

Deliveroo reports rising annual losses as costs jump

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Deliveroo has faced controversy over its treatment of its riders.

International takeaway food app Deliveroo on Thursday announced rising annual losses after costs rose by more than one third, offsetting a surge in home deliveries.

Loss after tax jumped 36 percent to £308.5 million (\$406.5 million) last year compared with 2020, the British group said in a statement, adding the outlook was clouded by strong inflation and the Ukraine war.

Revenue surged 57 percent to £1.8 billion as consumers continued to order from home despite easing Covid curbs and controversy over treatment of its riders.

French prosecutors at an ongoing trial in Paris are demanding that Deliveroo be fined the maximum 375,000 euros (\$415,000) for "undeclared labour".

The group Thursday added that its marketing and other investment costs, notably spending on technology, rocketed 75 percent to almost £629 million.

Looking at 2022, founder and [chief executive](#) Will Shu cautioned over "headwinds due to inflationary pressures, the removal of economic stimulus and the broader geopolitical and economic impacts of the conflict in Ukraine".

But he forecast the company would reach breakeven between the second half of 2023 and first half of 2024.

Cost of marketing

Market watchers focused on Deliveroo's expected performance this year.

"In 2022 competition will remain very high in the traditional food and grocery delivery markets and this makes it unlikely that ROO will be able to reduce its high marketing expenditure in the near term," noted Dan Thomas, senior analyst at Third Bridge.

Deliveroo has enjoyed strong sales growth in a short space of time but faces questions over its sustainability, highlighted by its failed stock market debut which took place in London a year ago.

Its [initial public offering](#) was the capital's biggest stock market launch for a decade, valuing the group at £7.6 billion.

But its share price tumbled on launch day by almost a third from the IPO price of £3.90 as investors questioned Deliveroo's treatment of its self-employed riders.

Deliveroo's [share price](#) was up nearly five percent at £1.22 in early London trading following the earnings update.

"Deliveroo is riding deeper into the red, as it shifts gears to try to carry off a bigger slice of the takeaway [market](#)," said Susannah Streeter, senior investment and markets analyst at Hargreaves Lansdown.

At the same time, "it's making a huge effort to pedal into new markets to try and widen its reach of riders across the UK and that's encouraged investors".

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