>	<i>(4)%</i>
Average order frequency (monthly)	3.4	3.4	3.3	3.4	3.4	3.4

Monthly active consumers ('MACs') is the number of individual consumer accounts that have placed an order on our platform in a given month; average MACs for a quarter is the average of MACs for the three months of that quarter.

Average order frequency (monthly) is the average number of orders placed by active consumers in a month.

Merchants

Restaurant selection is an important part of our consumer value proposition. Growth in restaurant selection increases availability and choice to consumers on a neighbourhood-by-neighbourhood basis. Our global partner restaurant sites increased to approximately 162,000 at the end of H1 2023, compared to around 158,000 at the end of 2022, including a number of strategic wins in Italy and the Middle East.

Our on-demand grocery business continued to grow and in H1 2023 represented 11% of total GTV, an increase of 70 bps compared to H2 2022 (also rounding to 11%). Globally, we now have around 20,000 grocery sites live with major partners and smaller independent merchants. Alongside this 'store pick' model, we continued to roll out Hop, our delivery-only grocery stores. Deliveroo-operated Hop stores and partner-operated Hop-as-a-Service sites are live in the UKI and International segments, with partners including Morrisons, Waitrose, Asda, Carrefour, Auchan, Esselunga, Choithrams and ParknShop.

Riders status - material developments

Riders are a vital part of Deliveroo's three-sided marketplace and we work with around 135,000 riders globally. Riders value the flexible work we offer, enabling them to set their own work patterns, to select which orders to accept or reject and to work with multiple companies simultaneously. This is reflected in high satisfaction ratings, with 82% of riders globally saying they are satisfied or very satisfied working with Deliveroo in Q2 2023 (Q2 2022: 80%, Q4 2022: 83%). We continue to see strong rider application pipelines and rider retention rates. However, we have actively managed our rider fleet size by onboarding fewer new riders in the period to reflect the impact of macroeconomic conditions on order volumes and maintain an efficient rider network.

The independent contractor status of riders remains under scrutiny in certain markets, with the following updates on material matters in H1 2023.

- The European Parliament and European Council finalised their respective positions on the EU's Platform Work Directive. The Parliament, Council and Commission have entered into trilogue negotiations to determine a final Directive. Deliveroo is engaging constructively with stakeholders across the EU institutions.
- In France, whilst uncertainties remain Deliveroo continues to participate in constructive dialogue with social security and tax bodies in relation to ongoing investigations concerning our engagement with riders. Alongside this, we continue to participate in social dialogue, aiming to improve conditions for self-employed riders. This has led to sector-wide agreements with trade unions, including to give riders a guaranteed minimum payment for periods working on an order.
- In Italy, Deliveroo and other food delivery platforms operate under a Collective Bargaining Agreement with a local trade union. In January, a challenge against this agreement at national level was unsuccessful. We continue to engage with the national labour inspector regarding an investigation into a historical period. There have been two challenges to the Agreement at local, city level, which are under appeal or where appeal is being considered.
- It is also worth noting that in the Netherlands, although Deliveroo has exited the market, we have certain ongoing litigation regarding rider status. On 24 March 2023, the Supreme Court found Deliveroo riders to have been employees. However, this decision does not have any material impact on our business.

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. We recognise provisions or contingent liabilities for such proceedings as appropriate. These represent management's best estimate of potential economic outflows based on the status of proceedings at the time of approval of the financial statements, and are based on current and/or anticipated claims, even where the amounts claimed are disputed.

Financial review³

To supplement performance assessment, Deliveroo uses alternative performance measures ('APMs'), which are not defined under IFRS. The Board reviews gross transaction value ('GTV') and adjusted EBITDA, as well as other APMs shown below, alongside IFRS measures.

£ million unless stated	H1 2023	H1 2022	Change
Orders	145.2	154.1	(6)%
GTV per order (£)*	24.2	22.1	10%
GTV*	3,506.8	3,413.2	3%
Revenue	1,020.3	972.9	5%
Revenue take rate (as % of GTV)*	29.1%	28.5%	60 bps
Gross profit	365.1	296.7	23%
Gross profit margin (as % of GTV)*	10.4%	8.7%	170 bps
Marketing and overheads*	(325.7)	(348.3)	(6)%
Marketing and overheads as % of GTV*	(9.3)%	(10.2)%	90 bps
Adjusted EBITDA*	39.4	(51.6)	n/a
Adjusted EBITDA margin (as % of GTV)*	1.1%	(1.5)%	260 bps
Loss for the period[^]	(82.9)	(153.8)	46%
Free cash flow* [^]	(27.7)	(168.7)	84%
Net cash**[^]	947.8	1,130.1	(16)%

* Alternative performance measure ('APM'), refer to glossary on page 45 for further details.

[^] Continuing and discontinued operations

Change in constant currency was 1% for GTV, 7% for GTV per order and 3% for revenue

1. Group operating performance and income statement (see page 19)

Gross transaction value

GTV grew to £3,506.8 million, a year-on-year increase of 3%, or 1% in constant currency, driven by an increase in GTV per order* of 10%, or 7% in constant currency, due to item-level price inflation and the annualised impact of consumer fee optimisation in 2022. Through the period, GTV per order increased by 8% year-on-year in Q1 and 6% in Q2, both in constant currency. Orders decreased by 6% year-on-year to 145.2 million in H1 2023, with Q1 down 9% and Q2 down 3%, reflecting the more challenging consumer environment across H1 as well as tough COVID comparatives in some markets in Q1. Sequentially, orders in H1 2023 remained flat against H2 2022, while GTV was up 2%, or 3% in constant currency, reflecting GTV per order increases.

Revenue

Revenue grew 5% year-on-year (3% in constant currency) to £1,020.3 million. This was ahead of the growth rate in GTV, reflecting an increase in the revenue take rate (i.e. revenue as % of GTV) to 29.1% from 28.5% in H1 2022. The increase was driven by the impact of consumer fee optimisation, as well as scaling the contribution from advertising, reaching a run-rate of £55 million (0.8% of GTV) in Q2.

Gross profit

Gross profit increased by 23% to £365.1 million. Gross profit margin (as % of GTV) was 10.4% in H1 2023, up 170 bps compared to H1 2022 and up 30 bps compared to H2 2022. The year-on-year and sequential improvements reflect increases in GTV per order and revenue take rate, as well as efficiencies in the rider network that have helped to limit the inflationary impact on cost of sales per order (£4.51 in H1 2023 versus £4.39 in H1 2022).

³ In this section, all growth rates are year-on-year and in reported currency unless otherwise stated, and all figures exclude results from Australia and the Netherlands, where operations ended on 16 November 2022 and 30 November 2022, respectively, and Spain, where operations ended on 29 November 2021 (all three markets are treated as discontinued operations).

* Alternative performance measure ('APM'), refer to glossary on page 45 for further details

Administrative expenses

£ million	H1 2023	H1 2022	Change
Sales and marketing costs	93.5	127.4	(27)%
Staff costs	158.5	137.5	15%
Capitalised development costs	(20.0)	(25.8)	(22)%
Other expenses	94.2	104.1	(10)%
Depreciation, amortisation and impairments	40.0	26.1	53%
Share based payments charge and national insurance on share options	45.5	24.8	83%
Exceptional costs*	27.0	33.2	(19)%
Total administrative expenses	438.8	427.3	3%

* Alternative performance measure ('APM'), refer to glossary on page 45 for further details

Administrative expenses increased by 3% year-on-year to £438.8 million in H1 2023. Marketing costs reduced by 27% year-on-year reflecting more measured, targeted marketing investments given the weaker consumer environment. Staff costs were up 15% year-on-year, driven by the annualisation of employee headcount increases predominantly in our technology team during H1 2022 - before we began taking cost control measures in light of the weaker consumer environment. In H2 2022, we implemented a pause on hiring and stopped backfilling roles, then in February 2023 we initiated a redundancy programme removing 9% of employed positions across the business, which took effect in Q2 after employee consultations were completed. The objective of this programme was to deliver a permanent shift towards increased efficiency, reduced friction in organisational structures and increased speed of decision-making. The resulting overhead efficiencies from these actions were realised slightly earlier than projected. Other expenses of £94.2 million decreased by 10% year-on-year, driven by a significant reduction in contractors within the technology team.

Depreciation, amortisation and impairments increased to £40.0 million (£26.1 million in H1 2022), largely reflecting the increase in capitalised development costs during 2022. Share-based payments charge and national insurance ('NI') on share options was £45.5 million; this compares to £24.8 million in the prior year, which benefited from the release of accrued NI as a result of the lower share price at the end of H1 2022 compared to year-end 2021. Exceptional items* were £27.0 million (£33.2 million in H1 2022), comprising legal and regulatory expenses and one-off redundancy costs.

Other operating income and other operating expenses

Other operating income was £2.9 million in H1 2023 (£1.8 million in H1 2022), increasing principally due to an increase in the research and development tax credit. Other operating expenses were £2.3 million in H1 2023 (£6.9 million in H1 2022), reducing year-on-year primarily due to lower rider kit costs as lower order volumes meant fewer new riders were onboarded.

Adjusted EBITDA

	H1 2023	H1 2022	
Reconciliation to financial statements	£m	£m	Change
Operating loss	(73.1)	(135.7)	(46)%
Depreciation, amortisation and impairments	40.0	26.1	53%
EBITDA	(33.1)	(109.6)	(70)%
Share based payments charge and national insurance on share options	45.5	24.8	83%
Exceptional items*	27.0	33.2	(19)%
Adjusted EBITDA*	39.4	(51.6)	n/a
Marketing and overheads*	325.7	348.3	(6)%
Gross profit	365.1	296.7	23%

Figures for continuing operations

* Alternative performance measure ('APM'), refer to glossary on page 45 for further details

Adjusted EBITDA increased to £39.4 million, compared to a loss of £(51.6) million in H1 2022. Adjusted EBITDA margin (as a % of GTV) improved to 1.1% in H1 2023, compared to (1.5)% in the comparative period, an increase of 260 bps. This movement was attributable to a 170 bps increase in gross profit margin (as % of GTV) and a 90 bps improvement in marketing and overheads costs (as a % of GTV). Sequentially, adjusted EBITDA margin improved from 0.2% in H2 2022 to 1.1% in H1 2023.

Finance income and finance costs

Finance income increased to £16.8 million, comprising interest income of £15.4 million and foreign exchange gains of £1.4 million (£9.5 million in H1 2022, comprising interest income of £1.9 million and foreign exchange gains of £7.6 million). The increase in interest income reflects an increase in interest rates and improved efficiency in cash management. Finance costs increased to £1.3 million (£0.9 million in H1 2022) due to an increase in interest charged on leases, principally driven by a net increase in the number of leases.

Income tax charge

Whilst the Group reports a loss before income tax, certain overseas markets do generate profits for tax purposes. The income tax charge increased to £10.6 million in H1 2023 (£4.9 million in H1 2022), largely due to higher taxable profits in certain overseas markets.

Discontinued operations

Deliveroo ended operations in Australia and the Netherlands in 2022, and in Spain in 2021; all three have been classified as discontinued operations. In H1 2023, the loss for the year from discontinued operations was £(14.7) million (loss of £(21.8) million in H1 2022), with all expenses treated as exceptional as these relate to market exit costs. The majority of these costs are transfers from contingent liabilities to provisions, in instances where we have reassessed the likely outcome of ongoing legal cases as we seek to conclude matters in countries in which we no longer trade.

Loss for the period

Loss for the period (continuing and discontinued operations) was £(82.9) million in H1 2023 (£(153.8) million in H1 2022) as a result of the movements described above.

2. Segment operating performance

Deliveroo reviews operating performance in two geographical segments: the UK and Ireland ('UKI') and International, which comprises eight markets across Europe, the Middle East and Asia. In H1 2023, UKI represented 59% of total GTV (H1 2022: 56%), while International represented 41% (H1 2022: 44%).

UK and Ireland

£ million unless stated	H1 2023	H1 2022	Change reported
Orders (m)	79.6	80.1	(1)%
GTV per order* (£)	25.8	23.9	8%
Gross transaction value*	2,057.6	1,914.3	7%
Revenue	601.9	544.4	11%
<i>Revenue take rate (as % of GTV)*</i>	<i>29.3%</i>	<i>28.4%</i>	<i>90 bps</i>
Gross profit	229.3	188.2	22%
<i>Gross profit margin (as % of GTV)*</i>	<i>11.1%</i>	<i>9.8%</i>	<i>130 bps</i>
Marketing and overheads*	(105.7)	(128.3)	(18)%
<i>Marketing and overheads (as % of GTV)*</i>	<i>(5.1)%</i>	<i>(6.7)%</i>	<i>160 bps</i>
Segment adjusted EBITDA*	123.6	59.9	106%
<i>Segment adjusted EBITDA margin (as % of GTV)*</i>	<i>6.0%</i>	<i>3.1%</i>	<i>290 bps</i>

* Alternative performance measure ('APM'), refer to glossary on page 45 for further details
Change in constant currency was 7% for GTV, 8% for GTV per order and 10% for revenue

In UKI, GTV grew to £2,057.6 million, a year-on-year increase of 7%. Orders declined by 1% to 79.6 million, primarily driven by a 3% decline in monthly active consumers. GTV per order increased 8% to £25.8, reflecting the continued impact of food price inflation as well as the annualised impact of Deliveroo's optimisation of consumer fees in 2022. Revenue grew 11% to £601.9 million, primarily due to the increase in GTV, as well as a higher contribution from advertising revenue. Adjusted EBITDA was £123.6 million, compared to £59.9 million in H1 2022, due to a 22% increase in gross profit and a reduction in marketing and overheads from cost efficiency measures.

This represents continued good performance in UKI, underpinned by enhancements to the CVP, with significant progress made during H1 on key service metrics (such as missing items and late orders). These service improvements have been complemented by new features such as a more personalised discovery experience and range expansion in grocery, the launch of 'premium' delivery and the option to 'top-up' a restaurant order with groceries from Hop with no additional delivery or service fees. Further, we continued to add differentiated content for consumers, with consumers in certain zones benefiting from the expansion of delivery radii, opening up a wealth of new selection that was previously unavailable to them. From a grocery perspective, we continued to add to our offering, closing the period with almost 8,000 grocery sites in the UKI across major partners and smaller independent merchants.

International⁴

£ million unless stated	H1 2023	H1 2022	Change reported
Orders (m)	65.6	74.0	(11)%
GTV per order* (£)	22.1	20.3	9%
Gross transaction value*	1,449.1	1,499.0	(3)%
Revenue	418.4	428.5	(2)%
<i>Revenue take rate (as % of GTV)*</i>	<i>28.9%</i>	<i>28.6%</i>	<i>30 bps</i>
Gross profit	135.8	108.5	25%
<i>Gross profit margin (as % of GTV)*</i>	<i>9.4%</i>	<i>7.2%</i>	<i>220 bps</i>
Marketing and overheads*	(94.0)	(100.8)	(7)%
<i>Marketing and overheads (as % of GTV)*</i>	<i>(6.5)%</i>	<i>(6.7)%</i>	<i>20 bps</i>
Segment adjusted EBITDA*	41.8	7.7	443%
<i>Segment adjusted EBITDA margin (as % of GTV)*</i>	<i>2.9%</i>	<i>0.5%</i>	<i>240 bps</i>

* Alternative performance measure ('APM'), refer to glossary on page 45 for further details
Change in constant currency was (7)% for GTV, 5% for GTV per order and (6)% for revenue

In International, GTV was £1,449.1 million in H1, a year-on-year decline of 7% in constant currency (3% decline in reported currency). Orders fell by 11% to 65.6 million, primarily driven by an 8% decline in monthly active consumers. GTV per order increased 5% in constant currency to £22.1, reflecting the continued impact of food price inflation in certain markets and the annualised impact of Deliveroo's optimisation of consumer fees. Revenue fell 2% to £418.4 million, primarily due to the reduction in GTV, partly offset by a higher contribution from advertising revenue. Adjusted EBITDA was £41.8 million, compared to £7.7 million in H1 2022, due to significant improvement in gross profit and cost control in marketing and overheads.

Overall segment performance was held back by soft market conditions in France. GTV in France declined year-on-year, consistent with the overall market development, although GTV remains more than double pre-COVID levels. Excluding France, International GTV grew year-on-year in Q2, led by Italy and UAE. Top line performance in Hong Kong improved during H1, helped by improvements to our consumer value proposition and the easing of tough COVID-related comparatives.

Progress across the International segment was supported by strengthened relationships with restaurant partners, with around 5,000 new sites added including strategic wins in Italy and the Middle East, alongside more than 1,000 new grocery sites. At the end of the period, we had around 12,000 grocery sites live with major partners and smaller independent grocery merchants across International markets.

⁴ On 16 and 30 November 2022, Deliveroo ceased operations in Australia and the Netherlands respectively, and in Spain on 29 November 2021. These markets have been classified as a Discontinued Operation in accordance with IFRS 5 and as such the results from these markets are not included in this section.

Quarterly performance

	Q1 2022	Q2 2022	Q1 2023	Q2 2023	YoY change (Reported)		YoY change (Constant)	
					Q1	Q2	Q1	Q2
Group								
Revenue (£m)	479	494	512	508	7%	3%	4%	2%
GTV* (£m)	1,710	1,703	1,746	1,761	2%	3%	(1)%	3%
Orders (m)	78.8	75.3	72.1	73.1	(9)%	(3)%	(9)%	(3)%
GTV per order* (£)	21.7	22.6	24.2	24.1	12%	7%	8%	6%
UK and Ireland								
Revenue (£m)	268	276	299	303	12%	10%	11%	9%
GTV* (£m)	956	958	1,017	1,040	6%	9%	6%	8%
Orders (m)	40.7	39.4	39.6	40.0	(3)%	2%	(3)%	2%
GTV per order* (£)	23.5	24.3	25.7	26.0	9%	7%	9%	7%
International								
Revenue (£m)	211	217	213	205	1%	(6)%	(5)%	(7)%
GTV* (£m)	754	745	729	721	(3)%	(3)%	(9)%	(5)%
Orders (m)	38.1	35.9	32.5	33.1	(15)%	(8)%	(15)%	(8)%
GTV per order* (£)	19.8	20.8	22.4	21.8	13%	5%	7%	3%

* Alternative performance measure ('APM'), refer to glossary on page 45 for further details.

3. Cash flow statement (see page 25)

All discussion of cash flows are for continuing and discontinued operations, unless otherwise stated.

Free cash flow

Net cash generated from operating activities was £6.4 million in H1 2023 (net cash outflow of £(119.7) million in H1 2022). This improvement was primarily driven by the £91.0 million year-on-year improvement in adjusted EBITDA from continuing operations.

Purchases of property, plant and equipment (also referred to as 'capital expenditure') decreased to £5.0 million (£17.0 million in H1 2022) due to a much-reduced roll-out of new Editions sites in light of the challenging economic climate for restaurant partners. Acquisition of intangible assets (also referred to as 'capitalised development costs') was £20.0 million in H1 2023 (£25.8 million in H1 2022). Additional development work in the period included development of machine learning models that support improvements to our CVP and generate value for our partners, improvements to our multi-pickup stacking service (which allows riders to fulfil multiple orders in one journey) to increase operational efficiency, and further building out our advertising offering.

Payments of lease liabilities and interest on lease liabilities increased year-on-year to £7.8m and £1.3 million respectively, principally driven by a net increase in the number of leases.

Free cash flow in H1 2023 was £(27.7) million (£(168.7) million in H1 2022), which included cash exceptionals of £18.5 million (£27.1 million in H1 2022) mainly related to the redundancy programme initiated in H1 2023 and payment of provisions in respect of previously-exited markets.

	H1 2023 £m	H1 2022 £m
Free cash flow		
Adjusted EBITDA	39.4	(51.6)
Discontinued operations adjusted EBITDA	-	(16.3)
Change in net working capital	(6.7)	(30.6)
Cash exceptionals	(18.5)	(27.1)
Non-cash items and other	(7.8)	5.9
Net cash generated from/(used in) operating activities	6.4	(119.7)
Purchase of property, plant and equipment	(5.0)	(17.0)
Acquisition of intangible assets	(20.0)	(25.8)
Payments of lease liabilities	(7.8)	(5.3)
Interest on lease liabilities	(1.3)	(0.9)
Free cash flow*	(27.7)	(168.7)
Add back: cash exceptionals*	18.5	27.1
Free cash flow before exceptionals*	(9.2)	(141.6)

* Alternative performance measure ('APM'), refer to glossary on page 45 for further details

Other cash flow items

Total interest received - which is not included in our definition of free cash flow - increased to £13.3 million (H1 2022: £1.9 million), reflecting the increase in interest rates and improved efficiency in cash management. Purchases of own shares were £37.6 million (H1 2022: nil) relating to two share purchase programmes: £9.0 million in January 2023 to complete the £75 million share purchase programme announced in August 2022, and £28.6 million since April 2023 as part of the £50 million share purchase programme announced in March 2023.

4. Balance sheet (see page 21)

Deliveroo continues to benefit from a strong financial position. Net cash was £947.8 million at 30 June 2023 (£999.6 million at 31 December 2022), comprising cash and cash equivalents of £896.0 million and other treasury deposits of £51.8 million (£949.1 million and £50.5 million, respectively at 31 December 2022). As at 30 June 2023, Deliveroo had no debt outstanding (31 December 2022: nil). The Company has £75.0 million and €87.5 million of available loan finance in the form of a committed Revolving Credit Facility ('RCF') with the initial term expiring in April 2024, none of which has been drawn down.

	H1 2023 £m	H1 2022 £m	FY 2022 £m
Net cash/net debt*			
Cash	896.0	1,130.1	949.1
Other treasury deposits	51.8	-	50.5
Less: debt	-	-	-
Net cash/net debt*	947.8	1,130.1	999.6

* Alternative performance measure ('APM'), refer to glossary on page 45 for further details

Provisions at 30 June 2023 were £170.2 million, an increase of £27.0 million compared to £143.2 million at 31 December 2022. This increase is primarily due to the recognition of further provisions for legal, regulatory and contractual matters, in some of Deliveroo's International markets. Some of these provision increases relate to markets we have exited, where in most instances we have seen an associated decrease in contingent liabilities, as we seek to conclude matters in countries in which we no longer trade.

5. Capital allocation and share purchase plans

During H2 2022, Deliveroo commenced a share purchase programme of up to £75 million to acquire Class A Ordinary Shares for the purpose of mitigating dilution from share-based compensation plans. Shares were purchased by Deliveroo's Employee Benefit Trust ('EBT') and repurchased shares will be held by the EBT and used to satisfy employee share-based compensation awards. As of 31 December 2022, the EBT had purchased shares for a gross purchase consideration of £66.0 million; in January 2023, the EBT purchased further shares for a gross purchase consideration of £9.0 million to complete this share purchase programme. From the launch of the share purchase programme on 1 September 2022 until completion on 17 January 2023, the EBT purchased a total of 83.3 million shares for a total gross purchase consideration of £75 million.

In H1 2023, in recognition of Deliveroo's strong capital position, we commenced a new share purchase programme of up to £50 million to acquire Class A Ordinary Shares in the Company. From launch of the share purchase programme on 3 April 2023 until 30 June 2023, Deliveroo had purchased a total of 27.2 million shares for a total gross purchase consideration of £28.6 million. Since the half year-end, Deliveroo has purchased a further 6.1 million shares for a gross purchase consideration of £7.1 million. All shares are currently held in treasury. We expect to complete this share purchase programme in the coming months.

The Board has recently undertaken a review of the Group's capital structure, growth opportunities and required cash balances, both now and in the future. The Board has concluded that the Group has structural surplus cash and is today announcing a proposed return to shareholders of £250 million

Dividend and dividend policy

No interim 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 drive growth, believing that this is the best way to drive long-term shareholder value. The Company does not expect to declare or pay any dividends for the foreseeable future.

Events after the reporting period

Deliveroo is today announcing its intention to return £250 million of surplus capital to shareholders. We will consult with shareholders on the most appropriate distribution mechanism for this return. Following this consultation, we expect to update the market before the end of September.

Going concern

The interim financial statements have been prepared on a going concern basis. In adopting the going concern basis, the directors have considered the business activities as set out on pages 4 to 15 and the principal risks and uncertainties as set out on page 17.

The Group continues to maintain a robust financial position and at 30 June 2023 had net cash of £947.8 million (30 June 2022: £1,130.1 million), alongside £75.0 million (30 June 2022: £75.0 million) and €87.5 million (30 June 2022: €87.5 million) of available loan finance in the form of a revolving credit facility ('RCF'). The RCF remains undrawn at the date of this report with the initial term expiring in April 2024.

The forecast cash flows for the period ended 31 December 2024, used to support the going concern assessment incorporate assumptions in respect of order growth and profitability, based on the estimated economic outlook over the forecast period, and sensitivities have been applied in order to stress test the model, focusing in particular on the challenging trading environment and the impact of increased consumer headwinds, in particular considering situations in which future trading is weaker 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. We have been in compliance with all associated covenants throughout the period, and do not anticipate any breaches over the forecast period.

Based on the forecast cash flows and associated sensitivities, 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 for the interim financial statements.

Principal risks and uncertainties

The Group faces a number of risks and uncertainties that may have an adverse impact on the Group's operations and performance. The Directors regularly assess the risks and uncertainties that the Group faces. Our principal risks are those which could have the most significant impact on the achievement of our strategic objectives, our financial performance and our long-term sustainability.

When preparing the half year financial information, the Directors reviewed the principal risks and uncertainties as reported in the Annual Report for the year ended 31 December 2022 (pages 62 to 66) and considered that the disclosures remained appropriate and adequate. These risks are expected to apply for the remaining half of the financial year and are summarised as follows:

- **Service availability** - We depend on our network infrastructure, software, content delivery processes, and associated key third-party services and software to operate our platform and to receive, process and fulfil orders. Any significant disruption in service, including from a distributed denial of service attack, could materially impact our operations, reputation and financial performance.
- **Cyber and data security** - We are responsible for protecting all personal data we receive from consumers, riders, merchants and employees. For the sensitive data we hold and process, we could face significant reputational and legal consequences as well as financial loss if we fail to protect this information from security threats, including ransomware.
- **Three-sided marketplace** - Our business model relies on the three-sided marketplace, and to grow revenue and achieve profitability, we must continue to acquire and retain consumers and merchants, and maintain a balance between supply and demand for riders, as well as growing GTV per order and/or order frequency to develop our business, which may be difficult to maintain.
- **Rider model and rider status** - Our business would be adversely affected if our rider model or approach to rider status and our operating practices were successfully challenged or if changes in law required us to reclassify our riders as employees including with retrospective effect.
- **Key commercial relationships** - We rely on partnerships with various national and global brands in each of the markets in which we operate, sometimes on an exclusive basis. The loss of such relationships or the inability to enter into new relationships (on commercially attractive terms or at all) could adversely affect our business.
- **Reputation and brand** - Our reputation, brand and ability to build and retain trust with new and existing stakeholders (including shareholders) may be adversely affected, including by unfavourable or inaccurate publicity or events beyond our control (including misconduct by our employees, riders, or merchants). This could negatively impact our future performance and prospects.
- **Attracting and retaining key personnel** - We rely on the skills and experience of our key personnel, and our business may be adversely affected if we cannot attract and retain the talent required to solve the complex problems presented by our three-sided marketplace.
- **Competition** - We operate in a highly competitive industry and must compete effectively to succeed. We may not be able to achieve or maintain a position in each of our markets that is sufficient to support the business sustainably for the long-term.
- **Managing growth** - We are a fast growth company and if we do not manage our growth and evolution successfully, or we fail to execute on our strategy, our business will suffer.
- **Financial condition** - We have in past periods incurred, and may in future periods incur, net losses, which could affect our need and ability to access additional capital to grow our business.
- **Compliance with other laws and regulations** - We are subject to the laws and regulations of numerous national and local authorities and changes to, or uncertainty regarding, the applicable laws, regulations or regulatory environment may adversely affect our business.
- **External environment and events** - Our business could be affected by the actions of governments, political events or instability, or changes in public policy in the countries in which we operate. Adverse economic conditions could impact consumers' discretionary spending and in turn our growth and profitability.

Directors' Responsibilities Statement

We confirm that to the best of our knowledge:

- (a) the condensed set of financial statements have been prepared in accordance with UK-adopted IAS 34 'Interim Financial Reporting';
- (b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events and their impact during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- (c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

By the order of the Board of Directors,

Scilla Grimble
Chief Financial Officer
9 August 2023

Condensed Consolidated Statement of Profit or Loss

Six months ended 30 June 2023 (unaudited)

	Note	6 months ended 30 June 2023 £m (unaudited)	6 months ended 30 June 2022 (restated)^ £m (unaudited)	Year-ended 31 December 2022 £m (audited)
Revenue	4	1,020.3	972.9	1,974.7
Cost of sales		(655.2)	(676.2)	(1,331.5)
Gross profit		365.1	296.7	643.2
Other operating income		2.9	1.8	7.8
Administrative expenses		(438.8)	(427.3)	(884.0)
Other operating expenses		(2.3)	(6.9)	(12.6)
Operating loss		(73.1)	(135.7)	(245.6)
Finance income		16.8	9.5	17.8
Finance costs		(1.3)	(0.9)	(2.8)
Loss before income tax		(57.6)	(127.1)	(230.6)
Income tax charge	5	(10.6)	(4.9)	(11.9)
Loss for the period from continuing operations		(68.2)	(132.0)	(242.5)
Discontinued operations				
Loss for the period from discontinued operations	6	(14.7)	(21.8)	(51.6)
Loss for the period attributable to the owners of the Company		(82.9)	(153.8)	(294.1)

	Note	6 months ended 30 June 2023 £ (unaudited)	6 months ended 30 June 2022 (restated)^ £ (unaudited)	Year-ended 31 December 2022 £ (audited)
Loss per share				
From continuing operations				
- Basic	8	(0.04)	(0.07)	(0.13)
- Diluted	8	(0.04)	(0.07)	(0.13)
From continuing and discontinued operations				
- Basic	8	(0.05)	(0.08)	(0.16)
- Diluted	8	(0.05)	(0.08)	(0.16)

^Results for the 6 months ended 30 June 2022 have been restated to reflect the reclassification of Deliveroo Netherlands BV and Deliveroo Australia Pty Ltd as discontinued operations, which are described in more detail in note 6.

Condensed Consolidated Statement of Comprehensive Income

Six months ended 30 June 2023 (unaudited)

	6 months ended 30 June 2023	6 months ended 30 June 2022	Year-ended 31 December 2022
Other comprehensive (loss)/income	£m (unaudited)	£m (unaudited)	£m (audited)
Loss for the period	(82.9)	(153.8)	(294.1)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation	(6.1)	5.8	5.2
Total comprehensive loss for the period	(89.0)	(148.0)	(288.9)

This statement should be read in conjunction with the notes to the condensed consolidated financial statements on pages 26 to 44.

Condensed Consolidated Statement of Financial Position

Six months ended 30 June 2023 (unaudited)

		30 June 2023	30 June 2022 (restated)^	31 December 2022
	Note	£m (unaudited)	£m (unaudited)	£m (audited)
Non-current assets				
Property, plant and equipment	9	42.7	46.4	49.3
Right-of-use assets	10	66.2	69.9	73.5
Intangible assets	11	71.1	65.3	72.9
Deferred tax asset	5	2.2	8.5	4.1
Investments in financial assets		2.9	2.9	2.9
Trade and other receivables	12	15.7	20.1	22.6
Total non-current assets		200.8	213.1	225.3
Current assets				
Inventory		17.8	17.5	19.4
Trade and other receivables	12	115.6	102.7	109.6
Other treasury deposits		51.8	-	50.5
Cash and cash equivalents		896.0	1,130.1	949.1
Total current assets		1,081.2	1,250.3	1,128.6
Total assets		1,282.0	1,463.4	1,353.9
Current liabilities				
Trade and other payables	13	(329.9)	(316.7)	(332.8)
Lease liabilities		(16.1)	(16.6)	(12.3)
Total current liabilities		(346.0)	(333.3)	(345.1)
Non-current liabilities				
Lease liabilities		(48.9)	(63.4)	(61.5)
Provisions	14	(170.2)	(101.2)	(143.2)
Total non-current liabilities		(219.1)	(164.6)	(204.7)
Total liabilities		(565.1)	(497.9)	(549.8)
Net assets		716.9	965.5	804.1

Equity				
Share capital	15	9.3	9.3	9.3
Share premium		-	1,013.0	-
Own shares	16	(93.5)	-	(66.0)
Merger reserve		1,288.5	1,288.5	1,288.5
Share option reserve		183.2	183.2	183.2
Accumulated losses		(658.1)	(1,522.7)	(604.5)
Foreign currency translation reserve		(12.5)	(5.8)	(6.4)
Total equity		716.9	965.5	804.1

^ The comparative information has been restated to account for a charge in relation to the non-employee options granted in February and March 2021 as discussed in note 2.

This statement should be read in conjunction with the notes to the condensed consolidated financial statements on pages 26 to 44.

Condensed Consolidated Statement of Changes in Equity

Six months ended 30 June 2023 (unaudited)

	Share capital	Share premium	Own shares	Merger reserve	Share option reserve	Accumulated losses	Foreign currency translation reserve	Total
	£m	£m	£m	£m	£m	£m	£m	£m
At 31 December 2022	9.3	-	(66.0)	1,288.5	183.2	(604.5)	(6.4)	804.1
Loss for the period	-	-	-	-	-	(82.9)	-	(82.9)
Other comprehensive loss for the period	-	-	-	-	-	-	(6.1)	(6.1)
Total comprehensive loss for the period	-	-	-	-	-	(82.9)	(6.1)	(89.0)
Own shares acquired during the period	-	-	(37.6)	-	-	-	-	(37.6)
Own shares utilised for share schemes	-	-	10.1	-	-	(10.1)	-	-
Share-based payment awards	-	-	-	-	-	39.4	-	39.4
At 30 June 2023	9.3	-	(93.5)	1,288.5	183.2	(658.1)	(12.5)	716.9

This statement should be read in conjunction with the notes to the condensed consolidated financial statements on pages 26 to 44.

Condensed Consolidated Statement of Changes in Equity

Six months ended 30 June 2022 (unaudited)

	Share capital	Share premium	Own shares	Merger reserve	Share option reserve	Accumulated losses	Foreign currency translation reserve	Total
	£m	£m	£m	£m	£m	£m	£m	£m
At 31 December 2021[^]	9.3	1,013.0	-	1,288.5	183.2	(1,408.7)	(11.6)	1,073.7
Loss for the period	-	-	-	-	-	(153.8)	-	(153.8)
Other comprehensive income for the period	-	-	-	-	-	-	5.8	5.8
Total comprehensive (loss)/income for the period	-	-	-	-	-	(153.8)	5.8	(148.0)
Share-based payment awards	-	-	-	-	-	39.8	-	39.8
At 30 June 2022	9.3	1,013.0	-	1,288.5	183.2	(1,522.7)	(5.8)	965.5

[^] The comparative information has been restated to account for a charge in relation to the non-employee options granted in February and March 2021 as discussed in note 2.

This statement should be read in conjunction with the notes to the condensed consolidated financial statements on pages 26 to 44.

Condensed Consolidated Statement of Cash Flows

Six months ended 30 June 2023 (unaudited)

	Note	6 months ended 30 June 2023	6 months ended 30 June 2022	Year-ended 31 December 2022
		£m (unaudited)	£m (unaudited)	£m (audited)
Cash flows from operating activities				
Net cash generated from/(used in) operating activities	18	6.4	(119.7)	(144.2)
Cash flows from investing activities				
Purchase of property, plant and equipment	9	(5.0)	(17.0)	(30.1)
Acquisition of intangible assets	11	(20.0)	(25.8)	(50.3)
Purchase of other treasury deposits		(1.3)	-	(50.5)
Interest received		13.3	1.9	11.0
Net cash used in investing activities		(13.0)	(40.9)	(119.9)
Cash flows from financing activities				
Payments of lease liabilities		(7.8)	(5.3)	(15.7)
Interest on lease liabilities		(1.3)	(0.9)	(2.8)
Purchase of own shares	16	(37.6)	-	(66.0)
Net cash used in financing activities		(46.7)	(6.2)	(84.5)
Net decrease in cash and cash equivalents		(53.3)	(166.8)	(348.6)
Cash and cash equivalents at the beginning of the period		949.1	1,290.9	1,290.9
Net foreign exchange differences on cash and cash equivalents		0.2	6.0	6.8
Cash and cash equivalents at the end of the period		896.0	1,130.1	949.1

This statement should be read in conjunction with the notes to the condensed consolidated financial statements on pages 26 to 44.

Notes to the Condensed Consolidated set of Financial Statements

Six months ended 30 June 2023 (unaudited)

1. General information

Deliveroo plc ('the Company') (together with its subsidiaries, 'the Group') is a public limited company incorporated and domiciled in the United Kingdom under the Companies Act 2006 (Registration number 13227665).

This report for the six months ended 30 June 2023 is the half-yearly financial report presented by the Group. This half-yearly financial report presents results for the Group for the period from 1 January 2023 to 30 June 2023.

The information for the year ended 31 December 2022 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The address of its registered office is:

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Level 1 Cannon Bridge House
1 Cousin Lane
London
EC4R 3TE
United Kingdom

2. Accounting policies

Basis of preparation

The annual financial statements of Deliveroo plc will be prepared in accordance with United Kingdom adopted International Accounting Standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34 'Interim Financial Reporting'.

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 interim financial statements have been prepared on a going concern basis. In adopting the going concern basis, the directors have considered the business activities as set out on pages 4 to 15 and the principal risks and uncertainties as set out on pages 17.

The Group continues to maintain a robust financial position and at 30 June 2023 had net cash of £947.8 million (30 June 2022: £1,130.1 million), alongside £75.0 million (30 June 2022: £75.0 million) and €87.5 million (30 June 2022: €87.5 million) of available loan finance in the form of a revolving credit facility ('RCF'). The RCF remains undrawn at the date of this report with the initial term expiring in April 2024.

The forecast cash flows for the period ended 31 December 2024, used to support the going concern assessment incorporate assumptions in respect of order growth and profitability, based on the estimated economic outlook over the forecast period, and sensitivities have been applied in order to stress test the model, focusing in particular on the challenging trading environment and the impact of increased consumer headwinds, in particular considering situations in which future trading is weaker 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. We have been in compliance with all associated covenants throughout the half year, and do not anticipate any breaches over the forecast period.

Based on the forecast cash flows and associated sensitivities, 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 for the interim financial statements.

Accounting policies

The accounting policies, significant accounting judgements and estimates that have been used in the preparation of these condensed financial statements have been noted in the basis of preparation note, or are the same as those applied in the Deliveroo plc Annual Report and Financial Statements for the year ended 31 December 2022. New standards effective on or after 1 January 2023 have been reviewed and do not have a material effect on the Group's financial statements.

Prior period adjustment

The 2021 share-based payments charge was restated to account for a charge in relation to non-employee options granted in February and March 2021. This impacted continuing operations only in the year ended 31 December 2021. The impact to opening reserves for the 6 month period ended 30 June 2022 is as follows:

	30 June 2022
	£m (unaudited)
Consolidated statement of financial position	
Increase in share option reserves	22.0
Increase in accumulated losses	(22.0)
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Net change in equity	-

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). 'UK and Ireland' and 'International' are reportable segments with the 'International' segment comprising eight operating segments (France, Italy, Belgium, Hong Kong, Singapore, UAE, Kuwait and Qatar).

All operating segments primarily generate revenue through the operation of an on-demand food platform and have similar economic characteristics. As such, it is appropriate to aggregate all 'International' operating segments as one reportable segment under IFRS 8 paragraph 22.

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.

In the presentation of segment information, the heading 'Other', which is not a reportable operating segment, is included to facilitate the reconciliation of segmental revenue and adjusted EBITDA with the Group's 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.

The Netherlands and Australia operations were discontinued during 2022 (and Spain in 2021). 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 6.

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

6 months ended 30 June 2023 (unaudited)	Note	UK and Ireland £m	International £m	Segments total £m	Other £m	Total £m
Total revenue	4	601.9	418.4	1,020.3	-	1,020.3
Cost of sales		(372.6)	(282.6)	(655.2)	-	(655.2)
Other operating income		2.6	0.3	2.9	-	2.9
Administrative expenses		(107.6)	(92.7)	(200.3)	(126.0)	(326.3)
Other operating expenses		(0.7)	(1.6)	(2.3)	-	(2.3)
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Adjusted EBITDA*		123.6	41.8	165.4	(126.0)	39.4
Share based payments charge and national insurance on share options		-	-	-	(45.5)	(45.5)
Exceptional costs*	7	-	-	-	(27.0)	(27.0)
Impairments						(3.8)
Depreciation and amortisation						(36.2)
Finance income						16.8
Finance costs						(1.3)
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Loss before income tax						(57.6)
Income tax charge						(10.6)
Loss for the period from discontinued operations						(14.7)
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Loss after tax and discontinued operations						(82.9)

* Alternative performance measure ('APM'), refer to glossary on page 45 for further details.

		UK and Ireland	International	Segments total	Other	Total
6 months ended 30 June 2022 (restated)^ (unaudited)	Note	£m	£m	£m	£m	£m
Total revenue	4	544.4	428.5	972.9	-	972.9
Cost of sales		(356.2)	(320.0)	(676.2)	-	(676.2)
Other operating income		1.2	0.6	1.8	-	1.8
Administrative expenses		(125.0)	(99.0)	(224.0)	(119.2)	(343.2)
Other operating expenses		(4.5)	(2.4)	(6.9)	-	(6.9)
Adjusted EBITDA*		59.9	7.7	67.6	(119.2)	(51.6)
Share based payments charge and national insurance on share options		-	-	-	(24.8)	(24.8)
Exceptional costs*	7	(7.0)	-	(7.0)	(26.2)	(33.2)
Depreciation and amortisation						(26.1)
Finance income						9.5
Finance costs						(0.9)
Loss before income tax						(127.1)
Income tax charge						(4.9)
Loss for the period from discontinued operations						(21.8)
Loss after tax and discontinued operations						(153.8)

^Results for the 6 months ended 30 June 2022 have been restated to reflect the reclassification of Deliveroo Netherlands BV and Deliveroo Australia Pty Ltd as discontinued operations, which are described in more detail in note 6.

Year-ended 31 December 2022 (audited)	Note	UK and Ireland £m	International £m	Segments total £m	Other £m	Total £m
Total revenue	4	1,119.4	855.3	1,974.7	-	1,974.7
Cost of sales		(713.9)	(617.6)	(1,331.5)	-	(1,331.5)
Other operating income		6.7	1.1	7.8	-	7.8
Administrative expenses		(249.0)	(183.3)	(432.3)	(251.1)	(683.4)
Other operating expenses		(5.3)	(7.3)	(12.6)	-	(12.6)
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Adjusted EBITDA*		157.9	48.2	206.1	(251.1)	(45.0)
Share based payments charge and national insurance on share options		-	-	-	(68.8)	(68.8)
Exceptional costs*	7	(6.9)	(8.0)	(14.9)	(55.5)	(70.4)
Depreciation and amortisation						(61.4)
Finance income						17.8
Finance costs						(2.8)
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Loss before income tax						(230.6)
Income tax charge						(11.9)
Loss for the period from discontinued operations						(51.6)
<hr style="border-top: 1px dashed black;"/>						
Loss after tax and discontinued operations						(294.1)

No single customer contributed 10% or more to the Group's revenue in the 6 months ended 30 June 2023, the 6 months ended 30 June 2022, or the year-ended 31 December 2022.

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

The measurement of current 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 trade and other receivables, financial instruments, deferred tax assets and other financial assets, split by geographical location are detailed below:

	30 June 2023	30 June 2022	31 December 2022
Non-current assets	£m (unaudited)	£m (unaudited)	£m (audited)
UK and Ireland	139.7	134.9	147.0
Rest of the World	40.3	46.7	48.7
Total non-current assets	180.0	181.6	195.7

4. Revenue

	6 months ended 30 June 2023	6 months ended 30 June 2022 (restated)^	Year-ended 31 December 2022
	£m (unaudited)	£m (unaudited)	£m (audited)
UK and Ireland	601.9	544.4	1,119.4
Rest of the World	418.4	428.5	855.3
Total revenue	1,020.3	972.9	1,974.7

	6 months ended 30 June 2023	6 months ended 30 June 2022 (restated)^	Year-ended 31 December 2022
	£m (unaudited)	£m (unaudited)	£m (audited)
Point in time	988.8	940.9	1,909.6
Over time	31.5	32.0	65.1
Total revenue	1,020.3	972.9	1,974.7

^Results for the 6 months ended 30 June 2022 have been restated to reflect the reclassification of Deliveroo Netherlands BV and Deliveroo Australia Pty Ltd as discontinued operations, which are described in more detail in note 6.

Contract balances are immaterial to the Group and therefore no disclosure is provided. There have been no significant changes to the contract balances in the current period.

5. Taxation

Tax for the six month period is calculated at (18.4)% (six months ended 30 June 2022: (3.9)%), representing the best estimate of the annual effective tax rate expected for the full year by geographical unit applied to the pre-tax income of the six month period, which is then adjusted for tax on exceptional items.

A current year deferred tax charge of £1.9 million was recognised in the six months ended 30 June 2023 (30 June 2022: a deferred tax charge of £1.4 million) which predominantly relates to the utilisation of carried forward losses in overseas markets. The Group has unrecognised tax losses of £1,655.6 million (six months ended 30 June 2022: £1,575.1 million; year-ended 31 December 2022: £1,549.6 million) available for offset against future taxable profits. There are also unrecognised temporary differences of £62.0 million relating to share based payments (six months ended 30 June 2022: £43.1 million; year-ended 31 December 2022: £62.5 million). The significant portion of the unrecognised temporary differences arise in the UK where there is no expiry date for utilisation.

6. Discontinued operations

During 2022, the Group ended operations in the Netherlands and Australia (and Spain in 2021). None of the expenses within discontinued operations for the 6 months ended 30 June 2023 were trading losses.

The results of the discontinued operations, which have been included in the consolidated income statement, were as follows:

	6 months ended 30 June 2023	6 months ended 30 June 2022 (restated)^	Year-ended 31 December 2022
	£m (unaudited)	£m (unaudited)	£m (audited)
Revenue	-	40.3	66.2
Expenses	(14.7)	(61.1)	(113.7)
Loss before tax	(14.7)	(20.8)	(47.5)
Attributable tax expense	-	(1.0)	(4.1)
Net loss attributable to discontinued operations (attributable to owners of the Company)	(14.7)	(21.8)	(51.6)

^Results for the 6 months ended 30 June 2022 have been restated to reflect the reclassification of Deliveroo Netherlands BV and Deliveroo Australia Pty Ltd as discontinued operations.

7. 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, which are qualitatively or quantitatively material in the period that are deemed material to the understanding of the accounts. Exceptional items for the period include market exit costs, settlements and professional fees in relation to legal and regulatory investigations and restructuring costs, and other project costs, settlements and professional fees in relation to legal and regulatory investigations, and restructuring costs.

	6 months ended 30 June 2023	6 months ended 30 June 2022	Year-ended 31 December 2022
	£m (unaudited)	£m (unaudited)	£m (audited)
Legal and regulatory costs	21.1	25.6	62.6
Restructuring costs	5.9	6.5	6.5
Coronavirus-related costs	-	0.5	0.5
Initial Public Offering and deal costs	-	0.6	0.8
Total exceptional items* from continuing operations	27.0	33.2	70.4
From discontinued operations	14.7	5.7	22.0
Total exceptional items*	41.7	38.9	92.4

* Alternative performance measure ('APM'), refer to glossary on page 45 for further details.

8. Loss per share

The calculation of the basic and diluted loss per share is based on the following data.

	6 months ended 30 June 2023	6 months ended 30 June 2022 (restated)^	Year-ended 31 December 2022
Loss	£m (unaudited)	£m (unaudited)	£m (audited)
Loss from continuing operations for the period ended	(68.2)	(132.0)	(242.5)
Loss for the period ended	(82.9)	(153.8)	(294.1)

	6 months ended 30 June 2023	6 months ended 30 June 2022	Year-ended 31 December 2022
Number of shares	No. (unaudited)	No. (unaudited)	No. (audited)
Weighted average number of ordinary shares outstanding	1,770,981,024	1,855,457,799	1,836,841,624

	6 months ended 30 June 2023	6 months ended 30 June 2022 (restated)^	Year-ended 31 December 2022
Loss per share	£ (unaudited)	£ (unaudited)	£ (audited)
From continuing operations			
- Basic	(0.04)	(0.07)	(0.13)
- Diluted	(0.04)	(0.07)	(0.13)
From continuing and discontinued operations			
- Basic	(0.05)	(0.08)	(0.16)
- Diluted	(0.05)	(0.08)	(0.16)

^Results for the 6 months ended 30 June 2022 have been restated to reflect the reclassification of Deliveroo Netherlands BV and Deliveroo Australia Pty Ltd as discontinued operations, which are described in more detail in note 6.

There is no difference between basic and diluted loss per share for the 6 months ended 30 June 2023, 6 months ended 30 June 2022 and the year ended 31 December 2022, since the effect of all potentially dilutive shares outstanding was anti-dilutive. Total outstanding share awards for the 6 months ended 30 June 2023, 6 months ended 30 June 2022 and as at the year ended 31 December 2022 are set out in note 17 Share-based payments.

9. Property, plant and equipment

During the six months to 30 June 2023, the Group capitalised fixed asset expenditure of £5.0 million (six months to 30 June 2022: £17.0 million). There were no material disposals for either period.

10. Leases

During the six months to 30 June 2023, the Group entered into a number of leases and capitalised £3.1 million of lease payments (six months to 30 June 2022: £37.3 million). There were no material disposals for either period.

11. Intangible assets

During the six months to 30 June 2023, the Group has capitalised development expenditure of £20.0 million (six months to 30 June 2022: £25.8 million). There were no material disposals for either period.

12. Trade and other receivables

	Current			Non-current		
	30 June 2023	30 June 2022	31 December 2022	30 June 2023	30 June 2022	31 December 2022
	£m (unaudited)	£m (unaudited)	£m (audited)	£m (unaudited)	£m (unaudited)	£m (audited)
Total receivables	67.3	59.9	80.6	-	-	-
Lifetime expected credit loss	(4.4)	(3.1)	(4.0)	-	-	-
Net trade receivables	62.9	56.8	76.6	-	-	-
Prepayments	28.9	31.5	15.6	-	-	-
Other receivables	20.2	11.7	12.4	15.7	20.1	22.6
Corporation tax receivable	3.6	2.7	5.0	-	-	-
Total trade and other receivables	115.6	102.7	109.6	15.7	20.1	22.6

The net carrying value of receivables is considered to be a reasonable approximation of fair value.

13. Trade and other payables

	30 June 2023	30 June 2022	31 December 2022
	£m (unaudited)	£m (unaudited)	£m (audited)
Trade payables	21.5	33.8	25.7
Accruals and deferred income	131.8	156.4	140.7
Other tax and social security payables	72.7	55.4	62.1
Other payables	21.5	11.8	22.6
Amounts due to restaurants	71.1	55.9	77.4
Corporation tax payable	11.3	3.4	4.3
Total payables	329.9	316.7	332.8

The carrying value of trade and other payables is considered to be a reasonable approximation of fair value.

14. Provisions

	30 June 2023	30 June 2022	31 December 2022
	£m (unaudited)	£m (unaudited)	£m (audited)
Legal provision	156.2	101.2	129.3
Dilapidations	14.0	-	13.9
Total provisions	170.2	101.2	143.2

	Legal provisions £m	Dilapidations £m
At 31 December 2022	129.3	13.9
Foreign currency translation	(3.7)	-
Additional amounts provided for	32.4	0.1
Amounts utilised	(1.8)	-
Amounts released	-	-
At 30 June 2023	156.2	14.0

	Legal provisions £m	Dilapidations £m
At 31 December 2021	81.7	-
Foreign currency translation	(2.9)	-
Additional amounts provided for	28.8	-
Amounts utilised	(5.6)	-
Amounts released	(0.8)	-
At 30 June 2022	101.2	-

	Legal provisions £m	Dilapidations £m
At 31 December 2021	81.7	-
Foreign currency translation	(0.1)	-
Additional amounts provided for	54.9	13.9
Amounts utilised	(6.3)	-
Amounts released	(0.9)	-
At 31 December 2022	129.3	13.9

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. Court proceedings and investigations are expected to extend for at least 12 months. 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. Provisions assessed during the period are for various regulatory challenges, including markets that we have exited. We are participating in ongoing discussions with relevant authorities as part of official processes. Whilst it is difficult at this time to quantify the probable economic outflow in the event of an adverse outcome, the provision represents our best estimate of the amount that the entity would rationally be willing to settle for, based on the information available to us at this time and taking into account the range of potential outcomes currently apparent. We will continue to refine our assessment as further information is available.

During the period, developments in a number of cases have resulted in us reassessing the likely outcome of these cases, and consequently increasing the amounts we have provided. Some of this increase arises in countries we have exited, where in most instances, we have seen an associated decrease in contingent liabilities, as we seek to conclude matters in countries in which we no longer trade.

Further to the amounts provided above, the challenges of the new on-demand economy mean 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 challenges on a case-by-case basis. We continue to defend ourselves robustly against challenges 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. 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.

In addition to proceedings where the Company has assessed there to be a probable economic outflow and for which a corresponding provision has been made, there are other in-country proceedings where the Company has assessed the likely outflow is possible but not probable at this time. These are disclosed as contingent liabilities and are discussed in note 19.

The Group is required to perform dilapidation repairs to restore properties to agreed specifications prior to the properties being vacated at the end of their lease term. These amounts are based on estimates of repair and restoration costs at a future date and therefore a degree of uncertainty exists over the future outflows, given that these are subject to repair and restoration cost price fluctuations and the extent of repairs to be completed.

15. Share capital

Shares issued, allotted and fully paid:	30 June 2023	30 June 2022	31 December 2022	30 June 2023	30 June 2022	31 December 2022
	Shares (unaudited)	Shares (unaudited)	Shares (audited)	£ (unaudited)	£ (unaudited)	£ (audited)
Ordinary A	1,758,813,297	1,755,425,173	1,755,425,173	8,794,066	8,777,126	8,777,126
Ordinary B	102,508,168	100,299,642	100,299,642	512,541	501,498	501,498
Total shares issued	1,861,321,465	1,855,724,815	1,855,724,815	9,306,607	9,278,624	9,278,624

16. Own shares

The own shares reserve represents the cost of shares in Deliveroo plc issued or purchased in the market. Shares are either held in treasury or by the Roofoods Ltd Employee Benefit Trust ('EBT') to satisfy options under the Group's share options plans. The number of Ordinary Shares held in treasury at 30 June 2023 was 27,206,854 (30 June 2022 and 31 December 2022: nil) and held by the EBT at 30 June 2023 was 72,490,039 (30 June 2022: 9,703,044 and 31 December 2022: 77,269,638).

17. Share-based payments

The Company operates share schemes for qualifying employees of the Group. The following table sets out the movement in share awards during the period:

	Employee share options	Employee share options (France and US)	Performance Share Plans	Total	Weighted average exercise price (£)
Outstanding at 31 December 2022	114,754,960	62,588,184	16,724,678	194,067,822	0.02
Granted	4,268,423	2,853,799	16,520,993	23,643,215	0.01
Forfeited	(9,820,269)	(3,011,454)	(6,232,096)	(19,063,819)	0.01
Exercised	(8,135,088)	(10,413,510)	-	(18,548,598)	0.02
Outstanding at 30 June 2023	101,068,026	52,017,019	27,013,575	180,098,620	0.02
Exercisable at 30 June 2023	38,528,124	-	-	38,528,124	0.05

	Employee share options	Employee share options (France and US)	Performance Share Plans	Total	Weighted average exercise price (£)
Outstanding at 31 December 2021	59,634,128	56,318,264	5,608,972	121,561,364	0.02
Granted	53,991,430	15,073,638	11,468,387	80,533,455	0.01
Forfeited	(3,628,494)	(935,230)	(352,681)	(4,916,405)	0.03
Exercised	(1,448,190)	(3,707,036)	-	(5,155,226)	0.02
Outstanding at 30 June 2022	108,548,874	66,749,636	16,724,678	192,023,188	0.02
Exercisable at 30 June 2022	25,681,349	-	-	25,681,349	0.07

	Employee share options	Employee share options (France and US)	Performance Share Plans	Total	Weighted average exercise price (£)
Outstanding at 31 December 2021	59,634,128	56,318,264	5,608,972	121,561,364	0.02
Granted	70,837,326	16,574,325	11,468,387	98,880,038	0.00
Forfeited	(11,293,784)	(2,644,925)	(352,681)	(14,291,390)	0.03
Exercised	(4,422,710)	(7,659,480)	-	(12,082,190)	0.02
Outstanding at 31 December 2022	114,754,960	62,588,184	16,724,678	194,067,822	0.02
Exercisable at 31 December 2022	31,049,260	230	-	31,049,490	0.07

In addition to the totals above, there are 2,939,400 non-employee share options outstanding as at 30 June 2023 (30 June 2022 and 31 December 2022: 4,331,600).

18. Notes to the statement of cash flows

	6 months ended 30 June 2023 £m (unaudited)	6 months ended 30 June 2022 £m (unaudited)	Year-ended 31 December 2022 £m (audited)
Cash flows from operating activities			
Operating loss	(87.8)	(158.4)	(295.7)
Depreciation and amortisation	36.2	26.6	61.8
Impairment loss on property, plant and equipment	3.3	0.2	2.6
Impairment of right-of-use asset	0.5	-	3.7
Gain on disposal of lease liability	(0.7)	-	-
Share-based payments charge	39.4	39.8	85.3
Net foreign exchange differences	(4.4)	8.7	7.5
Decrease/(increase) in inventories	1.6	0.7	(1.2)
Decrease/(increase) in trade and other receivables	0.4	(1.9)	(11.2)
Decrease in trade and other payables	(10.0)	(55.0)	(39.5)
Increase in legal provisions	26.9	19.5	44.5
Corporation tax refund/(paid)	1.0	0.1	(2.0)
Cash generated from/(used in) operations	6.4	(119.7)	(144.2)

19. Contingent liabilities

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 regarding 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. Such matters where we consider the likelihood of economic outflow to be probable are discussed in note 14.

Depending on the outcomes, the total economic outflow in relation to the quantifiable contingent liabilities is estimated to be £13.5 million (year ended 31 December 2022: £24.6 million) with the majority of this reduction being transferred to provisions, in instances where we have reassessed the likely outcome of these matters.

In addition to this, there is a regulatory challenge where it is difficult at this time to quantify the potential economic outflows. We are participating in ongoing discussions and engaging with the relevant authorities as part of official processes, and we will continue to refine our assessment, as we have done during this period. At the time of signing of 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 £50 million to £200 million. 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.

20. Related party transactions

The Group's related party transactions are with key management personnel and other related parties as disclosed in Deliveroo plc's Annual Report and Financial Statements for the year ended 31 December 2022.

There have been no other material changes to the arrangements between the Group and key management personnel in the period.

21. Events after the reporting period

Deliveroo is today announcing its intention to return £250 million of surplus capital to shareholders. We will consult with shareholders on the most appropriate distribution mechanism for this return. Following this consultation, we expect to update the market before the end of September.

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		
Adjusted EBITDA	Adjusted EBITDA represents loss for the year before income tax charge/credit, finance costs, finance income, depreciation and amortisation, impairments, exceptional items and provisions, and share-based payments charge and 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. Australia and the Netherlands discontinued operations are excluded from adjusted EBITDA in 2021-23 but included for 2018-20. Spain discontinued operations are excluded from adjusted EBITDA in 2020-23 but included for 2018-19.	See below for reconciliation
Adjusted EBITDA margin (as % of GTV)	Adjusted EBITDA margin is defined as adjusted EBITDA divided by GTV. It is used, among other metrics, as a measure of operating profitability. Australia and the Netherlands discontinued operations are excluded from adjusted EBITDA (as % of GTV) in 2021-23 but included for 2018-20. Spain discontinued operations are excluded from adjusted EBITDA (as % of GTV) in 2020-23 but included for 2018-19.	See definition for calculation method
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
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 7 for further information
Free cash flow	Free cash flow is defined as net cash used in operating activities less: purchase of property, plant and equipment; acquisition of intangible assets; payment of lease liabilities; and interest on lease liabilities. It is used, among other metrics, as a measure of cash inflow or outflow from the Group's operating and investing activities.	See below for reconciliation
Free cash flow before cash exceptionals	Free cash flow before cash exceptionals is defined as free cash flow with cash exceptionals added back. It is used, among other metrics, as a measure of cash inflow or outflow from the Group's operating and investing activities.	See below for reconciliation

Gross profit margin (as % of GTV)	Gross profit margin (as % of GTV) is defined as gross profit divided by GTV. It is considered a good measure of profitability at a transactional level. Australia and the Netherlands discontinued operations are excluded from gross profit margin (as % of GTV) in 2021-23 but included for 2018-20. Spain discontinued operations are excluded from gross profit margin (as % of GTV) in 2020-23 but included for 2018-19.	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 those 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. Australia and the Netherlands discontinued operations are excluded from GTV in 2021-23 but included for 2018-20. Spain discontinued operations are excluded from GTV in 2020-23 but included for 2018-19.	See definition for calculation method
Gross transaction value 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. Australia and the Netherlands discontinued operations are excluded from GTV per order in 2021-23 but included for 2018-20. Spain discontinued operations are excluded from GTV per order in 2020-23 but included for 2018-19.	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. Australia and the Netherlands discontinued operations are excluded from marketing and overheads in 2021-23 but included for 2018-20. Spain discontinued operations are excluded from marketing and overheads in 2020-23 but included for 2018-19.	See below for reconciliation
Marketing and overheads as % of GTV	Marketing and overheads as % of GTV is defined as marketing and overheads divided by GTV. It is considered a good measure of the Group's operating efficiency. Australia and the Netherlands discontinued operations are excluded from marketing and overheads as % of GTV in 2021-23 but included for 2018-20. Spain discontinued operations are excluded from marketing and overheads as % of GTV in 2020-23 but included for 2018-19.	See definition for calculation method
Net cash/ net debt	Net cash/net debt is used to total the Group's cash, cash equivalents and treasury deposits less debt (excluding leases). Treasury deposits are not available within 3 months, and therefore not considered 'cash and cash equivalents' but comprise funds on deposit for a longer period.	See below for reconciliation
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. Australia and the Netherlands discontinued operations are excluded from revenue take rate in 2021-23 but included for 2018-20. Spain discontinued operations are excluded from revenue take rate in 2020-23 but included for 2018-19.	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
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	H1 2023 £m	H1 2022 £m
Reconciliation to financial statements		
Operating loss	(73.1)	(135.7)
Depreciation, amortisation and impairments	40.0	26.1
EBITDA	(33.1)	(109.6)
Share based payments charge and national insurance on share options	45.5	24.8
Exceptional items	27.0	33.2
Adjusted EBITDA	39.4	(51.6)
Marketing and overheads	325.7	348.3
Gross profit	365.1	296.7

	H1 2023 £m	H1 2022 £m
Free cash flow		
Adjusted EBITDA	39.4	(51.6)
Discontinued operations adjusted EBITDA	-	(16.3)
Change in net working capital	(6.7)	(30.6)
Cash exceptionals	(18.5)	(27.1)
Other (including non-cash items and cash tax)	(7.8)	5.9
Net cash generated from/(used in) operating activities	6.4	(119.7)
Purchase of property, plant and equipment	(5.0)	(17.0)
Acquisition of intangible assets	(20.0)	(25.8)
Payments of lease liabilities	(7.8)	(5.3)
Interest on lease liabilities	(1.3)	(0.9)
Free cash flow	(27.7)	(168.7)
Add back: cash exceptionals	18.5	27.1
Free cash flow before exceptionals	(9.2)	(141.6)

	H1 2023 £m	H1 2022 £m	FY 2022 £m
Net cash/net debt			
Cash	896.0	1,130.1	949.1
Other treasury deposits	51.8	-	50.5
Less: debt	-	-	-
Net cash/net debt	947.8	1,130.1	999.6

Metric **Definition**

Non-financial measures

Average order frequency The average number of orders placed by active consumers in a month.

Monthly active consumers The monthly active consumers ('MACs') is the number of individual consumer accounts that have placed an order on our platform in a given month.

Orders The total number of orders delivered from our platform, including from our Marketplace and Signature offering, over the period of measurement.

Independent Review Report to Deliveroo plc

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30th June 2023 which comprises the Condensed Consolidated Statement of Profit or Loss, Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Statement of Financial Position, Condensed Consolidated Statement of Changes in Equity, Condensed Consolidated Statement of Cash Flows and related notes 1 to 21.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30th June 2023 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom (ISRE (UK) 2410). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with United Kingdom adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusion Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This Conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410; however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly financial report, we are responsible for expressing to the company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our Conclusion, including our Conclusion Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.



Use of our report

This report is made solely to the company in accordance with ISRE (UK) 2410. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP
Statutory Auditor
London, United Kingdom
9 August 2023