

# Food Delivery<sup>1</sup>

## Operational performance



### Key statistics

#### Revenue

**US\$4.9bn**

(FY23: US\$4.2bn)  
(16% YoY growth in US\$)  
(19% YoY growth in local currency, excluding M&A)

#### Number of employees

**5 215**

#### Trading loss

**US\$158m**

(FY23: -US\$649m)  
(-3% trading profit margin)

#### Adjusted EBITDA

**-US\$35m**

(FY23: -US\$545m)  
(-1% EBITDA margin)

### Stakeholder material matters

#### Employees

- › Career development, business performance.

#### Drivers

- › Job opportunities
- › Looking after our drivers.

#### Skills development

- › Education.

#### Customers (restaurants):

##### Converting consumers to online food delivery

- › Economic growth.

#### Consumers

##### Additional and affordable convenience, eg grocery delivery

- › The opportunity – user experience.

#### Risks

- › Unfavourable economic conditions
- › Regulatory changes
- › Cyber-resilience
- › Increased competition.

### Strategic focus

**Expand the total addressable market while increasing profitability. We are applying the successful full-service (1p) model to other verticals:**

- › Unlock addressable market by developing capabilities for adjacencies
- › Drive higher engagement
- › Ability to reinvest profits
- › Improve unit economics.

### Value drivers

- › Increase order frequency through loyalty
- › Expansion to mass market
- › Organically grow monthly unique buyers
- › Additional adjacencies (grocery delivery, logistics services, fintech (restaurant financial solutions and meal vouchers and etail)
- › AI and data science
- › Managing costs and delivering efficiencies.

SDG 4 SDG 9 SDG 12 SDG 13 SDG 17

## Expanding the food opportunity

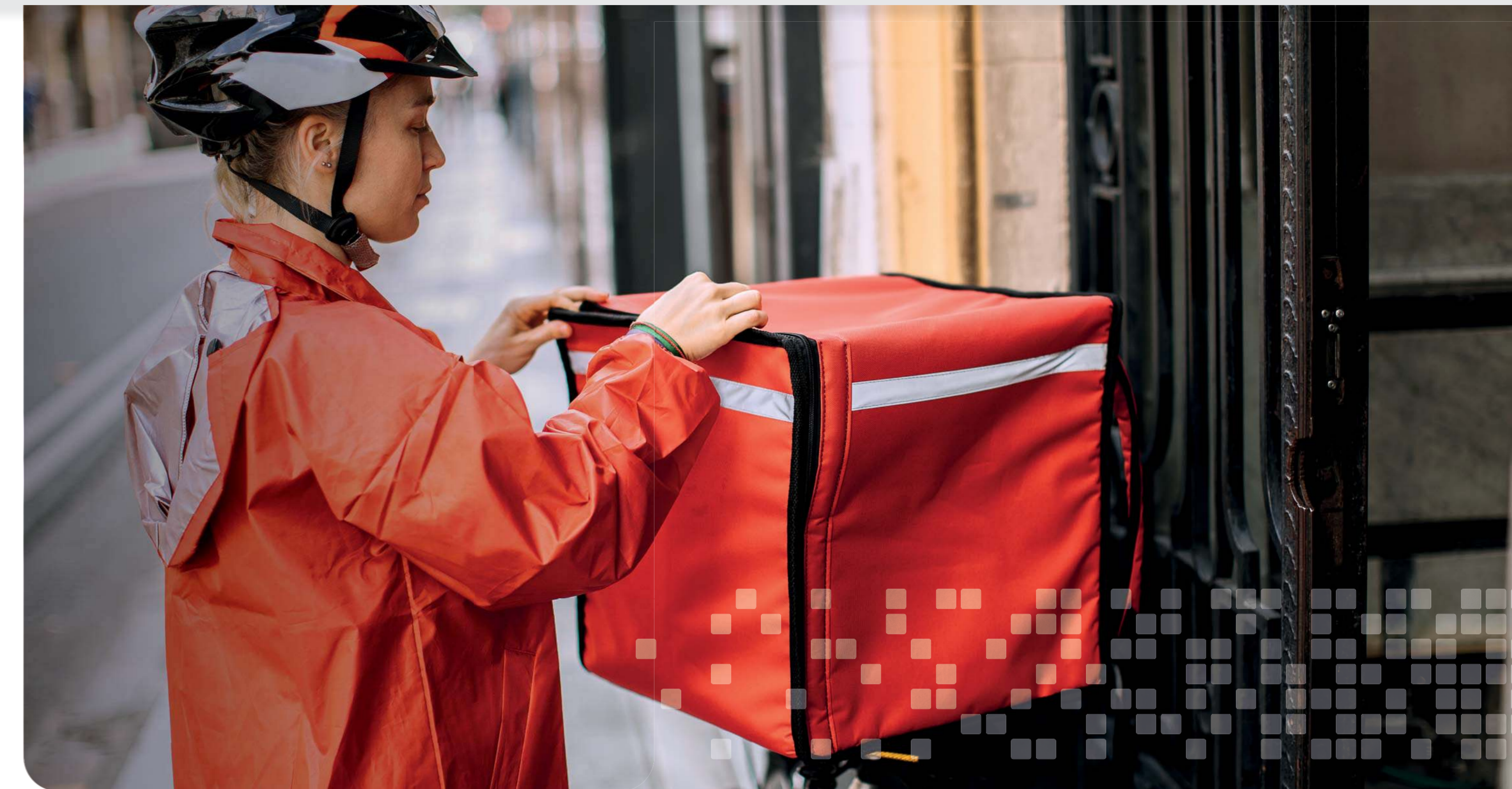
The Food Delivery segment has built its portfolio around online food-delivery platforms such as iFood, Swiggy and Delivery Hero that serve a large and growing market. iFood is Prosus' only consolidated food-delivery business. In addition, Prosus has several associates, most notably Delivery Hero and Swiggy. Globally, this market is expected to grow revenue from US\$122bn in 2023 to US\$171bn in 2027<sup>2</sup>.

These platforms offer consumers fast delivery of high-quality food at affordable prices, either through their own drivers (first-party or 1p) or through drivers employed by restaurants (third-party or 3p). Both the 1p and 3p business models have proven profitable, with all three businesses recording profitability in their core food-delivery operations.

In addition to operating successful core businesses, our food-delivery platforms have extended into new business lines by leveraging their large customer bases, deep relationships with restaurants and delivery capabilities. One of the most natural business extensions is online grocery delivery. Adding grocery sales to food delivery expands the global total addressable market (TAM) in 2027 from US\$171bn to US\$250bn<sup>1</sup>.

Although seemingly small today, the online food-delivery portion will continue expanding on the back of several tailwinds, including rising smartphone penetration, urbanisation, increasing disposable incomes, and the shift to outsourcing everyday services. Over time, we believe our food-delivery platforms have the potential to extend their offering even further and provide on-demand etail to consumers and logistics services to merchants.

As in FY23, our focus and strategy in FY24 centred on improving profitability. To expand the TAM while increasing profitability, our platforms continued to strategically pursue adjacencies to foster growth. As a result, the segment's trading losses improved from US\$649m in FY23 to US\$158m in FY24 on an economic-interest basis. We are confident that our food businesses will be significantly profitable and continue to offer long-term growth.



### Building a global leader in food delivery



A leading position in

**55** markets



Covering

**>70** countries



**>US\$9bn** invested

Source: Company information – based on direct investments: Delivery Hero (54 markets), iFood (Brazil).

We are building a global leader in on-demand food delivery. We are present in over 70 countries through three core platforms – iFood, Swiggy and Delivery Hero – as well as several smaller investments in earlier-stage opportunities.

Economic-interest revenue for the Food Delivery segment grew by 16% (19%) to US\$4.9bn, with trading losses reducing US\$491m (US\$466m) to US\$158m.

## iFood

iFood delivered a strong performance in FY24, accelerating sales at its core food-delivery business in the second half of the year.

iFood grew its gross merchandise value (GMV) by 20% in local currency, excluding M&A (in line with FY23), with 2H24 growth 10 percentage points higher than 1H24. Order growth remained strong (+18%), 4 percentage points ahead of 1H24 growth of 14%. iFood recorded nearly 56 million active users annually (over 22 million monthly unique buyers) who connect to over 350 000 merchants and 313 000 drivers operating in more than 1 530 cities in Brazil.

Revenue grew 22% in local currency excluding M&A to US\$1.2bn, driven by strong performance from its core business. iFood grew trading profit 248% (249%) to US\$96m, led by the core food-delivery business which grew by US\$137m in local currency, excluding M&A. Improved trading profit was largely due to gross profit margin expansion on the back of more efficient marketing investment and increased cost control. iFood Pago\* grew its credit portfolio by 62% YoY, with over US\$110m in assets under management by March 2024. This conservatively managed credit portfolio is funded largely by debt secured from external participants and offered to restaurants based on a credit-scoring model.

\* iFood Pago refers to meal voucher (B2C) and credit (B2B) businesses.

<sup>1</sup> In presenting and discussing our performance, we use certain alternative performance measures not defined by IFRS, referred to as non-IFRS-EU financial measures, alternative performance measures or APMs. Such measures include economic-interest-basis information; trading profit; adjusted EBITDA; headline earnings; core headline earnings; and growth in local currency, excluding acquisitions and disposals. Segment reviews in this report are prepared showing revenue on an economic-interest basis (which includes consolidated subsidiaries and a proportionate share of associated companies and joint ventures), unless otherwise stated. Numbers included in brackets represent the equivalent measure on the basis of growth in local currency, excluding acquisitions and disposals. For further explanation of the use of APMs, refer to 'About this report' in the governance section.

<sup>2</sup> Numbers refer to online revenue total addressable markets (TAMs), assuming 17.5% and 15% take rate for online food delivery and online grocery delivery respectively; online food-delivery TAM includes orders from prepaid online restaurant reservations; all numbers rounded. Source: Euromonitor, Prosus analyses.

# Food Delivery

The core food-delivery business grew revenue 24% to US\$1 089m in local currency, excluding M&A. GMV grew by 23%, an acceleration of 5 percentage points from 1H24, driven by increased order volume (21%) and higher average order value (3%). This growth was supported by several initiatives including Clube and AnotAI. In March 2024, 41% of core business orders originated from these initiatives. Clube is a loyalty membership programme with over 5 million subscribers by the end of March 2024, and increases user frequency and retention by offering personalised deals. AnotAI is a chatbot designed to facilitate restaurants' sales through WhatsApp.

Revenue from extensions<sup>3</sup> grew by 25% without incorporating the effect of converting dark stores to a marketplace model grocery business. Including that effect, on an as-reported basis, extensions only grew 3% or US\$4m in local currency, excluding M&A. Overall grocery marketplace GMV grew 18% during the year; in 2H24 growth accelerated to 35%, 33 percentage points ahead of 1H24 growth. Extensions trading losses reduced by US\$15m to US\$164m in local currency, excluding M&A.

iFood's strategy remains building on its ecosystem elements and assets to deliver differential products and services to its customers. Beyond scaling its grocery-delivery business, iFood is building a fintech environment around its platform to expand its goods and services, including meal vouchers and credit for restaurant partners.

In pursuing this strategy, iFood is harnessing the power of AI through several projects across its businesses:

- › Streamlining order prioritisation, delivery-partner dispatching and routing in logistics
- › Improving user experience in the app, including personalised recommendations
- › Reduced costs by focusing on AI-driven models for fraud detection
- › Modelling credits scores assertively.

## Four-year snapshot of growth: 2020 to 2024

Trading loss improved to trading profit of **US\$96m**

Total orders for Brazil for FY24 **>980 million**

As the most-loved brand in Brazil for the second year, iFood also keenly understands the importance of earning its so-called licence to operate in the local social context. Aligned to its purpose to feed the future of the world, key initiatives underpinning the iFood approach are summarised in the sustainability review.

**More than 1 530 Brazilian cities covered**

**Around 97 million orders in March 2024, including restaurant and grocery**

**35% own-delivery orders**  
**>350 000 merchant partners**

**18% iFood order growth**

## Swiggy

Swiggy's revenue on a local reporting basis grew 24% in local currency, excluding M&A. In its tenth year of operations, Swiggy's GOV<sup>4</sup> grew 26% YoY<sup>5</sup>, and its ever-transacted user base reached the milestone of 104 million at the end of December 2023; supported by a fleet of around 387 000 active delivery partners. Prosus held 32.6%\* of Swiggy at the end of the reporting period.

Swiggy's core food-delivery business, GOV, grew by double digits on healthy order growth and higher average order value.

Operating leverage improved as the business added revenue streams like restaurant advertising and introduced nominal platform fees which supported improved operational profitability.

The quick-commerce business, GOV, grew much ahead of the ecommerce industry, led by geographical penetration (now 487 active dark stores across 26 cities) and stock-keeping unit (SKU) expansion (over 9 500 unique items now listed on the platform). Unit economics continued to improve as a result of larger basket sizes, expanded user base and improved operational efficiency.

Swiggy has confidentially filed a pre-draft red herring prospectus (DRHP) with India's market regulator, Securities and Exchange Board, and the stock exchanges on 26 April 2024, in relation to the proposed initial public offering of its equity shares.

## Delivery Hero

Delivery Hero grew GMV 6% for the year ended 31 December 2023 and revenue grew 16% to €9.9bn, both in constant currency. Delivery Hero reported adjusted EBITDA of €254m for FY23 (from -€467m in FY22) and provided the following guidance for FY24: a positive adjusted EBITDA between €725m and €775m, and positive free cash flow. Prosus held 29.3% of Delivery Hero at the end of the reporting period.

[More information on Delivery Hero is available at ir.deliveryhero.com.](https://ir.deliveryhero.com)



## Looking forward

iFood, Swiggy and Delivery Hero – our core food-delivery assets – are leading businesses in their regions with plenty of room to grow profitably, both in scale and in the breadth and depth of their ecosystems. We will continue to invest organically, while remaining focused on profitability, to improve the core restaurant food-delivery offering and expand the total opportunity by building scaled capabilities in quick commerce and grocery, as well as additional adjacencies in the food-delivery ecosystem.

We aim to play an ever-increasing part in leading the food-delivery revolution for consumers, restaurants and delivery partners around the world.

<sup>3</sup> Extensions refer to grocery, meal voucher, credit business and corporate costs, including share-based compensation.

<sup>4</sup> GOV stands for gross order value, previously referred to as GMV.

<sup>5</sup> Year in Swiggy section refers to January – December 2023.

\* Outstanding shareholding, excluding ESOPs.