

Chair's Letter



CLAUDIA ARNEY
CHAIR

Dear Shareholders,

This has been another successful year for Deliveroo. We have matured our operations and ways of working, and made significant progress on our key initiatives (outlined elsewhere in this report), all while delivering profit and positive free cash flow – a major achievement for the Company. As Will reflects in his CEO Letter, the Company has come a long way since its inception, building strength and resilience while preserving the spirit of innovation and growth which remains at the heart of Deliveroo.

The Board has continued to be highly engaged with our strong and committed management team. Detailed below are the key highlights of the Company's progress from the Board's perspective. More information on the Board's specific areas of focus during FY2024 is set out in our Governance Report on page 76.

Our performance

Operational and financial performance

We continued to make significant progress on profitability in 2024, despite a challenging growth environment. In addition to achieving the two milestones of profit and positive free cash flow, we grew adjusted EBITDA by 52% year-on-year to £130 million (2023: £85 million), representing a margin (as a % of GTV) of 1.7%. The majority of this improvement in profitability came from topline growth driven by increased order volumes, higher GTV per order and the growing contribution of our high-margin advertising business. We continued to drive efficiencies in our delivery network, holding costs of goods sold flat, despite growing orders by 2% year-on-year. We also reduced marketing and overheads as a percentage of GTV by 50 basis points year-on-year, reflecting cost optimisation measures within the business, which remain a key focus.

As announced on 10 March 2025, we decided to exit Hong Kong. The changing dynamics of the market led us to consider our strategic options and, as the financial contribution to the group was not sufficient to support the required investment to enable us to compete strongly, we took the decision to exit. This is a difficult decision, particularly in relation to our valued colleagues and partners there, but the Board believes that this is the right thing for the Company and our investors.

Capital returns

We have maintained the Group capital allocation methodology we first laid out in 2023, and we continued our buyback programmes with the completion of the £30 million EBT share purchase in H1 2024, and the announcement in August 2024 of an additional £150 million share buyback expected to complete shortly. With our preliminary results on 13 March 2025, we will announce a further capital return of up to £100 million via an on-market share buyback. This brings announced share purchases for cancellation to a total of £550 million since 2023, alongside £105 million EBT purchases to offset dilution, since 2022. This reflects our financial progress and our confidence in the outlook for our business.

Strong governance

Our focus as a Board has been on supporting and challenging the organisation as it continues to evolve and develop. I am proud that in October 2024, we were one of the first companies to transfer our listing category on the London Stock Exchange to the 'premium' Commercial Companies (Equity Shares) category (ESCC). This is an important milestone for the Company and the Board believes that the transfer will bring a number of benefits to the Company and our shareholders. Importantly, it has enabled us to be eligible for inclusion in the FTSE UK Index Series which we joined in December 2024.

Our Remuneration Committee has been focused on the review of our Remuneration Policy which will be put to shareholders at our upcoming Annual General Meeting in May 2025. While our current Policy continues to adhere to best practice, given business and external environment changes over the last three years, we believe that some changes are required for us to continue to recruit, retain and motivate the top executive talent which is key to our future success. Our Remuneration Committee Chair, Dame Karen Jones, engaged with our largest investors to obtain their feedback on our plans. More information on that and the proposed Policy can be found in the Directors' Remuneration Report on page 106.

Board changes

As Directors we have a duty to promote the long-term success of the Company, which includes ensuring that we have the right talent in both executive positions and on the Board. Technology and cyber are clearly areas which are critical to the success of the Company and last year we identified the need to bring additional skills in this area to the Board. We welcomed Shobie Ramakrishnan as a Non-Executive Director on 1 January 2024 and she has already made a significant contribution across our entire agenda, as well as providing real insight and challenge in our tech and cyber discussions.

Maintaining the right culture and relevant expertise on our Board is very important and as such, we keep the balance of skills, experience and knowledge under ongoing review as our strategy evolves. We know that an experienced and diverse Board most effectively supports our Executive Team as they manage the strategic, operational and broader stakeholder issues and opportunities that impact the Company. This year marks our second year of reporting against the FCA's listing rule requirements on diversity and inclusion, which can be found on page 96. I am pleased to share that in 2024, our Board composition exceeded the FCA's gender diversity targets, with 55.6% of our Directors being women and our Chair, Chief Financial Officer, and Senior Independent Director positions are held by female directors.

Our ESG progress

We continue to focus on our six ESG pillars, which consider all the participants in our marketplace as well as our employees and other stakeholders. Our progress against the six pillars is set out in the Sustainability review, alongside our specific commitment to reduce our emissions and to improve gender diversity in our organisation. More detail on this can be found on pages 50 to 56.

Looking ahead

This has been a positive year for Deliveroo, with the Company delivering strong financial results and operational progress. We are aware of the ongoing pressures which are causing economic uncertainty for many of our customers and partners, but we believe that our financial progress and foundational improvements set us up to capture the many exciting opportunities ahead.

I would like to thank our employees, partners, customers, riders and shareholders for their continued hard work and support.

Yours sincerely,

CLAUDIA ARNEY
CHAIR

12 March 2025