

The background of the entire page is a high-quality photograph of several Asian dishes served in containers. In the foreground, there's a red paper container with a white diamond logo containing the Chinese character '福' (Fú), filled with spaghetti topped with shrimp and red sauce. To its left is a white paper container with a similar logo, filled with a colorful salad of tomatoes, peppers, and other vegetables. In the bottom left corner, there's a silver foil container with rice, green peas, and a red sauce. The containers are placed on a green bamboo mat. In the background, there are more dishes, including a bowl of rice and a glass of water with a lemon slice. The overall scene is bright and appetizing, suggesting a variety of delicious food options.

JUST EAT

Just Eat plc Annual Report and Accounts 2018

**Serving the world's
greatest menu.
Brilliantly.**

Serving the world's greatest menu. Brilliantly.

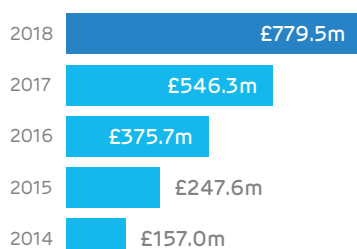
Just Eat plc (LSE: JE) operates a leading global hybrid marketplace for online food delivery. Headquartered in London, we use proprietary technology to offer a quick and efficient digital ordering service for over 26 million customers and more than 100,000 Restaurant Partners across the UK, Australia & New Zealand, Canada, Denmark, France, Ireland, Italy, Mexico, Norway, Spain, Switzerland and Brazil.



Financial highlights

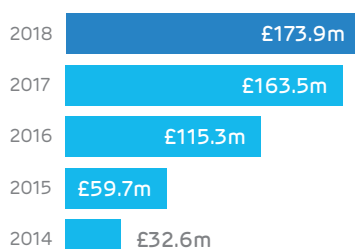
Revenue¹ (KPI)

+43%



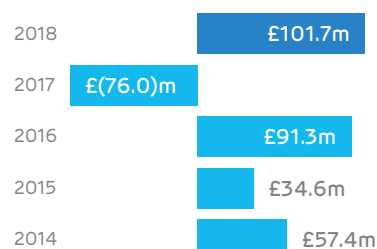
Underlying EBITDA^{1,2} (KPI)

+6%



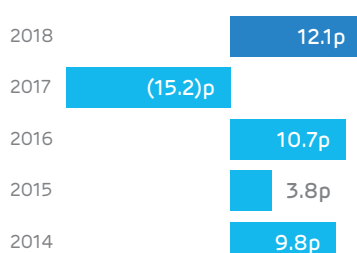
Profit before tax

£101.7m



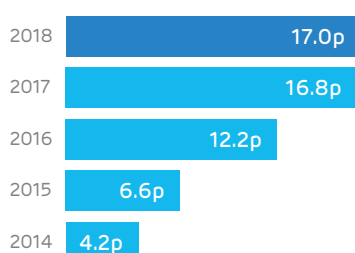
Basic earnings per share

12.1p



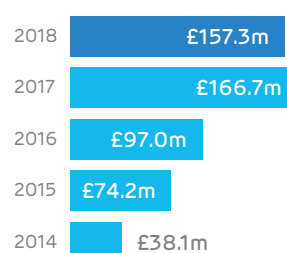
Adjusted basic earnings per share²

+1%



Net operating cash inflow

-6%



1. Highlights that are key performance indicators are detailed further on page 19.

2. Refer to page 145 for further detail on Alternative Performance Measures and reconciliation to statutory figures.



Business highlights

- Revenue up 43% ahead of prior year; uEBITDA² up 6% after investing £51 million in strategic initiatives
- 26 million active customers driving strong order growth of 28% to 221 million, with order frequency up 5%
- Outstanding SkipTheDishes growth in Canada reaching full national coverage and reaching breakeven during Q4
- Strong UK growth with orders up 17%; consolidated #1 UK position through successful integration of HungryHouse
- Targeted roll-out of delivery in Australia and UK demonstrating a clear route to profitability

» See page 12 for more detail

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Serving the world's greatest menu. Brilliantly.

We operate a leading global hybrid marketplace for online food delivery.

Founded in 2001, Just Eat is a pioneer of the online takeaway food delivery market and continues to lead innovation across the industry. As a market leader our brands connect millions of **customers** with more than 100,000 local **Restaurant Partners** serving over 100 different cuisines, providing an unrivalled choice of food that people love.

Why invest in Just Eat?

- **Market-leading positions**

» Read more on page 03

- **Experienced leadership team**

» Read more on page 40

- **Underlying structural growth markets**

» Read more on page 08

- **Highly cash-generative operating model**

» Read more on page 06

- **Product innovation**

- **Diversified revenue base**

- **Strong margin leverage**

- **Sustainable double-digit top-line growth**

» Read more on pages 12 to 18

100k+

Restaurant Partners

26m+

Active customers

£19.05

Average order value

8.4

Average order frequency

£4.2bn

Value of food purchased

3,600+¹

Just Eat team

1. This figure represents closing FTE figures for 2018.

Four power brands across 13 countries

Our international footprint generates a diversified revenue base.



1. Switzerland operates under the Eat.ch brand.
2. Mexico operates under the Sin Delantal brand.
3. Just Eat operates in Brazil via its associate, iFood.

>> Read more about our market opportunities on page 08

Chair's statement



Mike Evans
Chair

Strongly positioned for the future

Summary

- The past year has seen strong performance by Just Eat
- This is an exciting time for food delivery markets around the world
- The investments we have made in 2018 give us an excellent platform to execute our strategy at pace in 2019

The past year has seen strong performance by Just Eat. Total revenue increased by 43% to £779.5 million, Underlying EBITDA ("uEBITDA") was up by 6% to £173.9 million and profit before tax was £101.7 million after investing £51 million in our strategic initiatives. Our adjusted earnings per share grew by 1% to 17.0 pence. Furthermore, the Group continued to be highly cash generative, with £157.3 million of net operating cash inflow.

These results were driven by 221 million orders this year, which was an increase of 28%. This performance surpassed our expectations thanks to the strategic initiatives we took during the year as part of our hybrid strategy. These initiatives included developing our marketplace into a world-class experience for both hungry customers and busy Restaurant Partners as well as the targeted roll-out of our delivery services to complement our marketplace. In fact, in many ways, 2018 has been a transformational year for the business.

These results were achieved during this transformation thanks to an enormous amount of hard work by our people, loyalty from our customers, great service from our Restaurant Partners and support from our shareholders. I would like to thank them all. With their help, our unrivalled marketplace reach, and the targeted roll-out of our delivery platform, we have created a unique hybrid food delivery service. This gives our growing customer base the best of both worlds with access to more choice and better service than ever.

Of course there is more to do – and we are excited about our plans for the future. Later in this Strategic Report, we talk about some of the initiatives we already have underway and others we have planned. This is an exciting time for food delivery markets around the world. We want to capitalise on that by serving customers in each of our markets as best as we can, drawing on the resources of the Group as a whole. Just one example is our roll-out of the SkipTheDishes technology from Canada into the UK and Australia enabling our success in delivery as well as marketplace.

We completed our acquisition of Flyt Limited in December 2018. Flyt is a leading software platform that helps restaurant groups and restaurant suppliers globally to integrate their point of sale ("POS") systems with third party services. Bringing Flyt into our Group will help us accelerate the roll-out of delivery with Quick Service Restaurants and Branded Restaurant Groups both in the UK and globally.

Our people and culture

The success of our business through these changes is a testament to our people. We continue to add great people to our world-class team who share our vision, values and culture. This includes the teams from our acquired businesses which are now part of our diverse, engaged and inclusive workplace. As well as SkipTheDishes in Canada, HungryHouse in the UK has now been integrated into the business.

The rest of the Board and I engage with our Executive Team and people more generally to ensure that the culture and values in the business align with our strategy. To enhance this engagement further, in December, we appointed Roisin Donnelly as our Non-executive Director specifically designated in relation to workforce engagement. In a business like Just Eat, such engagement is key and I am pleased to say that the new role has been embraced by Roisin and management alike, with the full support of the rest of the Board.

» See page 29 for more detail about people and culture

Governance and leadership

As planned when I joined the Board in March last year, I took on the role of Chair from Andrew Griffith in April. Andrew had been fulfilling the role on an interim basis following the unexpected passing of our previous Chair, John Hughes, in 2017. The rest of the Board and I are grateful to Andrew for providing his valuable leadership during the period. Andrew now continues to fulfil his role as Senior Independent Non-executive Director.

In December, Helen Weir joined the Board as an additional Independent Non-executive Director. Helen's skills and perspectives are already contributing to the Board. Her appointment complements a highly skilled, experienced and diverse group of Non-executive Directors. Along with the Executive Directors and myself, they are providing effective leadership and strategic direction to our business and our people.

We intend to appoint Helen as Audit Committee Chair after the conclusion of the current audit cycle with presentation of this Annual Report at our Annual General Meeting ("AGM") on 1 May 2019. Andrew Griffith, who has done an excellent job in this role over the past five years, has agreed to continue as a member of the Committee to ensure a smooth transition. This whole process is part of our ongoing succession planning for the Board and its Committees.

In January this year, Peter Plumb stepped down as Chief Executive Officer and from the Board. He left with our thanks for setting the Group on a new course and our best wishes for the future. Peter Duffy, our Chief Customer Officer, was appointed Interim Chief Executive Officer while a search for a permanent replacement is undertaken.

The Board is fully committed to compliance with both the letter and the spirit of the UK Corporate Governance Code. Details of the work of our Board and its Committees during the year are set out in the Corporate Governance review commencing on page 38 of this report.

We are honoured to continue to be part of the FTSE4Good Index Series, which measures the performance of companies demonstrating strong environmental, social and governance ("ESG") practices. In Just Eat, how we do business is a key part of our success and we will continue to work hard to do better in these areas.

Listening to our shareholders' views

In addition to our management roadshows and Capital Markets Day, during the past year we have proactively engaged with over 20 of our largest shareholders at a Non-executive Director level. This included both our consultations on remuneration and a shareholder roadshow that I led personally. The extensive input we received was comprehensively reported to and fully discussed by the Board and Remuneration Committee as appropriate.

I was impressed that so much of the passion we have within Just Eat is shared by our investor community. All views expressed, whether externally or internally, are taken into account in our decision-making processes. This is part of our commitment to undertake our role and responsibilities to make decisions that we believe are in the best interests of shareholders as a whole to maximise shareholder value for the long term. We are grateful for shareholders' support in this.

Annual General Meeting

Our Annual General Meeting will be held on 1 May 2019. All members of the Board are due to attend. This will be a good opportunity for our shareholders to meet the Directors. Shareholders will be able to have their questions answered about our success during the last year and about our plans for the future. I look forward to welcoming those shareholders who are able to attend.

Outlook

The investments we have made in 2018 give us an excellent platform to execute our strategy at pace in 2019. We will continue to leverage our leading marketplace business while accelerating our exciting delivery initiatives, creating a unique hybrid food delivery service and building upon our success to create long-term value for all our stakeholders. I look forward to reporting to you on further progress during this exciting period.



Mike Evans

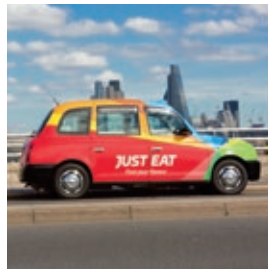
Chair

5 March 2019

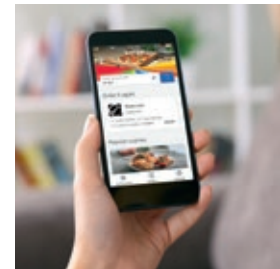
Giving customers what they want and helping restaurants prosper

Just Eat operates a highly scalable business model with a beneficial cash flow cycle, creating value for our customers, Restaurant Partners, people and shareholders.

Our **BRANDS** attract millions of customers to our global platform



Customers use our **APP** to discover new food or reorder their favourite



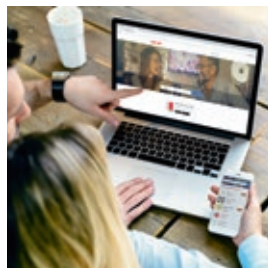
Attracting more customers and Restaurant Partners to our **PLATFORM**



We provide an unrivalled **RANGE** of choice with access to 100,000 restaurants



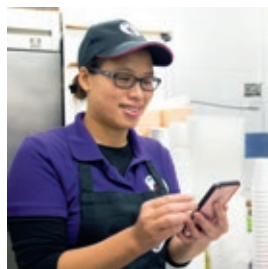
We use **DATA** to create an even more personalised experience



Customers can make their **PAYMENT** seamlessly and safely on the app



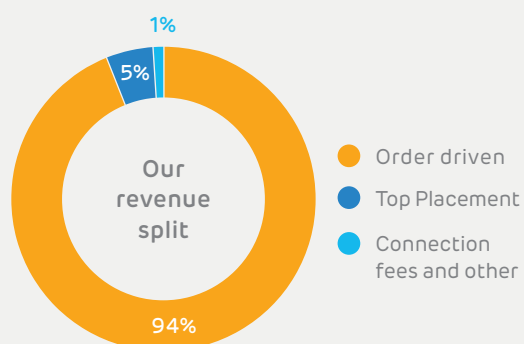
Customers can leave **FEEDBACK** for our Restaurant Partners



And then sit back and track **DELIVERY**



How do we make our money?



Order-driven revenue

Order-driven revenue accounted for 94% of total revenue (2017: 92%). It is comprised of commission paid by Restaurant Partners on successful orders, service charges and delivery fees. Commission revenue is driven by the number of orders placed, the average order value ("AOV") and commission rates, agreed with each restaurant.

Top Placement revenue

Eligible Restaurant Partners may also pay for promotional Top Placement on the Just Eat platform and are listed in a clearly labelled sponsored slot at the top of search results in a particular postcode. The number of slots are limited and the restaurant must meet certain quality and performance standards. Top Placement constituted 5% of revenue (2017: 6%).

Connection fees and other revenue

One-off connection fees to join the Just Eat network and other services such as branded commodity products accounted for 1% of revenues (2017: 2%). Connection fees range globally from £nil to £750, depending on geography and market maturity. These fees are charged to cover the cost of hardware installed into the restaurant and the sales and onboarding process.

How do we create value?

Customers

- A simple ordering process enabling customers to select from great local restaurants or reorder their favourites and pay with securely stored payment card details or cash
- Convenience of placing an order via apps, Microsoft Xbox One, Amazon Fire TV and vocally via Amazon Alexa and Google Assistant
- Huge choice, including many popular Quick Service Restaurant chains, supported by millions of relevant customer reviews
- Reassurance of ordering from a well-known brand and having access to online and offline support through Just Eat's dedicated customer service and customer care channels

Restaurant Partners

- Just Eat gives restaurants access to a broader customer base and the opportunity for increased orders of higher value
- The benefits of a global brand and leading-edge digital technology to maximise their business
- More efficient order processing by reducing time and communication errors
- Partnership programme, providing great products and services to our restaurant estate
- Provision of operational data through Partner Centre

People

- The growth of the business has provided many opportunities for existing and new colleagues and we continue to invest in developing and retaining our people and strengthening the team
- We continue to develop the passion, skills and increased diversity of 3,600 FTE employees as this is key to our and their success

Shareholders

- Driving long-term value for our shareholders by building sustainable brands and resilient businesses
- Strong organic growth and investing for future opportunities

The world we are in

We are moving towards a time when anyone anywhere will be able to order whatever food they want, for whatever meal, at the push of a button. It is a transformation in how we eat, enabled by technology, and is a trend that has fuelled Just Eat's phenomenal growth.

We are responding to **customer** demand for convenience and choice but our business is about much more than that. We help **restaurants** to accelerate their growth – growing orders, running better, more profitable businesses and providing industry-leading technology and access to the best deals that save them money. By working together, we all contribute to a **sector** that is fit for the future and helps us serve the world's greatest menu. Brilliantly.

Our market size

We operate in significant structural growth markets totalling over £83 billion in Total order value across all of our geographies – currently Just Eat and its associates account for just £5.3 billion of this.



Marketplace

Just Eat's heritage is in the tens of thousands of independent takeaways and restaurants that have their own delivery capability which is worth £16 billion. It is made up of two components: £7 billion that is bought online; and a further £9 billion worth of takeaway food that is still ordered on the telephone. The telephone remains Just Eat's biggest competitor.

Market opportunity
(total order value)

£16bn



Delivery

Just Eat's move into delivery has unlocked an additional £41 billion market opportunity. These are branded high street restaurants, Quick Service Restaurant chains and thousands of sit-down restaurants without delivery capabilities. Historically, the only way to eat their food as takeaway was to visit the restaurant yourself and collect it.

Market opportunity
(total order value)

£41bn



Latin America

Just Eat has a £26 billion market opportunity in Mexico and Brazil, where it operates through its associate, iFood. The market has huge potential due to the combined population size of over 300 million people.

Market opportunity
(total order value)

£26bn

Total market opportunity

£83bn

Market opportunity data source: OC&C, Euromonitor*, UBS research (2017) (Just Eat Group markets).

Customer champion

We connect over 26 million customers with more than 100,000 restaurants, offering unrivalled choice with more than 100 different cuisine types available at the click of a button.

Food nourishes, satisfies and brings people together. The busy nature of modern life means that, with competing priorities for time, people are using technology to ensure they can get quality products and services, quickly and conveniently.

We strive to make all food occasions enjoyable, whether an old favourite or something completely new. We aim

to serve every customer's takeaway moment and we are continually evolving our technology to help people discover and try new foods, or to help them find what they want more quickly – at home, in the office or with friends, whenever or wherever they are.

We always look to improve the customer experience through better monitoring, evaluation and adaptation, turning transactions into conversations and adopting artificial intelligence and machine learning to increase personalisation and recommendations.

Restaurant champion

We help our Restaurant Partners prosper in the digital age – using our scale to save them money and our technology to help them grow their businesses.

We bring a host of benefits to our Restaurant Partners. Historically, many have had neither the resources nor technology to digitise their businesses or engage in mass marketing. We provide the platform and tools to help independent restaurants move online and reach a significantly broader customer base – in effect we are their digital high street. Together with the reach of our advertising and branding, our Restaurant Partners generate increased orders which help to grow their businesses.

Through our Partner Centre, we have given restaurants more immediate control of menus,

opening times and delivery areas. We take care of financial administration, managing payments and card services to save restaurants time. Because we have scale – working with more restaurants than anyone else – we provide access to the best deals from a range of suppliers and introduce the very best innovations for reducing costs, saving time, increasing profits and operating more efficiently.

We also provide insights into customers' eating habits and work with Restaurant Partners to respond to changing tastes and expectations, using data and business intelligence to understand trends and adapt for what is coming next. We will use our increasing scale to pass more financial and operational benefits through to Restaurant Partners, resulting in more savings and more profit for them.

Sector champion

We use our technology and scale to inform, inspire and support our Restaurant Partners to drive up standards across the industry.

By spearheading the founding of the British Takeaway Campaign, we have created a unified voice for the many cuisine groups, and are championing several critical policy initiatives, from access to skills and immigration, to business rates. We also hold takeaway awards in a number of countries to help recognise and celebrate the hard work and dedication of those working in the sector.

We are helping to create a more sustainable food tech sector. For example, we are working directly and via partnerships to make takeaways more sustainable through plastic recycling initiatives, a seaweed sauce sachet trial, helping to recycle used cooking oil, the development

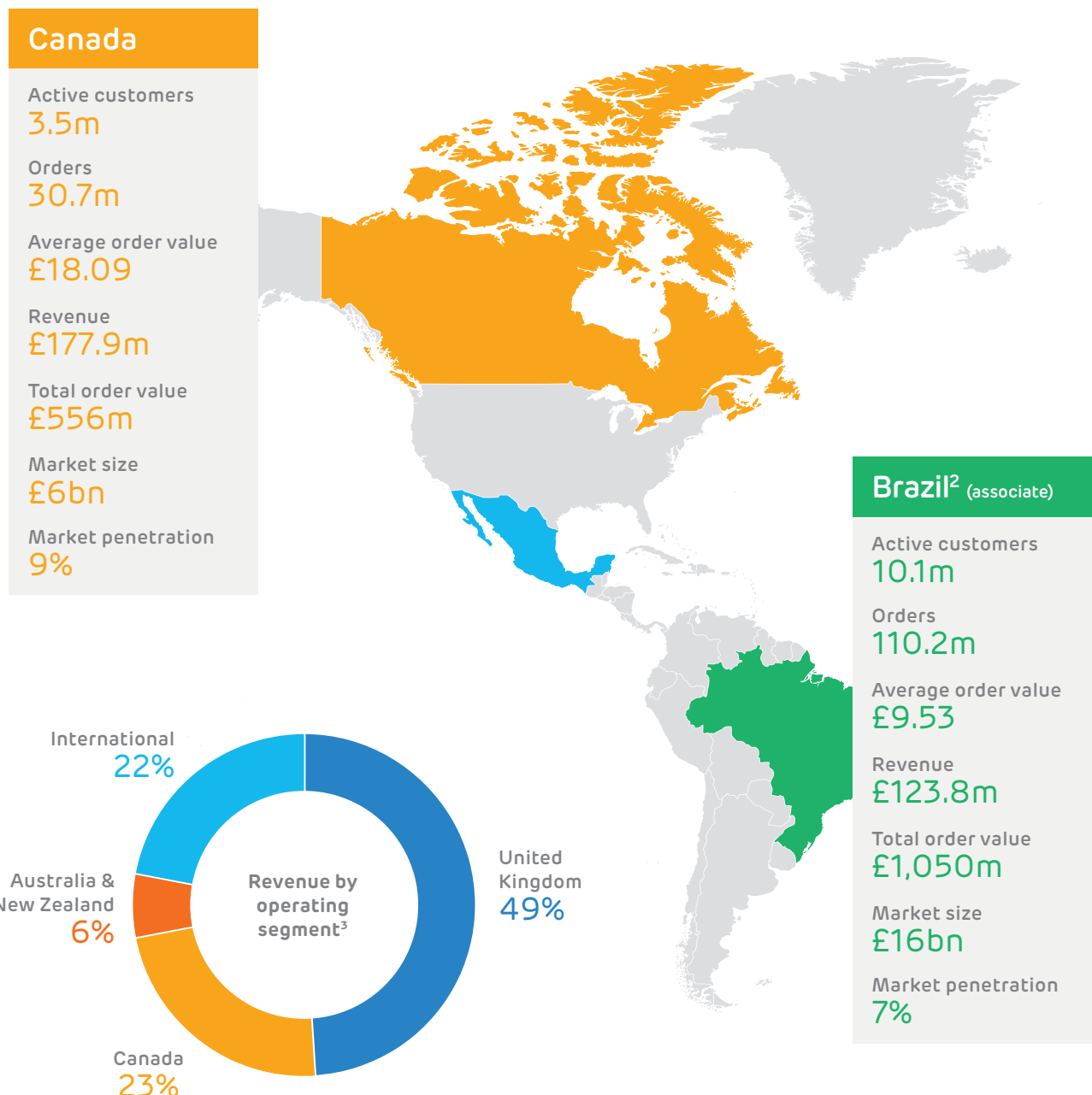
of compostable packaging and the launch of electric scooters to help reduce takeaway delivery's contribution to emission levels.

As market leader in online food delivery, we have a responsibility to tackle misperceptions about takeaway food and at the same time to educate and influence our Restaurant Partners about what they can do to provide healthier options. That is why we are working with partners including Shift, a charity which uses research and design techniques to create products and services which help address social problems, and the Sustainable Restaurant Association, to fund pilots into improvements in the sector, and to promote best practice.

» To find out more as well as how we are working to improve food hygiene standards, see pages 34 to 37

Delivering across the world

We have a diverse international footprint.



1. International segment consists of Denmark, France, Ireland, Italy, Mexico, Norway, Spain and Switzerland.

2. Brazil shown on a 100% ownership basis.

3. Revenue shown on a reported basis excluding Brazil.

UK

Active customers
12.2m

Orders
122.8m

Average order value
£18.79

Revenue
£385.6m

Total order value
£2,307m

Market size
£16bn

Market penetration
14%

International¹

Active customers
8.0m

Orders
54.7m

Average order value
£18.95

Revenue
£169.3m

Total order value
£1,036m

Market size
£37bn

Market penetration
3%

Australia and New Zealand

Active customers
2.6m

Orders
13.0m

Average order value
£24.22

Revenue
£46.7m

Total order value
£315m

Market size
£8bn

Market penetration
4%



Peter Duffy
Interim Chief Executive Officer



Paul Harrison
Chief Financial Officer

Creating a leading hybrid marketplace for online food delivery

Summary

- Strong financial performance in a transformational year
- Significant strategic progress enabling us to take advantage of £83 billion market opportunity
- Good progress across all geographies

Overview

2018 was a transformational year for Just Eat. Revenue increased 43% to £779.5 million with uEBITDA up 6% to £173.9 million, after investing £51 million in our strategic initiatives to deliver on our hybrid strategy. Overall growth was driven by the combination of strong underlying marketplace order growth, accelerating growth of delivery orders and the inclusion of HungryHouse (acquired 31 January 2018).

We continued to invest in our people, brands and platforms as we helped our 100,000+ Restaurant Partners serve over 221 million takeaways to more than 26 million active customers. Consumers continued to choose Just Eat as their destination of choice when ordering food with order frequency per customer improving by 5% to 8.4 times per annum compared to last year.

The business remains highly cash generative with strong cash conversion and £197.6 million net cash generated by operations. As at 31 December 2018, Just Eat had net cash of £3.5 million and substantial headroom against its covenants.



During the year, we introduced three strategic pillars that underpin how we intend to unlock our hybrid strategy and increase our market opportunity.”

Creating a leading hybrid marketplace



Unrivalled marketplace foundation



Targeted world-class delivery



Highly experienced team

Our strategy

Creating a leading hybrid marketplace

We are creating a leading hybrid offering by combining our unrivalled marketplace with the targeted roll-out of delivery. The broad reach of our marketplace combined with our enhanced range from adding delivery provides customers with the best choice and an even better experience. In turn, this drives greater customer acquisition, retention and frequency – ultimately driving incremental orders for all of our Restaurant Partners and strengthening the network effects of our business. Our leading hybrid model enables us to optimise profitability by algorithmically managing the customer search experience to match demand with available courier capacity, driving greater courier utilisation and lower cost per order.

During the year, we introduced three strategic pillars that underpin how we intend to unlock our hybrid strategy and increase our market opportunity from £16 billion to £57 billion across our core geographies, with a further £26 billion in Latin America where we operate through our associate, iFood. The strategic pillars are: (i) Enhancing our unrivalled marketplace foundation; (ii) Targeted world-class delivery to complement our marketplace; and (iii) Highly experienced team, supporting extraordinary local customer experts.

In order to deliver our initiatives we invested £51 million during the year. This comprised £19 million to drive continued exceptional growth in Canada and launching SkipTheDishes technology into Australia; £21 million in scaling delivery for Branded Restaurant Groups and working to improve the delivery economics in the UK; and a £11 million investment in brand building for our early stage marketplace business in Mexico. This was less than our guidance of between £55 to £60 million due to the outperformance of SkipTheDishes in Canada. The results of these initiatives are outlined in detail below.

1 Enhancing our unrivalled marketplace foundation

Our marketplace business achieved orders of 186.5 million (2017: 161.6 million) and revenue of £569.6 million (2017: £473.1 million constant currency) during the year. We have reinvested to create a world-class experience for both our customers and Restaurant Partners to drive increased engagement, order frequency and retention.

We continued to invest in marketing our brands which resulted in record levels of awareness and numerous record trading days, including over almost 1,500 orders per minute during the X Factor Final in the UK. Our investments in product and technology have enabled us to create a leading user experience for customers via the Just Eat App. Total orders via the App are now at 56% (2017: 50%). We have also significantly improved our marketing and data toolset with the launch of new CRM tools creating the foundation for greater curation and personalisation, ultimately driving further efficiencies and improving returns on our marketing investment.

We continue to help our Restaurant Partners to reach more customers, grow their business and improve standards in the industry. Over 80% of our Restaurant Partners are now using Just Eat Orderpad enabling them to run better businesses through greater control and insight, whilst offering the potential to improve customer service by enabling direct contact with restaurants rather than through our contact centres. During the year, we significantly improved customer service levels through the launch of new tools enabling the automatic resolution of cancelled and missing items and providing a better, more consistent customer experience.

In 2018, our investment in Mexico drove record customer and partner acquisition with orders up almost 100% during the year and Restaurant Partners up 117% to 11,061 as at the end of the year.

2018 strategic performance review continued

Our strategy continued

2 Targeted world-class delivery to complement our marketplace

Delivery orders grew 220% year on year to 34.7 million (2017: 10.8 million), achieving revenue of £210.0 million (2017: £68.8 million constant currency).

During the year, we invested in the targeted roll-out of delivery in key zones enabling us to increase our overall customer base and drive more orders to our Restaurant Partners.

We invested £19 million in driving continued exceptional growth in Canada and launching SkipTheDishes technology into Australia. This was less than the £25 million investment we originally outlined due to the outperformance of SkipTheDishes in Canada. We used our investment to accelerate growth with SkipTheDishes reaching full coverage across Canada during the year, driving triple digit order growth and moving it towards profitability after reaching uEBITDA breakeven during Q4.

Our Australian business completed the integration of SkipTheDishes' world-class delivery platform with Menulog's marketplace, creating a hybrid offering. We launched 28 delivery zones covering c.55% of the addressable population, signed up over 2,700 delivery Restaurant Partners and started to see an improvement in cost per drop and encouragingly reached breakeven on a gross profit basis in our more mature zones.

In the UK, we invested £21 million in the roll-out of delivery and now work with over 2,000 Restaurant Partners fulfilling their delivery requirements, across 197 delivery zones covering c.35% of the addressable population. This was more than the £20 million investment we originally outlined as we took the opportunity to accelerate the targeted roll-out delivery. We continued working with third party couriers and also launched an independent courier-model trial using SkipTheDishes' technology in selected cities in Q4. We continued to see an improving trend in the delivery economics reaching breakeven on a gross profit basis in our more mature zones.

In December 2018, we completed the acquisition of Flyt, a leading software platform that helps restaurant groups and restaurant suppliers globally to integrate their point of sale ("POS") systems with third party services. Flyt's software enables Just Eat Restaurant Partners to receive orders via Just Eat's platforms directly into their POS system, improving overall operating efficiency and enhancing the customer experience. The acquisition enables us to accelerate the development of Flyt's technology and offer Flyt's services to more of our Restaurant Partners globally. It will also help us accelerate the roll-out of delivery with Quick Service Restaurants and Branded Restaurants both in the UK and globally. The consideration of £22 million was paid using existing cash resources. A further cash consideration may also be payable subject to certain operational and financial criteria being met over the next three years.

3 Highly experienced team, supporting extraordinary local customer experts

We reorganised our marketing team to put our customers at the heart of everything we do. We created a Customer Team, responsible for Marketing, Digital, Customer Relationship Management (CRM), Business Intelligence (BI), Data, Machine Learning and Operations – all of which are vital for Just Eat to offer our customers the best and easiest way to find and order their food of choice.

In order to deliver a world-class hybrid marketplace we have created a global delivery fulfilment team to create a consistent experience for customers, Restaurant Partners and couriers. Our global fulfilment team is based in Canada and run by online food delivery experts from SkipTheDishes focused on driving innovation and cost optimisation across our delivery network globally. We believe this is a crucial competitive advantage as we extend our hybrid model.

Segmental overview

Comparative financial numbers are presented below within the segmental review on a constant currency basis so as to remove the fluctuations associated with operations in different functional currencies.

2018	Active customers m	Orders m	Average order value £	Revenue £m	uEBITDA ¹ £m
United Kingdom	12.2	122.8	18.79	385.6	189.5
Canada	3.5	30.7	18.09	177.9	(11.5)
Australia & New Zealand	2.6	13.0	24.22	46.7	6.5
International	8.0	54.7	18.95	169.3	14.2
Total segment	26.3	221.2	19.05	779.5	198.7
Share of associates ²	—	—	—	—	(5.7)
Head office	—	—	—	—	(19.1)
Total	26.3	221.2	19.05	779.5	173.9

2017 constant currency basis	Active customers m	Orders m	Average order value £	Revenue £m	uEBITDA ¹ £m
United Kingdom	10.5	105.0	17.73	303.8	155.4
Canada	2.0	11.6	18.85	62.3	(11.1)
Australia & New Zealand	3.0	15.2	23.63	46.8	16.2
International	6.0	40.6	19.42	129.0	19.8
Total segment	21.5	172.4	18.73	541.9	180.3
Share of associates ²	—	—	—	—	(0.2)
Head office	—	—	—	—	(17.1)
Total	21.5	172.4	18.73	541.9	163.0

1. The performance of the Group is monitored internally using a variety of statutory and Alternative Performance Measures (APMs). APMs are not defined within IFRS and are used to assess the underlying operational performance of the Group and as such these measures should be considered alongside IFRS measures. The main measure of profitability used by management to assess the performance of the business is Underlying EBITDA ("uEBITDA"). It is defined as earnings before finance income and costs, taxation, depreciation and amortisation ("EBITDA"), and additionally excludes long-term employee incentive costs, exceptional items, foreign exchange gains and losses, other gains and losses, and an adjustment for the associates uEBITDA. For full definitions and reconciliations of APMs, please refer to the APM appendix at the end of the document.

2. Just Eat's share of Latin America uEBITDA is calculated as 33% of Brazil uEBITDA and 100% of Mexico uEBITDA.

2018 strategic performance review continued



Segmental overview continued

United Kingdom

Our UK business continued to experience strong growth as one fifth of the UK adult population chose Just Eat as its takeaway food delivery platform of choice during the year. In the first half of the year, we consolidated our number one position through the successful integration of HungryHouse and we remain the UK's most comprehensive online takeaway food delivery platform with over 30,000 Restaurant Partners. Active customers increased 16% to 12.2 million generating 122.8 million orders, up 17% from 2017, despite the impact of exceptionally hot weather in July and August. The UK business hit a number of milestones during the year including supplying over 600,000 orders in one day and our first ever 1 million order weekend.

Revenue increased 27% to £385.6 million driven by strong marketplace order growth, accelerating growth of delivery orders and the inclusion of HungryHouse. Average order value ("AOV") increased by 6% to £18.79. uEBITDA increased by 22% to £189.5 million with a margin of 49% (2017: 51%) reflecting investment in the roll-out of delivery in key zones.

Canada

SkipTheDishes, our market-leading Canadian food delivery business, has had an exceptional year and continued to grow triple digits with the launch of multilingual capabilities. This enabled full coverage across Canada, with expansion into Quebec, and supported the launch of new Branded Restaurant Partners, including McDonald's and Tim Hortons, taking the total number of Restaurant Partners to over 16,900, almost doubling year on year. Active customers increased 72% to 3.5 million generating 30.7 million orders, up 165% from 2017.



Our UK business continued to experience strong growth as one fifth of the UK adult population chose Just Eat as its takeaway food delivery platform of choice.”

Revenue increased 186% on a constant currency basis to £177.9 million. Revenue growth was ahead of order growth, despite a reduction in AOV, reflecting the addition of lower AOV, higher frequency restaurants to the platform. uEBITDA was a loss of £11.5 million (2017: £11.1 million constant currency), with an improved margin of -7% (2017: -16% constant currency) reflecting the optimisation of delivery zones as we move towards profitability.

Australia & New Zealand

As outlined at the half year, Australia & New Zealand remains highly competitive due to the unusually high proportion of its population residing in two major cities and, as a result, our focus has been on the successful integration of SkipTheDishes' world-class delivery platform with Menulog's marketplace, creating a leading hybrid offering. We continued to scale our delivery business throughout the year with a presence in 28 zones across Sydney, Melbourne and Perth as at year end and signed up key Branded Restaurant Groups such as Hungry Jack's and KFC, taking the total number of Restaurant Partners to 11,200, up 14% year on year. Active customers decreased by 14% to 2.6 million generating orders of 13.0 million (2017: 15.2 million) as we focused on creating a world-class hybrid experience.

Australia & New Zealand generated revenue of £46.7 million, flat on a currency neutral basis, with revenue returning to growth as we exited FY18 following the integration of delivery and sign-up of key Branded Restaurant Groups. uEBITDA decreased to £6.5 million (2017: £16.2 million constant currency) due to our focus on delivering a world-class hybrid marketplace featuring key Branded Restaurant Groups. AOV improved by 3% during the year to over £24.

International

International comprises eight countries – Denmark, France, Ireland, Italy, Mexico, Norway, Spain and Switzerland. International order growth was strong, powered by new Restaurant Partner sign-ups across tier 2, 3 and 4 cities and the targeted roll-out of delivery with third parties in key cities.

The number of active customers increased by 34% to 8.0 million generating orders of 54.7 million, up 34% year on year. Italy and Spain performed strongly serving over 1 million orders in a month for the first time during the year. Our French business was rebranded from AlloResto to Just Eat during the year and continued to add restaurants outside of Greater Paris.

Our International businesses generated an AOV of £18.95 (2017: £19.42 constant currency) and revenue of £169.3 million (2017: £129 million constant currency), up 31%. uEBITDA was £14.2 million with a margin of 8% (2017: 15% constant currency) reflecting the targeted roll-out of delivery in key zones across Europe and our investment in brand building in Mexico as outlined above.



Italy and Spain performed strongly serving over 1 million orders in a month for the first time during the year.”

iFood (Share of uEBITDA from associates)

Just Eat owns a 33% stake in iFood, the leading hybrid marketplace for takeaway food delivery in Brazil. iFood generated revenue of £123.8 million (2017: £64.5 million on a constant currency basis). This represents a 92% increase and was driven by a 103% increase in orders to 110.2 million (2017: 54.3 million). Just Eat's share of results from iFood resulted in an uEBITDA loss of £5.7 million (2017: loss of £0.3 million). The increased loss year on year was due to increased investment by iFood in logistics and marketing to capture its significant market opportunity. The results from investment have been strong in both marketplace and delivery, with iFood remaining around 16 times the size of its nearest competitor in Brazil. To fund the investment, iFood requires capital from its shareholders and given iFood's excellent progress to date in capturing the significant opportunity in Brazil, we plan to continue to participate in funding iFood's growth plans.

Operating costs

Operating costs increased to £599.9 million (2017: £382.5 million) comprising Cost of Sales of £216.9 million (2017: £96.0 million), Staff costs of £177.2 million (2017: £135.0 million), Marketing costs of £146.3 million (2017: £110.7 million) and Overhead costs of £59.5 million (2017: £40.8 million). Overhead costs include property, software and administrative costs.

Marketing was broadly flat as a percentage of revenue at 19% (2017: 20%) as we continued to invest heavily in building the brand and driving customer loyalty.

Items outside of uEBITDA

Adjusting items from uEBITDA to operating profit of £63.6 million in the year (2017: £235.4 million) primarily comprise depreciation and amortisation of other intangible assets of £25.3 million (2017: £14.0 million), amortisation of intangible assets arising on acquisitions of £23.9 million (2017: £24.4 million) and acquisition transaction and integration costs of £14.8 million (2017: £10.7 million) including £7.5 million relating to the integration of HungryHouse which was acquired on 31 January 2018 (2017: £nil).

A full reconciliation between uEBITDA and operating profit is provided in Note 4 to the financial statements.

Taxation

The business' total income tax charge decreased to £21.8 million (2017: £27.5 million), resulting in an effective tax rate ("ETR") of 21.4%. The decline in the statutory tax charge is driven largely by the recognition of a deferred tax asset relating to the cumulative tax losses in SkipTheDishes in Canada, which is treated as an adjusting item for the purpose of underlying ETR. The ETR on underlying profits was 22.4% (2017: 23.7%), which is reflective of the current tax arising in the profitable markets.

2018 strategic performance review continued

Profit for the year

Statutory profit for the year was £79.9 million (2017: loss of £103.5 million). The loss in 2017 was principally the result of the £180.4 million non-cash impairment charge. Adjusting for this, the loss in 2017 would have been a profit of £76.9 million in 2017.

Earnings per share

Adjusted EPS was 17.0 pence (2017: 16.8 pence), up 1% on last year and broadly tracking the increase in uEBITDA. Statutory basic EPS increased to 12.1 pence (2017: loss per share of 15.2 pence).

The Alternative Performance Measures appendix to the financial statements includes a reconciliation between statutory and adjusted EPS.

Balance sheet

In 2018, non-current assets increased by £295.9 million (2017: £167.1 million), primarily as a result of the acquisition of HungryHouse and Flyt. Over the course of the year, £24.8 million (2017: £18.8 million) was capitalised relating to specific technology projects. Other non-current assets includes the business' £51.1 million investment in our associate iFood (2017: £38.0 million). The business' holding increased to 33% during the year (2017: 32%).

Cash flow and net debt

The high level of cash conversion has continued, benefiting from collecting the gross value of orders made by payment card ahead of making net payments to restaurants. In 2018, net cash from operating activities (including payments for tax and interest) was £157.3 million (2017: £166.7 million). The business spent £348.7 million in investing activities during the year (2017: £35.7 million), which predominantly related to cash spent acquiring HungryHouse. As at 31 December 2018, the business had cash balances of £185.9 million (2017: £265.1 million). Excluding cash remitted to restaurants following the end of the year, net cash was £3.5 million (2017: £212.9 million net cash).



The Board expects to report full year 2019 revenue in the range of £1.0 billion to £1.1 billion.

Updated segmental disclosure for 2019

To reflect the evolution of the business, our operations in Mexico and Brazil, which are managed by our associate iFood, will be excluded from our reported uEBITDA from full year 2019 onwards. Full segmental disclosure under the updated methodology can be found at the end of this release.

Outlook

In 2019, we will leverage the improvements we have made in our marketplace business to drive order and revenue growth, while we now also expect to grow marketplace uEBITDA margins year on year. Furthermore, we anticipate 2019 will see our Canadian business, SkipTheDishes, report its first full year uEBITDA profit, demonstrating the route to profitability for delivery. We will invest this increased profit in accelerating our other exciting delivery initiatives along the pathway towards profitability, principally in the UK and Australia. The targeted roll-out of delivery in key zones will allow us to increase our overall customer base and serve even more brilliant food moments.

The Board expects to report full year 2019 revenue in the range of £1.0 billion to £1.1 billion and uEBITDA (both excluding Brazil and Mexico) in the range of £185 million to £205 million. Under iFood's latest plan, the Board expects Just Eat's share of its Latin American operations (being Brazil and Mexico together) to report an uEBITDA loss in the range of £80 million to £100 million. Just Eat will fully participate in funding iFood's exciting growth plans, maintaining its shareholding.

Peter Duffy
Interim Chief Executive Officer

Paul Harrison
Chief Financial Officer
5 March 2019

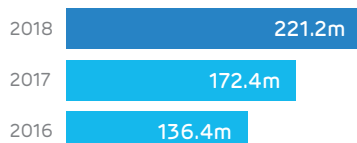
Our key performance indicators

Our KPIs

The success of our strategy is measured through the key performance indicators ("KPIs") as defined below. These KPIs remain consistent with prior years.

Orders

+28%



[Link to strategic pillars](#)

1 2 3

Performance

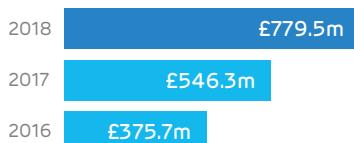
Group orders have increased by 28% to 221.2 million, driven by strong underlying marketplace order growth, accelerating growth of delivery orders and the inclusion of HungryHouse.

Definition and calculation

Number of successful orders placed.

Revenue

+43%



[Link to strategic pillars](#)

1 2

Performance

Group revenue has increased by 43% to £779.5 million, or 44% on a constant currency basis. Revenue growth has been helped by an increase in average order values across all markets, with the exception of Canada.

Definition and calculation

Total of all revenue streams generated by the Group.

Underlying EBITDA¹

+6%



[Link to strategic pillars](#)

1 2

Performance

uEBITDA has grown 6% to £173.9 million after investing £51 million in strategic initiatives and targeted roll-out of delivery.

Definition and calculation

Earnings before interest, tax, depreciation and amortisation, additionally adjusted. Refer to Note 4 of the financial statements for a full definition of adjusting items.

Average revenue per order ("ARPO")

+13%



[Link to strategic pillars](#)

1 2

Performance

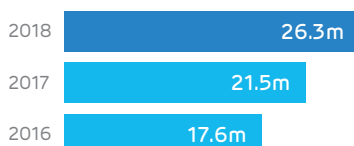
ARPO has increased by 13% to £3.30 predominantly due to the growth in delivery orders and inflation.

Definition and calculation

Total of order-driven revenue, divided by total orders. A full breakdown of order-driven revenue is provided in Note 3 to the financial statements.

Active customers

+22%



[Link to strategic pillars](#)

1 2 3

Performance

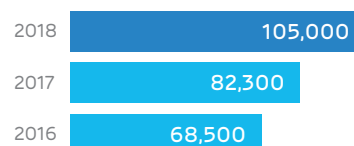
More than 4 million customers have joined Just Eat platforms during 2018, bringing our total active customer base to in excess of 26 million.

Definition and calculation

Numbers of customers who have placed at least one order within the last 12 months at the reporting date.

Number of restaurants

+28%



[Link to strategic pillars](#)

1 2 3

Performance

With more than 100,000 restaurants across the Just Eat platforms, we are offering even more choice to our customers through our hybrid service.

Definition and calculation

The number of Restaurant Partners capable of taking orders across all Just Eat platforms at the reporting date.

Strategic pillars

- 1 Enhancing our unrivalled marketplace foundation
- 2 Targeted world-class delivery to complement our marketplace
- 3 Highly experienced team, supporting extraordinary local customer experts

1. Refer to page 145 for further detail on Alternative Performance Measures.

Principal risks and uncertainties

Effective risk management is an enabler to exploring market opportunity

We believe it is essential to understand and respond to our principal risks while we accelerate our growth agenda.

During 2018, we invested further into our risk management capability by onboarding an experienced Director of Internal Audit and Risk. The director strengthened the team, bringing on board two experienced auditors and an enterprise risk analyst. Recruitment will continue into 2019 as we continue to invest in the team. This will enable, amongst other things, the Internal Audit and Risk team to complete a maturity assessment of the internal control environment, to ensure it remains appropriate given the recent rapid growth of the business. This increase in capability resulted in a refresh of several aspects of our risk management approach and a broadening of risk assessment activities across the Group, functional and country levels. The outputs allowed the Board to carry out a robust assessment of the principal risks facing the Company and were a significant constituent of the Audit Committee's agenda. The Board also noted greater prominence of formal risk articulation whilst interacting with the business. The principal risks overleaf include those that would threaten our business model, future performance, solvency or liquidity.

During the year, the Board defined our risk appetite and monitored the management of significant risks to ensure that the nature and extent of those significant risks did not compromise our overall goals and strategic objectives.

Our risk appetite influences the culture of our business and how we operate, and this is reflected in our risk management framework as detailed below.

New risks were identified and existing risks assessed over the course of the year as our overall risk profile continued to evolve. Through our ongoing review of strategy and performance in 2018, the Executive Team and the Board ensured that risk management was fully embedded to balance opportunities with a clear understanding of the risks faced and any mitigation required to align to our risk appetite.

Risk management framework

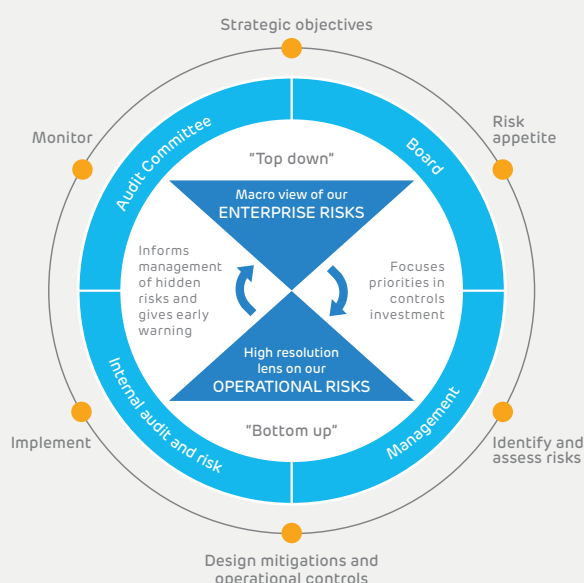
The exposure to risk is an inherent part of running a business and the Board recognises that rigorous safeguards and a sound risk management process are required to mitigate such risks. Risk is an agenda item at Board meetings and the overall process for identifying and assessing business risks and managing their impact on the Group is subject to review by the Board.

The risk management process, illustrated below, seeks to identify and assess risks through both top-down and bottom-up processes.

Top-down processes encompass risk identification and assessment of probability and impact across Group, functional and country dimensions. This process generates risk registers across Just Eat, with risks being assigned to owners and mitigating actions being agreed and tracked.

Bottom-up processes encompass the "blueprinting" of inherent risks across Just Eat's process universe. This involves line management taking responsibility for understanding their day-to-day risk and control environment, and collaborating with the internal audit and risk team to articulate this understanding in formal artefacts. This manual activity today represents the beginning of a vision to ingest this data into an automated risk solution in order to deliver powerful risk information and visualisations to aid decision making in the future.

The Executive Team supports the Board in monitoring our risk exposure through regular reviews. The risk register and the methodology applied are subject to review by the Executive Team and are updated to reflect new and developing risks that might impact the business. Where exposure is outside of our risk appetite, the issue is communicated to the Board alongside proposed actions to mitigate the risk. The corporate risk register is presented to, and reviewed by, the Board and Audit Committee on a regular basis.



In presenting the principal risks on the following pages, the Board has provided details as appropriate around strategic context, mitigation, key risk indicators, categorisation and ownership. Two risks were merged and one risk has been added. A summary of the changes is provided below:

Growth, people and culture – This risk brings elements of the “Growth and scalability” and “People and culture” risks together from 2017. The result is a new risk which speaks to the challenges in balancing our need for greater structure, process and governance as we grow, with the existing culture and entrepreneurial energy that has been responsible for our successes. Furthermore it discusses the cultural and uncertainty risks associated with leadership changes.

Supplier resilience – This is a new entrant into our principal risks and recognises our dependence on a variety of suppliers including large cloud providers, niche technology services companies, outsourcers, delivery logistics suppliers and device manufacturers. Dependent on supplier, disruptive impacts could be experienced across our online platforms, our operational call centres and our expanding delivery networks.

Certain business risks we face, such as those disclosed within Note 20, are generally faced by other comparable online businesses. There are also additional risks that the Group is exposed to that are not considered principal risks but may have an adverse impact if they occur.

Longer-term prospects

The sections described “Our Business Model” and “Our markets” in the Strategic Report describe how the Board has positioned the Company to take advantage of the growing markets in which the business operates and how the Company is positioned to create value for shareholders, taking account of the risks described in this section of the Annual Report.

Viability statement

In accordance with provision C.2.2 of the Corporate Governance Code, the Board has assessed the prospects of the Company over a longer period than the 12 months required when preparing financial statements on a Going Concern basis. This assessment involved a robust review of the principal risks facing the Company and Group, particularly those which could impact solvency, performance or the Group’s business model. The Board conducted this review for a period of three years, which was selected as this is the period covered by the Group’s three-year strategic plan approved by the Board on 6 February 2019.

The three-year strategic plan considers the Group’s cash flows, Underlying EBITDA, investment in areas such as marketing and technology and key financial ratios over the period. For the purposes of the viability statement, certain key assumptions of the plan were subjected to sensitivity analysis, both individually and in aggregate, to ensure the business is still viable in a stressed environment and to identify if any additional financing requirements would be required.

The sensitised scenarios model the impact of certain of the Group’s principal risks materialising. For example, a fall in orders due to a total outage from an unmitigated technology failure (Technology resilience), an unexpected change in legislation (Social, regulatory, and legislative), a sudden and sustained inability to process card payments (Supplier resilience) and an adverse outcome from ongoing taxation audits, as well as downside impacts that may result from competition and economic headwinds e.g. Brexit. Mitigating factors to address these risks, which might include a reduction in marketing spend, delaying or cancelling discretionary activities and a headcount freeze, have not been modelled. These assumptions formed the a “reasonable worst case” scenario.

The three-year strategic plan does not include cash flows in respect of any future mergers and acquisitions that might be approved by the Board in the future. Such activities will be approved by the Board having regard to the Company’s financial position and projected cash flows at such future time.

Based on the results of this analysis, and assuming that any impact of the Group’s principal risks does not exceed the impacts modelled, the Board has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period of their assessment to 31 December 2021.

Going concern

In adopting a going concern basis for preparing the financial statements, the Directors have made appropriate enquiries and have considered the Group’s cash flows, liquidity position, borrowing facilities and business activities as set out on page 18, in Note 20 to the Group’s financial statements on pages 124 to 128, and the Group’s principal risks and uncertainties as set out on pages 20 to 28.

Based on the Group’s forecasts, the Directors are satisfied that the Company, and the Group as a whole, have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on the going concern basis.

Principal risks and uncertainties continued

EU referendum ("Brexit") update

With the scheduled withdrawal of the United Kingdom under Article 50 on 29 March 2019, we have continued to monitor developments and potential impacts that Brexit may have on our performance and results. Our ongoing work with the British Takeaway Campaign, which had an active year engaging with MPs and responding to government consultations on matters such as immigration and skills shortages, has allowed us to keep abreast with those risks and issues that are of most concern to the takeaway industry. The Campaign's efforts have also helped represent the industry as post-Brexit policy has been developed.

There remains significant uncertainty as negotiations extend into 2019; however, we have concluded that Brexit risks fall within our overall "Global economic and political headwinds" principal risk, rather than being a principal risk in its own right. We provide a summary of the potential direct and indirect impacts we have considered in arriving at this conclusion:

Potential direct implications

Currency risk

A further weakening of sterling would serve to increase our reported revenue. Our growing International business now accounts for 51% of total Group revenue. However, certain investments and expenditure are non-sterling, which would have the impact of reducing profit.

Consumer spending

Adverse economic conditions arising out of increased inflation or interest rates could impact consumers. However, our experience is that the takeaway industry is resilient and that consumers may exchange takeaways as an alternative to more expensive out-of-home dining.

Employee attrition

Changes to immigration policy or impacts to residency status could affect our employee attrition rates. A low percentage of UK based employees are EU nationals.

Potential indirect implications

Restaurant Partner contraction

Under a scenario where Brexit has a significant adverse impact on the UK economy, there is a risk that lines of credit and borrowing products may be more difficult to access, increasing liquidity and business closure risks.

Skills and capacity shortages

Restrictive changes to UK migration policy have the potential to add further burdens to an existing skills and capacity shortage within the restaurant, takeaway and delivery industry. This could impact short-term industry performance but perhaps more importantly could impact the longer-term growth of our industry.

Cost and availability of food

Recent public debate around the cost and availability of food and the impact of a no-deal shift to WTO rules in a post-Brexit UK signifies the ongoing uncertainty around the net cost impact of imported food for the industry. Further concerns regarding EU farming subsidies and the UK food manufacturing industry's dependency on migrant workers increases the risk further. This knock-on impact to our Restaurant Partners may adversely impact our commercial terms with them.

Key to principal risks table on pages 23 to 28

Category – We categorise risks to better understand the spectrum and scale of risks that fall into certain groupings.

Owner – The primary Executive Team member accountable for the risk.

Risk movement – Considered on a net basis, recognising changes in both gross risk measurement and the offset of any advancements or regression in mitigation.

Key risk indicators – Metrics and criteria used by management to understand both risk exposure and effectiveness of mitigation.

Strategic

Competition

Owner: Chief Executive Officer

Change



Link to strategic pillars

**What is the risk and impact?**

An inability to counter the increased scale, service experience, choice and funding of our competitors over the short to medium term.

Over the longer term, an ineffectual response to either the development of new business models by competitors, the strengthening of existing players or the disintermediation of material Restaurant Partnerships.

This could adversely impact market share, growth, revenue, margin and overall profitability.

What is the strategic context?

Countering competition risk is central to our hybrid strategy of evolving Just Eat towards a global delivery capability to complement our highly successful marketplace business and further open market opportunity. See *SkipTheDishes integration and reorganisation* on page 26. Furthermore, we have placed significant focus on growing our partnerships with Branded Restaurant Groups, and enhancing service experience through our ongoing innovations on our platform. See *Changing service experience*.

How is the risk managed?

Global delivery underway – We have brought Australia and parts of the UK onto our global delivery model and are carefully monitoring performance.

Roll-out plan – We have a programme plan for the roll-out of targeted delivery across other territories.

Strategic partner growth – We have teams and specialists focused on extending our range to include the branded meals our customers really enjoy.

Ongoing business intelligence – We closely monitor territory performance through advanced analytics.

Key risk indicators

- Order volumes/growth trends
- Net new customers
- Customer satisfaction and loyalty levels
- Restaurant satisfaction and loyalty levels
- Delivery revenue
- Driver cost per order
- Overall order margins
- Market share

Strategic pillars

- 1 Enhancing our unrivalled marketplace foundation
- 2 Targeted world-class delivery to complement our marketplace
- 3 Highly experienced team, supporting extraordinary local customer experts

➡ Risk stable ➡ Risk increased ➡ Risk decreased

Technology

Changing service experience

Owner: Chief Product and Technology Officer

Change



Link to strategic pillars

**What is the risk and impact?**

The Group's pace of technology change fails to meet either the evolving expectations of our customers and Restaurant Partners, or the velocity of our competitors.

This could impact our brand, customer and Restaurant Partner experience and loyalty and ultimately market share, revenue and profitability.

What is the strategic context?

Allied to our rapid growth, we have inherited multiple platforms and code designs that can prolong deployment of new features to market. We continue to focus on moving our markets onto our core strategic platform and introducing modular and flexible designs to increase agility.

Optimising our pace of technology change is an important factor – to be an industry leader, to meet the increasing demands of both customers and our Restaurant Partners, and to be confident that our platforms will bring our hybrid service experience to life.

How is the risk managed?

Product roadmap – We develop our service experience against a clear roadmap of prioritised features and improvements.

Customer and Partner product development teams – We have dedicated teams which innovate and develop new features for our services.

Organisational and operational reviews – We undertake periodic assessments to ensure we align to leading digital development and operational practices.

Service platform consolidation – We are undertaking discrete initiatives to homogenise our core platform across the markets we operate in.

Key risk indicators

- Customer satisfaction and loyalty levels
- Restaurant satisfaction and loyalty levels
- Ease of use metrics

Principal risks and uncertainties continued

Regulatory

Social, regulatory and legislative change

Owner: Group General Counsel

Change



Link to strategic pillars



What is the risk and impact?

Increased social pressures or changes in laws and regulations adversely impact the business, or we fail to obtain required regulatory approvals or licences.

Impacts include brand and reputational loss, compromised revenue streams and/or increased cost of operations. Additionally, instances of non-compliance or adverse judgements could result in litigation, fines, revocation of licences and financial loss.

What is the strategic context?

Society is placing increased pressures on businesses to take on greater responsibilities. As a technology takeaway platform, several factors relating to workers' rights and benefits, food, health and the environment represent important areas of focus for the public.

In addition, our operations across several markets expose us to a variety of laws and regulations. Allergens, food safety and payment services regulations are examples of applicable areas, but more broadly GDPR, customer protection, competition (anti-trust), bribery, modern slavery, money laundering, taxation (including EC State Aid investigations, ongoing tax disputes and Digital Services Tax) and reporting.

How is the risk managed?

Corporate communications – A dedicated team communicate externally and channel feedback and public opinion back into our organisation to drive improvement.

Monitoring and compliance – Our in-house legal, finance, tax and compliance functions monitor emerging, new and evolving risks, while Internal Audit assess compliance and controls.

Access to expertise – Where required, external specialists supplement our teams to assess, scope and plan responses to changes in the regulatory landscape.

Change projects – We establish discrete project teams to address significant legislation changes.

Key risk indicators

- Monitoring of emerging topics and government consultations
- Internal operational compliance reporting
- Internal audit findings

Strategic pillars

- 1 Enhancing our unrivalled marketplace foundation
- 2 Targeted world-class delivery to complement our marketplace
- 3 Highly experienced team, supporting extraordinary local customer experts

➡ Risk stable ➡ Risk increased ➡ Risk decreased

Reputational

Brand

Owner: Chief Executive Officer

Change



Link to strategic pillars



What is the risk and impact?

An event, or a series of events, inflicts considerable harm to our brand over the short term. An ineffectual brand strategy weakens our brand or its authenticity over the longer term.

A significant decline in brand value would result in the loss of new and existing customers and Restaurant Partners, impacting orders, revenue and overall profitability.

What is the strategic context?

Our level of investment in marketing indicates the importance of our brand in driving customer and Restaurant Partner acquisition and loyalty. It is therefore essential that our brand is positively perceived and resonates with the pleasures associated with our customers' and Restaurant Partners' food moments.

As we continue to grow, we will be engaging with more third parties by way of couriers, contractors and logistics and outsource suppliers who may use our branding. Their actions and behaviours will reflect on our brand, which bears risk.

How is the risk managed?

Brand ownership and strategy – Senior accountability, strategies and plans exist to enhance and protect our brand.

Crisis management – Management and communication plans are established to minimise brand damage following an adverse event.

Proactive initiatives – We live our brand values and we are involved in initiatives such as the BTC, Sustainable Restaurant Association and the Better Fast Food Network.

Protocols and organisation – Skilled teams operate within established brand policies and guidelines.

Key risk indicators

- Customer satisfaction and loyalty levels
- Restaurant satisfaction and loyalty levels
- Ongoing market research metrics

Operational

Cyber security and data protection

Owner: Chief Product and Technology Officer

Change



Link to strategic pillars



What is the risk and impact?

We sustain a major security breach or lose control of sensitive systems and data.

A major security breach has the potential to cause significant operational disruption, data theft or destruction, malicious damage and/or theft of assets. Further loss of control over data could result in private or commercially sensitive data being made available to unauthorised parties.

Following such an incident, it is probable that the reputational and operational impacts would weaken orders, revenue and underlying profitability and could lead to regulatory impact.

What is the strategic context?

Our customers' and Restaurant Partners' trust is critical and depends on us providing secure systems. Our strategy is therefore to develop a strong cyber security and data governance capability that is adaptive to a continuously evolving risk profile. We also seek to implement pragmatic yet robust security solutions so that security is seen as an enabler and further embeds into Just Eat's culture.

How is the risk managed?

Security team – We are growing our security team to support business projects, monitor operations, identify and resolve vulnerabilities and rapidly respond to cyber incidents.

Security systems – We are building advanced detection and prevention systems to protect our environment and quickly detect potential issues.

Identity management – We continue to integrate and enhance identity management to ensure there is one source of truth across Just Eat.

Data governance – We have invested across people, process and technology to govern and protect our data.

Key risk indicators

- Externally sourced threat intelligence
- Volumes, trends and root causes of prevented and detected attacks
- Network and system health and status of critical updates
- Unapproved changes reaching production environment
- Internal audit findings



Enabling secure business agility

Through 2018 we implemented core security controls delivering visibility and protection across Just Eat. A key focus following this has been automation with security tooling becoming part of the development pipeline and security responses to incidents being automated where possible.

This approach delivers on our vision of "enabling secure business agility". We enable the business to move quickly by challenging traditional approaches to security governance, while maintaining our standards of security and controls around our systems and data.

We moved security to being a genuine strategic enabler for the business, while achieving and maintaining key compliance goals.

100%

PCI compliance with our requirements across the globe while delivering agile security



Investing in visibility across all systems and data and automated tooling to achieve genuinely agile security.”

Kevin Fielder

Chief Information Security Officer, Just Eat

Principal risks and uncertainties continued

Organisational

SkipTheDishes integration and reorganisation

Owners: Chief Executive Officer and Chief Financial Officer

Change**Link to strategic pillars****What is the risk and impact?**

We fail to (i) integrate and mature SkipTheDishes' governance in line with the Group, and/or (ii) reorganise effectively to capitalise on SkipTheDishes' global delivery role.

Dependent on the risk, impacts could range from data, intellectual property or financial losses, service quality impacts, regulatory non-compliance and any associated brand and reputation damage.

What is the strategic context?

Just Eat Canada was operationally merged into SkipTheDishes during 2018 and, using the SkipTheDishes business model, has significantly grown to become the Group's second largest national market.

Further, SkipTheDishes is now central to the Group's delivery and logistics strategy, responsible for building logistics solutions and providing centralised operations for other Group businesses.

How is the risk managed?

Leadership changes – We have made significant changes to the leadership of SkipTheDishes during 2018, bringing in experienced executives to strengthen leadership capability.

Governance changes – We moved an experienced Just Eat Finance Director to Canada and have built and strengthened teams responsible for compliance across legal, finance, security and risk. We will continue with further changes through 2019.

Organisational changes – These are underway to bring clarity to global delivery versus Canadian market responsibilities.

Transparency – We launched the Group's whistleblowing policy and anonymous contact process in Canada.

Key risk indicators

- Governance-related complaints
- Whistleblowing cases
- Projects' status for global delivery roll-out
- Projects' risks for global delivery roll-out



HungryHouse integration

Migrating customers off an acquired platform requires a careful risk-based approach. To minimise the risks, we rapidly formed an integration team from sales, technology, product, marketing, people, data, operations and legal. Working tightly together, the team's approach was agreed and successfully executed in three and a half months, ahead of schedule. Their approach was data-driven and highly focused, using customer segmentation and tailored offers to minimise friction. Our learnings from prior integrations in Spain and Italy helped optimise our HungryHouse approach, and it is through tight control of process and risk management that the team achieved their targets.

#1

Our consolidated position in the UK

“

Our commercial risk mindset enabled us to deliver a highly focused, data-driven targeting of HungryHouse customers ahead of schedule.”

Andrew Kenny

Commercial Director, Just Eat UK

Strategic pillars

- 1 Enhancing our unrivalled marketplace foundation
- 2 Targeted world-class delivery to complement our marketplace
- 3 Highly experienced team, supporting extraordinary local customer experts

➡ Risk stable ➡ Risk increased ➡ Risk decreased

Infrastructure

Technology resilience

Owner: Chief Product and Technology Officer

Change



Link to strategic pillars



What is the risk and impact?

Widespread and/or prolonged outage of critical platforms and infrastructure that support our services to customers and Restaurant Partners.

Due to the online nature of our businesses, large-scale outages would have an immediate impact on orders and revenue as customers would be unable to transact with us. Thereafter, the impact to our brand could deepen if we were unable to pass collected revenue back to our partners or pay our suppliers.

What is the strategic context?

Offering a reliable service is key to building our customers' and Restaurant Partners' loyalty and trust. That is why we innovate and operate with a resilient mindset and have increased our reliability capability and performance through 2018, lowering this risk from prior levels.

Our technology profile includes large data processing platforms enabled through cloud infrastructure, which offers the resilience and scalability of highly redundant architecture, but inherently brings with it cyber, networking and computing risks.

How is the risk managed?

Architecture – Our platforms are all hosted on Amazon Web Services on a “three site basis” to provide multi-site resilience and failovers to reduce the risk of major outages and to enable rapid restoration of services.

Monitoring – Our specialist technology teams provide 24/7 monitoring of our platforms and respond to outages.

Business recovery – We have implemented recovery plans to minimise disruptions and facilitate the resumption of services.

Key risk indicators

- Systems availability/percentage of uptime levels
- Backup success metrics
- Outage root cause and problem management metrics
- Results of business recovery exercises

Organisational

Growth, people and culture

Owners: Chief Executive Officer and Chief People Officer

Change



Link to strategic pillars



What is the risk and impact?

We change our scale and organisation without protecting the positive and powerful aspects of our culture today as an agile, entrepreneurial business.

In addition, the changes across our senior leadership team create uncertainty and/or impact on the positive aspects of our culture, increasing this risk.

This may in turn impact our ability to attract and retain key talent, affecting our achievement of strategic objectives and performance milestones.

What is the strategic context?

As we grow in scale and complexity as a listed business, we will continue to introduce structural, leadership, process and governance improvements that allow us to manage and control our business effectively.

However, we recognise that the energy and creativity we have comes from our cultural underpinnings as a disruptive, entrepreneurial business and this is worth protecting. Therefore we seek to strike the right balance when making leadership changes and adopting corporate best practices to ensure our culture is protected.

How is the risk managed?

Talent assessment – This provides leadership and decision making on investing, succession planning and management of our talent pipeline, in line with our values, vision and strategy.

Change Management – Through planning and consistent two-way communication, we ensure collective alignment and employees that are engaged with business change.

Employee voice – We listen to our employees, and regularly measure their engagement to ensure we have a clear employee value proposition that motivates and retains our talent.

Inclusive culture – Through our diversity, inclusion and belonging programme, we are striving to create a culture of inclusion and openness that drives actionable feedback from our workforce.

Key risk indicators

- Levels of existing talent
- Number of critical vacancies
- Time to hire data
- Key employee engagement metrics

Principal risks and uncertainties continued

Operational

Supplier resilience

Owner: Chief Financial Officer

Change



Link to strategic pillars

**What is the risk and impact?**

Any of our key suppliers suffer significant and prolonged loss of their services, disrupting our business operations.

Dependent on the supplier, disruptive impacts could be experienced across our online platforms, our operational call centres and our expanding delivery networks. This could impact orders, revenue, customer and Restaurant Partner experience, and ultimately our brand in the most severe of cases.

What is the strategic context?

We rely on an extensive network of suppliers including, amongst others: large cloud providers, niche technology services companies, outsourcers, delivery logistics suppliers and device manufacturers. A combination of our growth and the maturing of our third party governance and controls has increased visibility and appreciation of this risk to the point of inclusion as a principal risk.

Aligned to our focus on building trust and loyalty across our customers and Restaurant Partners, it is important that we understand our supplier base and have the necessary contingency and mitigation strategies in place to minimise our risks.

How is the risk managed?

Technology – Single points of disruption risks are reviewed, prioritised and acted upon by the CIO.

Operations – We have globally distributed outsource capabilities divided across tier one suppliers with cross-site failovers and approved local recovery plans.

Delivery logistics – As we execute our global delivery strategy, we are building logistics solutions with resiliency requirements and recognise the ability to balance external providers with our internal SkipTheDishes service.

Ordering devices – As part of our device management lifecycle, we evaluate our suppliers and associated risks.

Key risk indicators

- Systems availability/percentage of uptime levels
- Operational incident reporting
- Logistics incident reporting
- Supplier risk evaluations

Strategic pillars

- 1 Enhancing our unrivalled marketplace foundation
- 2 Targeted world-class delivery to complement our marketplace
- 3 Highly experienced team, supporting extraordinary local customer experts

Risk stable Risk increased Risk decreased

Financial

Global economic and political headwinds

Owner: Chief Financial Officer

Change



Link to strategic pillars

**What is the risk and impact?**

Significant economic or political events weaken order volumes and/or growth projections in one or more of our markets or threaten to disrupt our operations.

Economic and political factors have the potential to represent both risks and opportunities. For example, Brexit may have adverse implications on immigration, access to talent and food price inflation, impacting the Group and Restaurant Partners. The opportunity of customers' "trade down" behaviour increasing online takeaways represents upside during a recession. A particularly deep and prolonged event has the potential to change behaviours, which could adversely impact revenue and underlying profitability.

What is the strategic context?

The world continues to be volatile on a number of fronts including ongoing Brexit uncertainty, signs of economic slowdown in Europe and China, and conflicts in world trade. Due to the wide-reaching and systemic nature of this risk, it is strategically important for us to understand that we have taken all necessary steps within our control to mitigate it.

This risk has the potential to impact performance in one or more markets, disrupt operations and potentially threaten the safety of personnel working for us, or on our behalf.

How is the risk managed?

Impact assessments – When events such as the Brexit referendum occur, we conduct analysis to understand possible impacts and to mobilise action plans as necessary.

Cash investments – We restrict investments of liquid resources to AAA-rated money market funds and lodge deposits with approved counterparties.

Diversification across the globe – Our global footprint continues to diversify as Canada grows to be our second largest territory, with the consequent advantage of reducing our reliance on primary markets.

Financial planning – We conduct rigorous financial planning to manage and monitor cost versus revenue performance.

Key risk indicators

- Net new customers
- Order growth
- Reorder frequencies
- Acquisition cost of new customers
- Restaurant churn rates



The people delivering our success

No matter who you are, what you look like, who you love, where you are from, your religious beliefs or takeaway preferences, you could find your place at Just Eat. We are a diverse and inclusive workplace that promotes a sense of belonging, allowing all of our people to bring their most colourful and complex selves to work every day.

Inclusion is important to us, especially as we grow and mature we need to continue to share different perspectives to enhance our experience as employees and that of our customers and Restaurant Partners.

There are now more than 3,600 FTE employees across 13 countries. As an international organisation, we are proud to offer great opportunities to help our employees globally to develop their careers and reach their potential.

Mike Evans (Chair), Helen Weir (Non-executive Director), and Peter Duffy (Chief Customer Officer now acting as Interim Chief Executive Officer) joined Just Eat in 2018. We are excited to see the influence these key people will have on the development and implementation of our strategy (see pages 13 and 14).

Throughout 2018 we welcomed over 500 new Just Eaters in the UK. In addition more than 1,300 joined our teams in Europe, Australia and North America.

Creating an inclusive international business

Just Eat is committed to providing opportunities to all our employees. We provide a working environment that supports innovation and collaboration for all our teams internationally.

To support our drive for inclusion and equal opportunities, following on from the success in 2017 of our Women at Just Eat initiatives, we launched our Diversity, Inclusion and Belonging programme. The programme is sponsored by our Interim Chief Executive Officer, Peter Duffy.

During 2018 we invited a range of inspirational speakers to share their personal and professional experiences with our workforce. To foster an open culture on all things inclusion, we have created an online space on our intranet where employees can talk, ask for advice and speak openly about inclusion from anywhere at Just Eat.

Our People continued

Creating an inclusive international business continued

We held events for National Inclusion Week, Black History Month, and Mental Health Awareness Week where external speakers, from transgender rights activists to suicide survivors, shared their personal stories. Feedback from these events was that employees felt inspired and motivated to bring their best selves to work. Throughout the year we introduced further resources to support our employees, including independent external coaches to provide a space to discuss their own personal circumstances.



We endeavour to be an inclusive and supportive workplace with highly engaged employees who are encouraged to be their best selves everyday. Through this we will be better able to deliver our vision: 'Serving the world's greatest menu. Brilliantly.' ”

The Inclusion programme has led to a number of initiatives with the aim of reinforcing Just Eat as an inclusive employer. Technology is an area we specifically targeted in 2017 and have continued that work in 2018. We chose technology due to the historically male dominated nature of this sector. Our Chief Product and Technology Officer, Fernando Fanton made a commitment to increase female representation throughout our technology teams. This led to a rise from 12% of the technology workforce being women at the end of 2017 to 22% in a twelve month window to the end of 2018.

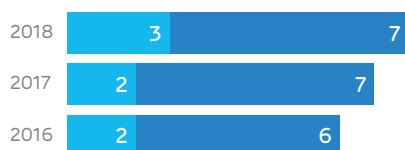
To support this commitment we have listened to the teams by running focus groups and listening tours to understand how we can contribute to closing the gender divide within the industry as a whole, not just here at Just Eat. We have also run an inclusive culture programme within the business, to help educate our technology department on how we can ensure Just Eat is an inclusive place to work. We have been dedicated to supporting the local Women in Tech communities by hosting regular meetups with local groups, along with inspiring future talent by bringing in coding clubs hosted by our employees. We also regularly review our attraction practices, development opportunities, manager training and promotion processes to ensure we are removing any barriers to success for all employees regardless of race, culture gender, sexual orientation, disability or any other individual characteristic. Just Eat has signed up to the Tech She Can Charter, founded by PwC. This is a commitment by organisations to work together to increase the number of women working in technology roles across the UK. We have broadened this to apply internationally to our technology teams.

In 2018, we also established our LGBT+ network and became a Stonewall Diversity Champion. With the support of Stonewall we entered the Workplace Equality Index to understand how we can become a truly inclusive LGBT+ employer. We have also held education sessions on LGBT+ awareness with a focus on language and understanding.

Gender breakdown of our Board, senior management and all employees at 31 December 2018:

Board membership

30% female



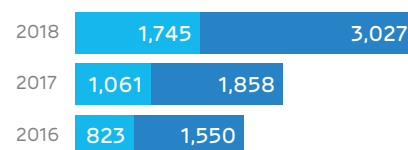
Senior management¹

18% female



All employees

37% female



● Female ● Male

1. We have defined our senior management to be the top two grading levels for roles within the global business. This is predominantly our Executive Team and their direct reports.

Gender pay gap

Both the 2017 and 2018 gender pay gap results for Just Eat's two UK based businesses, Just Eat.co.uk Limited and Just Eat Holding Limited, have now been published and the full reports can be found on our website, www.justeatplc.com.

Pay gap 2018

	Holdings	UK
Mean	23.5%	13.0%
Median	17.8%	1.2%

Women in each pay quartile 2018 (based on government guidelines)

	Holdings	UK
Lower	46.0%	46.1%
Lower middle	26.2%	43.7%
Upper middle	19.0%	52.9%
Upper	22.8%	36.9%

The gender pay gap is something Just Eat cares deeply about. As a reminder the gender pay gap is not the same as an equal pay gap. Equal pay means men and women are paid the same for the same work or work of equal value. We do not believe we have any equal pay concerns. We monitor this annually as part of our annual salary review process internationally. We believe in, and are committed to, equal pay for equal work.



The primary reason for the gender pay gap is a higher proportion of men in senior roles and the sector challenge with the number of men in our technology organisation. As you will see throughout the Our People section we are determined to address the gender imbalance within the technology sector and our work particularly to support early careers and corporate initiatives to grow a strong pipeline of female talent will over the years address this. As such, we have seen an increase in the number of applications from female graduates for our tech programme and half of our tech graduates are female. We are committed to improving diversity and inclusion at Just Eat which is greater than focusing on gender pay gap alone.

>> See www.justeatplc.com/responsible-business/gender-pay-gap for 2018 gender pay gap report



Our People continued

Wellbeing

Wellbeing at Just Eat is divided into three categories – mental health, physical and financial. In 2018 we made significant progress raising awareness and improving education and engagement about these categories – with the aim of maximising the wellbeing of our people. To support mental wellbeing and raise awareness within Just Eat we held workshops on World Mental Health Day, introduced a mental health coaching partner in the UK and held talks and events with prominent industry speakers. We also trained and introduced 23 fully qualified Mental Health First Aiders along with 13 Mental Health First Aid champions across the UK business. It is our ambition that a grassroots approach to mental health awareness will remove stigma and foster open dialogue that ensures our employees feel supported through difficult times. This is the foundation we will build on in 2019 to roll-out initiatives internationally.

For physical wellbeing we have great benefits available to employees. Foremost amongst these is private medical insurance which gives employees quick access to medical treatment. In conjunction with this benefit we also offer other health benefits including discounted gym memberships, free fruit in the office, cycle to work schemes and fitness classes in many of our offices.

Engaging our people

Throughout 2018 we evolved our approach to employee engagement with a new global survey platform and enhanced surveys which now have questions on culture and the experience of working for Just Eat. We have also seen our eNPS rise by 10 points, with average participation sitting at 76% across three surveys in 2018.

We have also developed our approach to communicating the survey results and supporting the development of action plans which sit at all levels across our international business.

Roisin Donnelly's appointment as the designated director for workforce engagement in December has meant we have started planning global engagement activities in addition to the existing action planning. We are looking to bring representatives from the countries together and further build on the success of these initiatives in 2018.

We keep our people up to date on business matters through monthly 'all hands' presentations led by our executive leadership team with a trip around the globe to showcase, recognise and celebrate the contribution our people around the world make. This is live in our countries and is recorded for on-demand access.

In addition, we use our intranet to drive cross-departmental communication and social media to give all employees a platform to share success, best practice and cultural stories.

We invited 1,200 Just Eaters from around the business to our World Meet. Hosted over two days, on day one the event brought together our global leaders to celebrate our achievements, and discuss the strategic pillars. On day two, 1,200 employees were brought together at our

annual event in which we shared the strategic objectives, recognised our exceptional talent through an awards ceremony and coordinated a range of diverse and celebratory activities including building bikes for charity with catering from some of our 'Local Legends' Restaurant Partners.

We also encourage employees to support causes that matter to them. Under our volunteering policy employees can take paid leave to volunteer for a charity of their choice.



CASE STUDY: Life at Just Eat

Upon completing university, Chloe Spokes knew that she wanted to become a Software Engineer within two years and was determined to find a Company that would allow her to progress her career in this way. Chloe joined Just Eat's graduate programme in 2016 as a Graduate Associate Engineer.

Throughout her two-year programme, Chloe spent six months in four different teams to build a breadth and depth of knowledge of software engineering and how the work she was doing contributed to Just Eat's success, before she took her final placement into a permanent position. With the hard work, dedication and passion that Chloe put into each rotation, the support she received from the people she worked with and the training and resources with which she was provided, Chloe achieved her ambition and is now contributing to Just Eat's growth as a Software Engineer.

After being recognised by Code First: Girls in their 2018 list of 'Top 30 UK Women in Tech under 30' Chloe is determined to help others achieve the same success as a key member of our Women in Tech community and by helping to teach others to code through CoderDojo.

17

Graduates hired
in 2018



Careers at Just Eat

Early careers

We want to provide opportunities for people entering the world of work for the first time and help them learn and grow as professionals. Our dedicated early careers team built on their successes and learning from 2017 hiring 17 graduates onto our graduate programme in 2018. Our primary focus for graduate investment was in tech talent with 12 of the 17 graduates being hired for our technology teams. 2017 was about piloting apprentices into our business and through 2018 we decided to focus on apprenticeship schemes for other parts of the business such as marketing. We had 11 apprentices join the business to kick start their careers whilst gaining a qualification.

Throughout 2019, encouraging early careers through helping people find their place at work is something we will continue to support with outreach programmes with local schools, apprenticeships and graduate opportunities. We will be looking to grow these initiatives internationally as well.

To support the inclusion initiatives with regards to early careers we are actively working to attract, develop and promote technology careers. For example, we have STEM ambassadors promoting Science, Technology, Engineering and Mathematics (STEM) subjects at schools. In addition we partner with CoderDojo to run 'coding for girls' at our offices supported/taught by Just Eat employees.

Talent development

Part of our Talent Development Approach throughout 2018 has been to drive engagement via our online learning tools. We introduced a number of initiatives to help focus learning activity which resulted in a 38% increase in the number of logins to these learning tools year on year. We have largely moved away from traditional classroom learning and have been delighted with the adoption rate following our move to a digital learning solution to ensure accessibility for all teams internationally.

Management development

Our people managers play a crucial role in creating high performing, motivated and engaged teams. Whether a new manager is hired in Australia or newly promoted into a managerial role in Italy, we want to ensure our managers have access to the tools and resources they need to be successful people managers. We run specialised training sessions for all our managers to help them and their teams succeed. In addition, all our managers are provided with curated topics that support, educate and engage them to ensure we drive excellence throughout our manager populations.

Evolving our approach to people data

In 2018 the people team invested in technology and resource into driving a more progressive approach to people systems and data. This has meant we can leverage and accelerate our ability to provide the business with people insights which drive improvements in the business and process improvements in the people team.

We have the capability to report across the full suite of people metrics that senior leaders can use to inform decision making. Having consistent international people data in one system has removed the risk of excessive reliance on anecdote and intuition and enabled a more informed business case approach to people decisions. This ability to report comprehensively on people metrics has unlocked our ability to provide people data insights, maintain our edge in a hugely competitive talent market and helps to support timely recommendations which can be acted upon no matter which country we need the data in.

Reward and benefits

Reward linked to performance

To support our business drive to provide the best possible experience to our customers internationally, throughout 2018 we evolved our annual performance-related bonus scheme to include a customer-related metric. The bonus scheme will continue to be reviewed to ensure it supports short-term business objectives whilst rewarding individual performance.

Bonuses for business leaders are determined through a combination of business and personal performance – which ensures that our leaders are all invested in our future success. In addition, we regularly review our compensation packages so that they are competitive against the market.

Senior leaders are eligible to receive performance share awards, which align their interests with those of shareholders in linking reward to business and share price performance.

Benefits

At Just Eat, we are strong believers in creating a positive and encouraging working environment to support and promote the wellbeing of our people. One of the ways we promote this is by providing a wide range of benefits that support our employees' lives now and in the future. We have recently launched a new enhanced user-friendly benefit portal in the UK which will encourage greater take-up of available benefits. Our goal in 2019 is to create a consistent benefit brand for our employees internationally.

The Just Eat sharesave scheme enables employees to contribute to a regular savings plan to purchase Company shares. Since its launch in 2015, this has proved to be a hugely popular benefit. 2018 saw a further increase in the number of employees signed up to the scheme. The first sharesave scheme launched in 2015 also reached its maturity in November 2018. Employees who participated in this scheme saw a significant increase in share price between the offer price and the share price on the vesting date.



Mira Magecha
Interim Chief People Officer
5 March 2019

At Just Eat we believe in doing business responsibly



Being a responsible business

Our approach to sustainability and social responsibility is driven by the recognition of, and the obligations that come with, the important role we play in the vibrant takeaway sector. This includes the business livelihood of our neighbourhood Restaurant Partners, our customers' food choices and our people's working lives. We are committed to ensuring Just Eat has a positive impact on these stakeholders, the communities in which we operate and the societal issues which affect our sector and the wider world. At all times we aim to do "the right thing".

Developing a more sustainable food sector

As a digital business, the impact of our owned operations on society and the environment is small in comparison to that of other businesses of our scale and profile. However, we have chosen to broaden the scope of our responsibility to our wider ecosystem, using our scale to influence aspects of our Restaurant Partners' operations to drive positive behavioural change and help create a more sustainable food tech sector.

We have established an innovation platform to invest in the research and development of innovative and practical alternatives for single-use plastics. In the first initiative in the UK we teamed up with sustainable packaging start-up Skipping Rocks Lab to trial 100%

compostable seaweed-based sauce sachets with ten restaurants across London, stopping approximately 40,000 plastic sauce sachets entering London homes over the course of the trial. The sachets were positively received by customers and the trial is being expanded yet further in 2019.

We stopped selling single-use plastic in our UK partner shop in March 2018, have launched plastic recycling initiatives and are exploring the development of compostable packaging. Additionally, in 2018 we trialled a pre-ticked box on our app and website to encourage customers to opt out of receiving single-use plastic items – this saw more than 20% of customers opt out of receiving plastic cutlery and straws that could otherwise have been delivered and discarded. We will roll this out across the app and website permanently in 2019. Earlier in the year, we also partnered with Eskuta to offer our Restaurant Partners discounts on electric bikes and scooters to encourage them to embrace low-carbon deliveries and improve urban air quality. During the year we also sought to mitigate our impact on the environment by the refurbishment of one of our main UK offices to the Royal Institute of Chartered Surveyors' SKA Gold Standard.

At all times we seek to implement learnings and initiatives that have succeeded in one market into another.

Further details of our greenhouse gas emissions reporting can be found within the Directors' Report on page 141.

Tackling food waste and food poverty

We have continued our partnership with FoodCycle, a UK charity that combines surplus food, volunteers and spare kitchen capacity to create tasty, nutritious meals for people at risk of food poverty and social isolation. Over the past two years we helped provide more than 70,000 meals for communities in need across the UK through a range of fundraising activities including a sponsored climb to Mount Everest Base Camp. We also donated employee time and expertise to support the charity with its growth and development.

In Canada, SkipTheDishes teamed up with the 2018 Winnipeg Jets Food Drive in support of Winnipeg Harvest. The initiative garnered 40,286 pounds of non-perishable food donations, in addition to a \$10,000 monetary donation.

We also work with Shift, a charity which uses research and design techniques to create products and services which help address social problems. In 2018 we worked together to better understand societal issues around fast food in deprived areas, supporting "Family Feeds", a new restaurant concept in Birmingham and testing customer reaction to "healthy" accreditation.

Just Eat Ireland has continued its partnership with the Peter McVerry Trust, a charity which aims to eradicate long-term homelessness. Each year on National Takeaway Tuesday, 10% of the value of every order is donated to the Trust and this has seen over €50,000 donated over the past three years. The Trust will house five homeless people with these funds. Just Eat also delivered pizzas to the Trust's homeless hostels in Dublin city centre on the day.

Raising food hygiene and safety standards

We have a constantly growing programme of activity to support and educate our Restaurant Partners about improving food hygiene and safety standards. Our aim is to give small, independent businesses access to the same food safety tools that big businesses have had for years such as private consultancy from leading food safety experts and practical advice from environmental health officers.

In the UK, new Restaurant Partners are provided free access to food hygiene training and certification, which includes training on food handling, food safety management, and food hygiene law. All partners can also access resources from the Food Standards Agency ("FSA") and NSF, the leading global food safety consultants, through Just Eat's Partner Centre.

We will also soon display the official food hygiene rating of each of our UK Restaurant Partners directly on our platform both in app and online. This will make it much easier for customers to make informed decisions about the takeaway choices that best suit them and is supported by the FSA and Chartered Institute of Environmental Health.

Developing tech talent

We are actively working to attract and develop technology talent and promote technology careers. For example, we have 80 STEM ambassadors promoting STEM subjects for schools and Just Eat has signed up to the Tech She Can Charter, founded by PwC. This is a commitment by organisations to work together to increase the number of women working in technology roles across the UK. We have also partnered with CoderDojo to run "coding for girls" at our offices.

Modern Slavery

We are opposed to slavery, servitude, compulsory or forced labour and human trafficking in all its forms (together, "Modern Slavery"). As part of our commitment to tackle and eradicate Modern Slavery, and in support of our Modern Slavery Policy, in 2018 we ran an awareness campaign for all staff across the business with guidance and training on what to do if they suspect any form of Modern Slavery in our business or supply chain. We also established a Modern Slavery Committee whose mandate is to examine and develop the processes we have in place which are designed to help ensure the prevention of Modern Slavery in our business and supply chain and to identify and manage Modern Slavery risk. Further information is provided in our Modern Slavery Statement.



Economic impact

We bring additional income to takeaway businesses on the high street which are an increasingly important part of national and local economies. In the UK alone the takeaway sector directly contributes £4.5 billion to the economy each year and employs more than 231,000 people – with a further 30,000 new jobs expected to be created in the sector by 2021. Just Eat is integral to the success of many of these takeaway businesses – more than 221 million orders were placed through the Just Eat platform globally in 2018 and in the UK our partners receive, on average, £60,000 worth of orders through Just Eat each year.

Source: 'The Takeaway Economy Report' commissioned by Just Eat for the British Takeaway Campaign.

Sustainability continued



Ristorante Solidale

Ristorante Solidale was launched to reduce food waste and food poverty in Italy and to help less fortunate communities and families with food donations. Starting in Milan in 2017, Ristorante Solidale has now expanded into Turin and Rome. As part of the programme, Just Eat Italy works with its Restaurant Partners in these cities, as well as Caritas Italiana and Food Pony, to donate dishes made from surplus food to those in need. Caritas Italiana is a charity committed to supporting vulnerable people, which help us to identify communities and families in need. Food Pony is a delivery business which supports the project using its fleet of eco-friendly scooters and bikes to transport the dishes. As part of the initiative, during the Christmas period, restaurants can also add an extra meal, called 'piatto sospeso' (pending dishes) to their menus, costing between 3 and 5 euros. "Piatto sospeso" follows the typical tradition of "suspended coffees" from Naples – espressos or dishes which are paid for by customers for people in need to drink or eat. So, customers are then able to donate these meals to those in need by including an additional dish to their own orders. So far Ristorante Solidale has delivered 4,000 meals to more than 2,400 people in 30 communities across Rome, Milan and Turin.



So far Ristorante Solidale has delivered 4,000 meals to more than 2,400 people in 30 communities across Rome, Milan and Turin.”

Being a responsible business continued Code of Conduct

We have a comprehensive employee Code of Conduct, governing subjects such as conflicts of interest, fraud, money laundering, bribery and corruption and maintaining a professional yet fun work environment. We also have a separate Anti-bribery and corruption policy and a Gift & hospitality declaration which enables our people to easily notify, and where appropriate, obtain approval for the giving or receiving of gifts or hospitality. In addition, the Fraud policy sets out our clear aim to prevent, deter and eliminate fraud and corrupt conduct. It is our policy to conduct all of our business in an honest and ethical manner and we are committed to acting fairly and with integrity. Specifically we take a zero-tolerance approach to bribery and corruption and effective measures and systems are in place to counter bribery. We will uphold all laws relevant to countering bribery and corruption in all the jurisdictions in which we operate.

Human rights

Whilst the Group has no specific policy in place regarding human rights, all employment policies and practices are equally applied to all employees, officers, consultants, volunteers, interns, and casual and agency workers. Details of the employee Code of Conduct are discussed above.

Privacy

Our internal and external facing data protection policies and processes (including our customer and Restaurant privacy policies, together with our Employee data retention policy) are all designed to govern the way we process personal data. Throughout 2018 our internal Data Protection Committee continued to oversee data governance and GDPR compliance. Various new policies and procedures were rolled out across the business in 2018 as part of our GDPR compliance programme and we continue to monitor and develop or improve our processes and systems relating to the storage and processing of personal data.

FTSE4Good

Just Eat has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series, created by FTSE Russell. This is designed to measure the performance of companies demonstrating strong environmental, social and governance ("ESG") practices.

Non-financial information statement

We aim to comply with the new Non-Financial Reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006. The below table, and information it refers to, is intended to help stakeholders understand our position on key non-financial matters.

Reporting requirement	Policies and standards which govern our approach	Risk management and additional information
Environmental matters	Constituent of the FTSE4Good Index Series Establishment of innovation platform to invest in R&D for alternatives to single-use plastics	Sustainability, page 36 Sustainability, page 34
Employees	Code of Conduct Diversity, Inclusion and Belonging programme Whistleblowing	Sustainability, Code of Conduct, page 36 Our People, Creating an inclusive international business, pages 29 and 30 Principal risks and uncertainties, How is the risk managed?; and Key risk indicators, both page 27 Report of the Audit Committee, February, page 52; Key matters, page 53; and Internal controls and risk management environment, page 55
Human rights	Code of Conduct Modern Slavery Policy Modern Slavery Statement	Sustainability, Code of Conduct, page 36 Sustainability, Modern Slavery, page 35 Sustainability, Modern Slavery, page 35
Privacy	Customer Privacy Policy Restaurant Privacy Policy Employee Data Retention Policy	Sustainability, Privacy, page 36 Sustainability, Privacy, page 36 Sustainability, Privacy, page 36
Social matters	Volunteering Policy	Our People, page 32
Anti-corruption and anti-bribery	Anti-bribery and Corruption Policy Fraud Policy Gifts and hospitality declaration	Sustainability, Code of Conduct, page 36 Sustainability, Code of Conduct, page 36 Sustainability, Code of Conduct, page 36
Description of principal risks and impact of business activity		Principal risks and uncertainties, pages 20 to 28
Description of the business model		Our business model, pages 06 and 07
Non-financial key performance indicators		Our KPIs, page 19

The Board delegates authority to the Executive Team for policy compliance whilst the Internal Audit and Risk function provide independent assurance in regard to matters of compliance to the Audit Committee. This is in addition to those specific areas where we have external monitoring, such as the FTSE4Good Index Series, or where the Board is informed directly of non-compliance issues in the subsequent Board Meeting. Where a material breach is found, the Board is informed promptly. The implementation of "blueprinting" inherent risks involves management taking responsibility for understanding their day-to-day processes and adherence to Group policies. Please see page 20 for more detail in the Principal risks and uncertainties section.

Corporate governance introduction



We consider our aim of continual development to be as important to our governance as it is to our business.”

I mentioned in my Chair's Statement earlier in this report that the past year has, in many ways, been transformational for the business.

Behind these changes, of course, are significant decisions taken by the Board and its Committees. This has meant that our corporate governance structures and procedures have been ever important. They provide the framework within which the entrepreneurial drive in the business can continue to flourish. They establish an environment in which the strategy and growth of the business are both supported and steered. They enable our aim of maximising shareholder value and stakeholder interests over the long term to come to fruition.

Whilst these structures and procedures were in place when I joined the Board in March, over the following year we have developed, enhanced and, where appropriate, changed them to meet the developing needs of the business. Just Eat has come a long way since its IPO in 2014. As we increase the momentum of the business on this continuing journey well into the future, we must continue to adapt and improve, where possible, the internal environment that enables this journey to take place.

Amongst the more significant initiatives we undertook in the past year, I want to highlight the following:

- **Appointment of Chair**

After my appointment to the Board as Chair elect in March 2018, I reached out to over 20 of our largest shareholders to make initial contact with them and to set out my plan to meet with them once I had been in the post for some time. My tenure as Chair commenced in April.

- **Consultation on 2018 LTIP targets**

Our Remuneration Committee commenced consultation on our 2018 LTIP targets after our Annual General Meeting at the end of April. This consultation also involved over 20 of our largest shareholders and concluded following responses to a second consultation letter.

Further details of the consultation process and the grant of the 2018 LTIP awards are included in the Report of our Remuneration Committee commencing on page 64.

- **Changes to Committee memberships**

In July, following consultation with each of the individual Non-executive Directors, we reconstituted the membership of our standing Board Committees to make better use of the talent and experience available on the Board. Current Committee memberships are shown on pages 40 and 41.

- **Board meeting in Paris**

The Board spent two days in Paris in September, meeting with the local management team as well as reviewing the French business. The Board was pleased to see first hand the shared Just Eat enthusiasm and passion in the Paris team.

- **Chair's roadshow**

Following on from my introductory communication earlier in the year, around 18 of the largest investors took up invitations to meet with me over the autumn period. I received a diverse range of views from shareholders and a comprehensive report was issued to the Board and the Remuneration Committee, each of which carefully considered and drew on the themes arising from this.

- **Strategy meeting**

As part of a process of strategic development, we held a dedicated strategy meeting in October. This included comprehensive presentations from key members of management and agreement to follow up with particular actions.

- **Consultation on 2019 LTIP targets**

After my meetings with shareholders, I advised that the Remuneration Committee would be consulting them in connection with the 2019 LTIP targets. This process was started in December and concluded in February 2019 with the results included in our Remuneration Committee Report commencing on page 64.

- **Non-executive Director appointment**

In December, Helen Weir joined the Board as an additional Independent Non-executive Director. An outline of her recruitment process is set out on page 60 and a summary of the induction Helen undertook is set out on page 49.

- **Appointment of designated Director for workforce engagement**

In December, Roisin Donnelly was appointed the designated Director in respect of workforce engagement in line with the recommendations of the updated UK Corporate Governance Code. Roisin will help ensure that the voice of our people is taken account of by the Board and its Committees and will be meeting regularly with employee representatives. Engagement with our people at all levels is very important to us.

- **Board evaluation**

As we closed the year, the Board reviewed the results of its internal evaluation which I had facilitated personally through interviews with each Director and the Company Secretary. This is summarised in the Report of the Nomination Committee on page 62.

- **Change in Chief Executive Officer**

In January 2019, Peter Duffy was appointed Interim Chief Executive Officer and a Director after Peter Plumb stepped down from these roles. The process towards a permanent appointment commenced immediately.

UK Corporate Governance Code 2016 (the "Code") compliance

This Corporate Governance Report, including the sections that follow, sets out how the Group has applied the main principles of good governance contained in the Code. The Board considers that the Group was in full compliance with the Code provisions that applied during the year. They also set out some of the actions already taken during the year in light of the UK Corporate Governance Code 2018 being applicable from 1 January 2019. We will report on that more fully next year.

Future developments

I look forward to reporting to you in next year's Annual Report on the coming year. This will include the appointment of a permanent Chief Executive Officer, ongoing succession planning for the Board and management, and other corporate governance developments over the next year. We consider our aim of continual development to be as important to our governance as it is to our business. We view good governance as a key element of the ongoing success of Just Eat.

Later in this Corporate Governance Report:

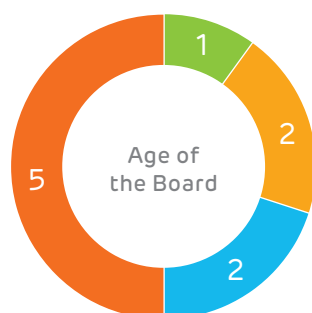
1. An introduction to our Board is given in the biographies of our Directors on the next pages.
2. More detail on the role and activities of the Board starts on page 42.
3. Andrew Griffith, the Chair of our Audit Committee, reports on its work commencing on page 52.
4. Mike Evans reports, in his role as Chair of the Nomination Committee, on that Committee's activities commencing on page 60.
5. Gwyn Burr reports on the remuneration of our Directors in her capacity as Chair of our Remuneration Committee, commencing on page 64.

Our Board

A dynamic and professional leadership team

Each of our Directors brings a variety of skills, extensive experience and depth of knowledge that collectively contribute to the effectiveness of the Board as a whole.

» See our Board's range of skills on page 61



- 40-44
- 45-49
- 50-54
- 55-59

- A** Audit Committee
- N** Nomination Committee
- R** Remuneration Committee
- I** Independent Non-executive Director
- ☐ Committee Chair
- S** Nominee of a major shareholder
- W** Designated Director for workforce engagement



Mike Evans **N R I**
Independent Non-executive Chair

Appointed March 2018

Experience Until October 2018, Mike was the Senior Independent Director of Chesnara plc, having served on the Board since March 2013. Non-executive Chairman of ZPG plc from May 2014 to July 2018 when the company was acquired. He was also Non-executive Chairman of Hargreaves Lansdown plc from December 2009 to February 2018. Mike was also a Non-executive Director of esure plc from June 2013 to August 2015. He was formerly Chief Operating Officer at Skandia UK Limited. Mike is a qualified actuary with over 30 years' experience in the financial services industry.

Other appointments Mike is also the Chair of M&G Prudential, to which he was appointed in October 2018.

Education/qualifications Mike holds a BSc in Mathematics from the University of Bristol.

Favourite takeaway Spicy Indian food.



Peter Duffy
Interim Chief Executive Officer

Appointed January 2019

Experience Appointed Chief Customer Officer of Just Eat in June 2018, joining the Group from easyJet PLC, where he held a number of senior roles including Chief Commercial Officer. He previously held senior roles at Audi UK Ltd and Barclays Bank PLC. Peter has had global responsibility for the customer-focused part of the organisation including marketing, digital, customer relationship management ("CRM"), business intelligence ("BI"), data, machine learning and Group operations.

Other appointments Peter is currently an Independent Non-executive Director of Close Brothers Group plc.

Education/qualifications Peter has a BSc in Economics from the University of Salford and an MBA from the University of Warwick.

Favourite takeaway Indian – chicken jalfrezi.



Alistair Cox **N R I**
Independent Non-executive Director

Appointed May 2017

Experience Alistair began his career at British Aerospace, subsequently moving to Schlumberger in 1982 where he held roles in field engineering, management and research science based in Europe and the US. He was a manager at McKinsey & Company from 1991, before joining Blue Circle Industries plc (laterally Lafarge) initially as Group Strategy Director and laterally as Regional Director for Asia. In 2002 he was appointed Chief Executive at Xansa plc, the IT outsourcing organisation. He served as a Non-executive Director at 3i plc from 2009–2015.

Other appointments Alistair is Chief Executive of Hays plc, the global recruitment agency, and has held that position since 2007.

Education/qualifications Chartered Engineer with a first class honours degree in Aeronautical Engineering from the University of Salford. Also holds an MBA from Stanford University Graduate School of Business.

Favourite takeaway Thai.



Roisin Donnelly **A N R I W**
Independent Non-executive Director

Appointed October 2016

Experience Roisin has had a 30-year career building market-leading brands with Procter & Gamble in the UK, EMEA, the US and globally. Most recently, she was CMO for Northern Europe leading six countries. She is an experienced digital leader and has experience in acquisitions, divestitures and business turnaround. Roisin has received awards including Marketer of the Year and Advertising Age's Woman to Watch.

Other appointments Roisin is a Non-executive Director of Bourne Leisure and Holland & Barrett.

Education/qualifications MA (Hons) from the University of Glasgow and is an Honorary Fellow of the Marketing Society.

Favourite takeaway Vegetarian Indian.



Paul Harrison Chief Financial Officer

Appointed September 2016

Experience Paul served as Chief Financial Officer for WANdisco plc from 2013 to 2016. He was previously Group Finance Director of FTSE 100 international software company The Sage Group plc for 13 years, having first been Sage's Group Financial Controller for three years. Prior to that, Paul held a number of senior positions at PricewaterhouseCoopers and was a Non-executive Director of recruitment consultancy firm Hays plc until November 2017.

Other appointments Paul is Non-executive Director at media company Ascential plc.

Education/qualifications Paul holds a BA (Hons) in Business Studies from Manchester Metropolitan University and is a Fellow of the Institute of Chartered Accountants in England and Wales ("FCA").

Favourite takeaway Indian or Thai.



Gwyn Burr Independent Non-executive Director

Appointed March 2014

Experience From May 2005 to March 2013, Gwyn was Customer Director and a member of the operating board for J Sainsbury plc, with responsibility for marketing, brand, own brand, customer service, corporate communications and corporate and social responsibility and also, from 2010, human resources.

Other appointments Gwyn is also a Non-executive Director of Hammerson plc, Metro AG and Taylor Wimpey plc. She is also a member of the boards of two unlisted companies, Sainsbury's Bank plc and Ingleby Farms and Forests ApS.

Education/qualifications Gwyn holds a BSc (Joint Hons) in Economics and History from the University of Bradford.

Favourite takeaway Chinese.



Frederic Coorevits Non-executive Director

Appointed July 2009

Experience Over the past 20 years, Fred has been managing a portfolio of public and private technology companies. Fred has profound experience in advising cutting edge technology companies on a strategic, financial and corporate level. He led several acquisitions, divestitures and funding rounds. Previously he worked as a Finance Director for i-spire plc and as a Senior Manager for PricewaterhouseCoopers transaction services in London.

Other appointments Fred is an adviser for SM Trust, for which he manages the portfolio of investments, focusing on the areas of ecommerce, software and cloud computing. Fred's other directorships include Onapp Ltd, Euro Economics APS and Freeagent Ltd.

Education/qualifications Fred holds an MBA and MSc in Organic Chemistry from Louvain (KUL) (Belgium).

Favourite takeaway Indian curry.



Andrew Griffith Senior Independent Non-executive Director

Appointed March 2014

Experience Andrew joined Sky in 1999 from Rothschild Group, the investment banking organisation where he provided financial and strategic advice to corporate clients across the technology, media and telecommunications sectors.

In addition, between 28 April 2017 and 26 April 2018, Andrew served as Interim Non-executive Chairman of the Just Eat Board.

Other appointments In April 2008, Andrew was appointed Chief Financial Officer and a member of the board of Sky, Europe's largest entertainment and communications company with 27 million customers and turnover of \$20 billion and, since 2016, has also served as Sky's Group Chief Operating Officer.

Education/qualifications Holds a degree in Law from the University of Nottingham and is a qualified Chartered Accountant.

Favourite takeaway Tandoori chicken.



Diego Oliva Independent Non-executive Director

Appointed September 2015

Experience Diego has extensive experience in global leadership roles in the technology sector, having spent six years as Regional Director of EMEA at Facebook.

Other appointments Diego is co-founder and Executive Chairman of Glue, an in-home delivery company. He is also a limited partner and adviser at Earlybird Venture Capital, White Star Capital and Wamda Capital, VC funds.

Education/qualifications Diego holds postgraduate degrees from Harvard Business School, Stockholm University and IE Business School. He also holds a BSc in Economics from Tec de Monterrey.

Favourite takeaway Pizza.



Helen Weir Independent Non-executive Director

Appointed December 2018

Experience Helen has significant executive and non-executive experience with UK-listed companies. She previously served as a Non-executive Director at SAB Miller and Royal Mail Holdings, where she chaired the audit committee. She was, until early 2018, Chief Financial Officer at Marks & Spencer Group plc, with responsibility for supply chain, IT and property, having previously been Group Finance Director at John Lewis Partnership. She has also held senior executive positions at Lloyds Banking Group and Kingfisher.

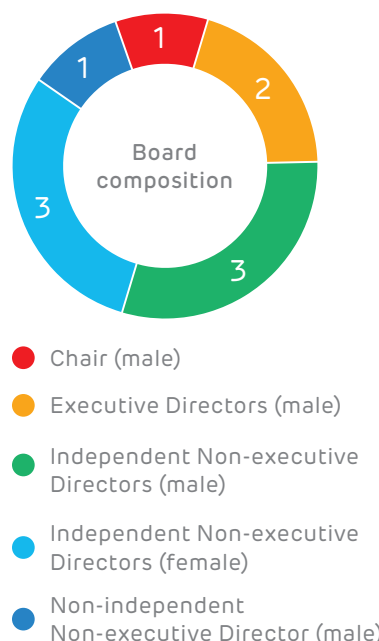
Other appointments Helen is Non-executive Director and chair of the audit committee of GEMS Education. She also serves as an Independent Non-executive Director of the Rugby Football Union and as a Trustee of Marie Curie.

Education/qualifications MA (Hons) in Mathematics from the University of Oxford and an MBA from Stanford University. Helen is a Fellow of the Chartered Institute of Management Accountants.


Favourite takeaway Thai.

Report of the Board

Our Board is responsible for managing the Group by providing clear leadership, direction and oversight in relation to the Group's strategy and purpose. The Board promotes the long-term sustainable growth of the Group for the benefit of its shareholders as a whole, its employees and its other stakeholders. It also considers the impact of the Group's operations on the community and environment in which we are engaged. The Board aims to ensure that the Group's culture and values are aligned with its strategy so that consistency can be achieved at all levels within the organisation.



2018 Key matters considered at each main meeting of the Board during the year included:

February	April	June	July
<p>Individual country business update led by the relevant Country Manager.</p> <p>Review of budget development for the year and agreement for finalisation.</p> <p>Review and agreement for approval of 2017 annual results, including announcement and Annual Report.</p> <p>Approval and finalisation of the notice of AGM, including reappointment of Directors as recommended by the Nomination Committee.</p> <p>Agreement for the Nomination Committee to handle the appointment of the new Chair.</p>	<p>Confirmation of appointment of Mike Evans as Chair.</p> <p>Strategic planning update including presentation from advisers.</p> <p>Review of SkipTheDishes with local management.</p> <p>People plans in the context of strategy development presented by Chief People Officer.</p> <p>Formal approval of Deferred Bonus Plan following approval by shareholders.</p> <p>Review of consultation draft of the UK Corporate Governance Code.</p>	<p>Market and business planning update.</p> <p>Review of plans for Capital Markets Day.</p> 	<p>Individual country business update led by the relevant Country Manager.</p> <p>Strategic planning update with external advisers.</p> <p>Review of ongoing development of Group product presented by the Chief Product and Technology Officer.</p> <p>Agreement for approval of half year results.</p> <p>Review and amendment of Committee memberships.</p> <p>Review of finalised updates to the UK Corporate Governance Code and checklist of compliance against these.</p>

A crucial part of our role is ensuring that the Group has the appropriate people, financial and other resources to achieve these aims. With our standing Committees, we also oversee controls, risk management and senior remuneration. We set the framework to develop the cultural tone for the Group – our Group-wide set of values. Coupled with the enthusiasm of our people these values have always been a fundamental part of our long-term success. Our aim is to maximise returns for shareholders and other stakeholders over the long term.

This section of the Corporate Governance Report summarises the role and activities of our Board. It is then followed by specific reports from our Audit, Nomination and Remuneration Committees.

Board and Committee meetings

The Board meets regularly throughout the year, both when scheduled as part of its annual corporate calendar and at other times as required for specific matters. At these meetings, it reviews:

- business performance;
- operational matters of particular note for the Board;
- strategic considerations;

- activities in the Group's industry;
- potential acquisition opportunities;
- shareholder communications and feedback;
- reports of proceedings of Board Committees;
- progress against previously agreed actions; and
- developments in corporate governance.

In addition to our Executive Directors, members of senior management are regularly invited to present relevant matters to the Board. Executive Directors and members of management may also attend and present at Committee meetings, where appropriate, at the invitation of the respective Committee Chair.

Directors have the right to request that any concerns they may have are recorded in the appropriate Board or Committee minutes (although no such requests were made in 2018). Minutes are circulated for comment by all Directors before being formally approved at the next relevant meeting.

September

(In France, two days)

Meeting with and presentations from French management team.

Customer strategy review presented by the Chief Customer Officer.

Review of future market development.

Plans for Chair's meetings with shareholders.

Agreement of process for Board evaluation.

October

Further review of future market development.

Strategy review with presentations from the Executive Team, including:

- key markets;
- marketplace and delivery;
- organisational design; and
- agreement of future steps.

Report on Chair's meetings with shareholders.



December

Initial review of draft budgeting for 2019.

Two individual country business updates presented by the relevant Country Managers.

Confirmation of appointment of Helen Weir as Non-executive Director on the recommendation of the Nomination Committee.

Presentation of actions taken and plans in connection with the updated UK Corporate Governance Code.

At every main meeting, the Board also reviews:

Report from the Chief Executive Officer, including key developments in the Group's businesses.

Report from the Chief Financial Officer, including performance of the Group's businesses.

Investor relations and legal updates.

Minutes and actions from previous meetings.

Confirmation that there are no Director conflicts to be noted.

Reports from the Board Committees (when appropriate).

Report of the Board continued

Membership of the Board

The Board has ten members:

- myself, Mike Evans, Independent Non-executive Chair;
- two Executive Directors, Peter Duffy (Interim Chief Executive Officer) and Paul Harrison (Chief Financial Officer);
- six Independent Non-executive Directors, Gwyn Burr, Alistair Cox, Roisin Donnelly, Andrew Griffith, Diego Oliva and Helen Weir; and
- one Non-independent Non-executive Director, Frederic Coorevits, who is nominated by a major shareholder and has served since before the Company's IPO.

For the purposes of assessing compliance with the Code, the Board considers that Gwyn Burr, Alistair Cox, Roisin Donnelly, Andrew Griffith, Diego Oliva, Helen Weir and I, Mike Evans, are independent of management and free from any business or other relationship that could materially interfere with the exercise of our judgement.

The Board recognises the advantages of diversity including with regard to gender. Contributions from individuals with a wide range of backgrounds, skills and experience result in creativity of ideas and enhanced debates. The diversity of our Directors provides great value to the Board with a depth and wide range of insight into both the Group's business and other businesses, including other publicly listed companies. A table showing some of the key skills of our Directors is shown in the Report of our Nomination Committee on page 61.

Our Directors bring significant expertise which enables them to make high quality, diverse and relevant contributions to Board discussions. As well as enriching debates, this allows carefully considered judgements to be reached, consensus to be arrived at, and informed decisions to then be taken.

We provide both support and constructive challenge to management in the review of their proposals. We then monitor performance in the achievement of the aims being targeted over both the shorter and longer terms.

All our Directors have a deep interest in ensuring the Group achieves its long-term objectives and are collectively responsible as a Board for this. They each devote sufficient time and focus to their Board duties and responsibilities, and have a shared role in ensuring the successful performance of the Board.



We provide both support and constructive challenge to management in the review of their proposals. We then monitor performance in the achievement of the aims being targeted over both the shorter and longer terms.”

A proper balance of influence has been established to ensure no one individual, or separate groups of people, have unfettered decision-making powers. All the Non-executive Directors bring valuable insight to the Board's deliberations and have the opportunity to challenge assumptions and raise concerns at any stage in the decision-making process. This ensures the final conclusions are reached with the support of the Board as a whole.

We believe there is an excellent balance of skills and experience represented on the Board, enabling the effective and successful management of the Company and its business. Refreshment of the Board during the year included my appointment as Chair in March 2018 and the appointment of Helen Weir as Independent Non-executive Director in December 2018.

The Board received updates on corporate governance developments during the course of the year. These included a reminder of the Directors' duties under Section 172 of the Companies Act 2006. At its December meeting, actions were agreed by the Board in relation to the forthcoming requirements of the new UK Corporate Governance Code. These included the appointment of Roisin as our designated Non-executive Director for engagement with the workforce.

The Board is confident that its membership is appropriate for this stage in the Group's development. It will continue to pursue Board development to secure the future prosperity and direction of the business. We believe this forward-looking approach is fundamental to achieving our long-term strategic goals in the interests of our shareholders, our people and our other stakeholders.

Role of the Board

Key activities of our Board include the following:



Agreeing the Group's strategic aims after considering recommendations from the Executive Directors.

The Board reviews matters of strategic importance at each of its main meetings. This is usually done in the context of presentations on specific matters of strategic interest by a member of senior management. During 2018, the Board also held a more formal strategy review with the Executive Team.

In the past year, matters considered have included:

- the development of the Group's delivery strategy;
- the Group's ongoing vision internationally;
- the ongoing development of both the customer and restaurant experience;
- the development of the Group's ongoing brand strategy;
- the Group's technology and product planning;
- the integration of HungryHouse into the Group;
- considering the future development of the food delivery market; and
- risks in the Group in connection with strategic considerations as well as at a more granular level.

Non-executive Directors constructively challenge matters when they feel it is appropriate as part of the Board as a whole reaching an overall consensus in its decision-making process. As a key part of its debates, the Board reviews and seeks to identify risks at a strategic level.



Aiming to ensure that the Group has the necessary financial strength and human resources in place to pursue the agreed strategy.

This includes regular reviews of the financial performance and requirements of the Group, presented by the Chief Financial Officer, along with regular updates from the Chief Executive Officer. Periodically, it also includes presentations from the Chief People Officer on plans for the ongoing development of the management team in the context of the growth of the Group.

The Group's Chief People Officer also gives regular presentations to the Remuneration Committee.

Reviews of the performance of executive management is led by the Nomination Committee with the Chief Executive Officer where appropriate.



Reviewing Group performance against the agreed strategy and considering any variations that may become appropriate to this strategy.

The Board reviews the operational development of the Group and its markets to ensure its strategy remains appropriate. It then considers and decides upon any adjustments that may improve this.



Setting the tone as well as overseeing implementation of the Group's values and standards.

The Board leads the Group in a way that is intended to maximise business integrity. This enables the Group's people and other stakeholders to operate in a transparent and ethical, as well as entrepreneurial, manner.

This is an important part of ensuring the long term success of the Group. It is supplemented by more detailed reviews of specific areas by the Board's standing Committees.



Where appropriate, working with the operating management to assist in the achievement of the strategy.

Directors have open and constructive relationships with members of senior management who can draw on their wide business experience outside of, as well as within, Board meetings.

>> Board evaluation commentary on page 62

Report of the Board continued

Division of responsibilities

Whilst the Directors take collective responsibility for the management of the Group, the effective operation of the Board benefits from a clarity of responsibilities. Key elements of this are set out below:

The Board

The Board has a formal schedule of matters specifically reserved for its or its Committees' decisions which include:

- Group strategy, which is reviewed by the Board and management regularly during the year;
- the Group's business plan and annual operating budget;
- major investments, acquisitions and capital projects, and the monitoring of their subsequent performance;
- internal controls and risk management, which are reviewed regularly by the Audit Committee;
- accounting policies, which are reviewed in detail by the Audit Committee;
- shareholder communications, such as announcements of results, this Annual Report and the accompanying notice of AGM to shareholders;
- Board structure, composition and succession planning, which are handled in more detail by the Nomination Committee;
- Executive remuneration and the remuneration of the Chair, which are determined by the Remuneration Committee; and
- the remuneration of the Non-executive Directors.

Subject to such reserved matters, and any other matters which the Board determines are appropriate for its specific decision as they arise, authority for the operation of the Group is delegated to executive and other management within a system of defined authority limits. The matters reserved for the Board's decision are reviewed periodically and updated as considered appropriate, as they were in the past year.

Another important aspect of the division of responsibilities in any listed Company is between the roles of the Chair and the Chief Executive Officer. In Just Eat, these roles are separate and distinct, with a clear division of responsibilities at the head of the Company, which are established, agreed and set out in writing. The role of the Senior Independent Director complements these roles.

Independent Non-executive Chair



The Chair is primarily responsible for managing the Board, facilitating the effective contribution of all Directors, ensuring satisfactory dialogue with shareholders and that all Board members are aware of the views of major shareholders.

Interim Chief Executive Officer



The Chief Executive Officer, together with the Chief Financial Officer, has been delegated appropriate responsibilities and authorities for the effective leadership of the senior management team, the day-to-day running of the business, carrying out the agreed strategy and implementing specific Board decisions relating to the Group's operations.

Senior Independent Director



The Senior Independent Director is available to the other Non-executive Directors and shareholders, either individually or collectively, should they wish to discuss matters of concern in an alternative forum.

Standing Board Committees

In addition, certain matters have been delegated to three principal Board Committees within clearly defined terms of reference. These remits, together with the composition of each Committee, are reviewed periodically as they have been in the past year in the context of the new UK Corporate Governance Code.

The current terms of reference for the Audit, Remuneration and Nomination Committees are available on the Company's website at www.justeatplc.com/investors.

Audit Committee



Andrew Griffith
Chair, Audit Committee

» A summary of the role of the Audit Committee is included on page 52

Nomination Committee



Mike Evans
Chair, Nomination Committee

» The work of the Nomination Committee is summarised on page 60

Remuneration Committee



Gwyn Burr
Chair, Remuneration Committee

» A summary of the key matters the Remuneration Committee considers is included on page 66

“

The Board leads the Group in a way that is intended to maximise business integrity. This enables the Group's people and other stakeholders to operate in a transparent and ethical, as well as entrepreneurial, manner.”

Report of the Board continued

Support to Directors

The Directors have unrestricted access to the Group's management and advisers. They also have the opportunity to visit the business' operations.

When new Directors are appointed, they receive a comprehensive induction facilitated by the Company Secretary. This induction includes meetings with key members of management, together with briefings on the Group's business, its industry and public Company duties generally. Further details of the induction process are included on page 49.

As well as having continuous access to the knowledge and expertise of senior management, Directors regularly receive their input at Board meetings. These regular interactions develop their depth of knowledge of the business, and also strengthen and enhance the relationships between the Board and management. As required, access to ongoing training is also available to Directors for professional development to refresh their key skills and knowledge, ensuring they are well placed to discharge their duties.

All Directors also have access to the advice and services of the Company Secretary, who acts as Secretary to the Board and each of its Committees. The Company Secretary reports to and advises the Board and Committees directly through their Chairs on compliance with relevant procedures and laws and regulations on governance matters. Through their Chairs, the Company Secretary is also responsible for ensuring there is good communication between the Board and its Committees, senior management and the Non-executive Directors, ensuring that the relevant level of information flows within the organisation. Directors are also able to take external advice at the expense of the Company, should they feel this is necessary.



A global leadership team

The Board receives regular reports from key management on the Group's businesses. In September, the entire Board visited the Group's French operations. This included all Directors meeting and receiving presentations from each member of the local senior management team. It also included consideration of how the experience being gained in France could be more widely applied across the Group.

Governance calendar for 2018

The overall calendar of meetings of the Board and its Committees for 2018 is shown below:

	Full report	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Board (main meetings)	p42												
Board (conference calls)	p42												
Audit Committee	p52												
Nomination Committee	p60												
Remuneration Committee	p64												
AGM													

Specific calendars for the Board and its Committees are shown in their individual reports within this review.

New Director induction

Overview

The Chair, supported by the Company Secretary, is responsible for ensuring that new Directors have a thorough and appropriate induction.

Each newly appointed Director has participated in a structured induction programme and has received a comprehensive suite of resources providing detailed information on the Group.

Each induction has been based on the individual Director's requirements and included meetings with relevant Directors, senior management and external advisers. This ensures that each new Director understands the Company's strategy and governance structure.

Objective

To provide our new Directors with the resources they need in order to be able to maximise their effectiveness in the shortest time practicable.

Process

Provision of resources including papers and minutes from previous Board meetings and key corporate governance policies.

Business briefings with the Executive Directors and the Chair.

Meetings with members of the Executive Team and senior management.

Meetings with external advisers, as appropriate to the role.

Opportunity to visit different Group sites and attend business events.

Board induction case study



“

I have thoroughly enjoyed the induction process which has enabled me to build an understanding of the business and the markets in which it operates. In addition to gaining detailed knowledge about the Board and its Committees, I have also been able to build a link with our people as I have visited operations within the **UK** and also further afield, such as SkipTheDishes in **Canada** and Menulog in **Australia**.”

Helen Weir
Non-executive Director

1

Meetings with:

- The Executive Team.
- Group finance team and Group internal audit and risk team.
- The UK Managing Director.
- The Managing Directors and their respective teams of SkipTheDishes in Canada and Menulog in Australia.
- Key advisers including the auditor and financial advisers.

2

Specific activities to help understand the business from a restaurant owner and customer point of view:

- Sales visits to a number of restaurants in the UK with Territory Manager.
- Spent time (including call listening) with the courier and restaurant support teams in Canada.
- Attended annual Menulog team conference in Sydney.

3








































Future plans:

- Spend a day at the Contact Centre in Borehamwood.
- Spend a day with customer insight team in London.







Report of the Board continued

Attendance at Board meetings

The attendance of current Board and Committee members at meetings and calls, as compared with the number of meetings held:

	Board	Audit	Remuneration ⁸	Nomination	Board attendance
Mike Evans	 ²			 ¹	86% ²
Paul Harrison					100%
Gwyn Burr			 ¹		100%
Frederic Coorevits					100%
Alistair Cox					100%
Roisin Donnelly					100%
Andrew Griffith		 ¹		 ³	100%
Diego Oliva					100%
Helen Weir ⁴					100%
Peter Plumb ⁵					100%
David Buttress ⁶	 ⁷				N/A

Key

 Board (seven meetings)	 Remuneration Committee (four meetings)	 Board or Committee member not present	 Audit Committee (five meetings)
 Nomination Committee (four meetings)	 Non-Committee member invited to attend some or all of a meeting (although not any part of any Remuneration Committee decision regarding their own remuneration was decided)		

1. Denotes Chair status.

2. Mike Evans was prevented from attending this meeting due to an urgent family matter. Full documentation was issued to him and he briefed other Board members immediately before the meeting and received a debrief shortly after.

3. Andrew Griffith was prevented from attending as this meeting was arranged on short notice at a time when he was not available although he participated in a discussion of the matters of the meeting separately.

4. Appointed to the Board on 1 December 2018.

5. Stepped down from the Board on 21 January 2019.

6. Stepped down from the Board on 26 April 2018.



















7. There was only one Board meeting before David Buttress stepped down from the Board on 26 April 2018 – he did not attend this meeting.






8. Directors do not attend meetings of the Remuneration Committee when the Committee is deciding matters in relation to such Directors' remuneration. Committee membership was refreshed on 20 July 2018.

Peter Duffy was appointed as a Director on 21 January 2019 and therefore did not attend the meetings as shown above during 2018.

All Directors on the Board at that time attended the AGM.

Directors' tenure as at 5 March 2019

	Appointment date	IPO April 2014	2015	2016	2017	2018	2019	Tenure
Mike Evans	06/03/2018							0–1 years
Peter Duffy	21/01/2019							0–1 years
Paul Harrison	26/09/2016							2–3 years
Gwyn Burr	12/03/2014							5 years (since pre-IPO)
Frederic Coorevits	10/07/2009							5 years (since pre-IPO)
Alistair Cox	02/05/2017							1–2 years
Roisin Donnelly	17/10/2016							2–3 years
Andrew Griffith	12/03/2014							5 years (since pre-IPO)
Diego Oliva	24/09/2015							4 years
Helen Weir	01/12/2018							0–1 years

 Chair	 Independent Non-executive Directors (male)	 Non-independent Non-executive Director
 Executive Directors	 Independent Non-executive Directors (female)	

Shareholder relations

The Board is committed to ensuring that it maintains continual dialogue with existing and potential shareholders based on the mutual understanding of the Company's strategic objectives. A comprehensive investor relations programme underpins this commitment. The Board identifies key shareholders to ensure an appropriate level of contact is established. The Chief Executive Officer, the Chief Financial Officer and I, in my role as Chair, regularly engage with institutional investors in order to develop an understanding of their views. During the year, in addition to our results roadshows and Capital Markets Day held in June, we have consulted with our major shareholders by letter, telephone and in person in relation to remuneration and other key areas. The feedback received is communicated back to, and discussed with, the Board and Remuneration Committee. The Directors use this information to ensure any concerns or issues are understood and, if necessary, addressed appropriately.

All results and other regulatory announcements, presentations given to analysts and investors covering the preliminary and interim results, as well as further information for investors, are included in the investor relations section of the Company's website at www.justeatplc.com/investors. Additional shareholder information is also set out on page 156.

Shareholders are able to contact the Company through the Company Secretary or Head of Investor Relations at the Company's registered office, listed at the end of this report.

In addition, Andrew Griffith, as Senior Independent Director, serves as an additional point of contact for

shareholders should they feel that any concerns are not being addressed properly. Andrew is contactable through the Company Secretary.

Disclosures in respect of the DTR requirements under DTR 7.2.6 are given in the Directors' Report on pages 138 to 142 and are included in this section of the report by reference.

Annual General Meeting

All shareholders are encouraged to attend and have the opportunity to ask questions at the Company's AGM and at any other times by contacting the Company. As well as the Chair, the Chief Executive Officer and the Chief Financial Officer, the Chair of the Audit, Nomination and Remuneration Committees also all attend the AGM to answer questions relating to the responsibilities of those Committees.

The notice convening the 2019 AGM, to be held on 1 May 2019, will be issued along with this Annual Report to shareholders at least 20 working days in advance of the meeting. This will provide shareholders with the appropriate time to consider matters. Separate resolutions will be proposed on each substantially separate matter. The results of the proxy votes on each resolution will be collated independently by the Company's registrar and will be published on the Company's website after the meeting.



Mike Evans
Chair
5 March 2019

Shareholder engagement activities

The Board and Remuneration Committee have undertaken extensive engagement with its shareholders over the past year.



Report of the Audit Committee



I am pleased to present the Report of the Audit Committee, which provides a summary of the Committee's role and activities during the 2018 financial year.

We reviewed those areas under our remit with management, internal and external auditors, as appropriate. Our activities help ensure the interests of shareholders are protected and that the Group's reporting is fair, balanced and understandable.

Membership

The Committee comprises four Independent Non-executive Directors: Gwyn Burr, Roisin Donnelly, Helen Weir and myself (Andrew Griffith) as its Chair. All our members have relevant sector competence to fulfil their roles, as set out in their biographies on pages 40 to 41. Through my background as a Chartered Accountant and as Chief Operating Officer and Chief Financial Officer of a FTSE 100 Company, I have relevant financial knowledge and extensive experience.

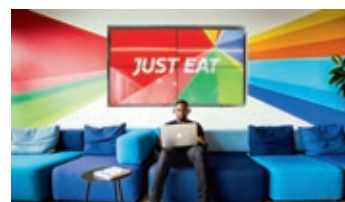
Role and activities

We met five times as a Committee during the year, with two of these meetings focused particularly on the Audit tender. The Chief Financial Officer and senior representatives of the finance management team also attend meetings, as do representatives of both the external and internal auditors. The Committee also meets privately with the external auditor at least once per year. Key matters handled by the Committee include a review of:

- the independence, objectivity and effectiveness of the external auditor;
- the tender of the Group audit and the proposed reappointment of the external auditor;
- the plans for and outcome of the preparation and review of the Group's half year results and audit of the full year accounts including presentations from both management and the external auditor;

2018 Key matters considered at each meeting of the Audit Committee during the year included:

February	July	September
<p>Analysis of 2017 full year results presented by management.</p> <p>Review of 2017 full year results presented by the external auditor.</p> <p>Review of going concern, internal controls and fair balanced and understandable statement in the Annual Report.</p> <p>Review of the Group's Annual Report for 2017.</p> <p>Discussion with the external auditor in the absence of management.</p> <p>Recommendation to the Board for approval of the Annual Report including the Report of the Audit Committee.</p> <p>Review of the Group's whistleblowing procedures.</p> <p>Review of internal audit planning and resourcing.</p> <p>Introduction of future audit partner.</p>	<p>Analysis of 2018 half year results presented by management.</p> <p>Review of half year results presented by the external auditor.</p> <p>Review of 2018 draft half year results announcement.</p> <p>Review of 2018 audit plan with the external auditor.</p> <p>Agreement of plans for audit tender.</p> <p>Group risk update and adjustments to internal audit plan.</p>	<p>Audit tender update.</p> <p>Review of the results of the FRC's Audit Quality Review.</p>



- the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance;
- the Group's accounting policies, significant judgements and estimates, including those set out on pages 99 to 137;
- the Group's system of risk management;
- oversight of Group tax activities and review of the Group's tax strategy statement prior to publication;
- the Group's material legal matters;
- new regulatory reporting requirements;
- key internal policies including data protection, anti-bribery and related policies, and whistleblowing arrangements;
- the continued development of the Group's internal audit function, which reports directly to the Committee, and establishing control and risk management procedures;
- the disclosures regarding risk, going concern and the viability statement; and
- whether this Annual Report, taken as a whole, provides a fair, balanced and understandable assessment of the Group's position and prospects and whether it provides the necessary information to assess the Group's performance, business model and strategy, the ultimate decision on which is taken by the Board. Prior to approval of the Annual Report, the Committee receives a paper detailing those steps taken by management to ensure the report can be considered fair, balanced and understandable.

“

Prior to the approval of the Annual Report, the Committee receives a paper detailing those steps taken to ensure the report can be considered fair, balanced and understandable.”

Andrew Griffith
Chair, Audit Committee

October

Audit tender review.

Recommendation to the Board in relation to the proposed external auditor.



December

Progress in year-end accounting presented by management.

Updates to the 2018 audit plan presented by the external auditor.

Review and approval of 2019 internal audit plan.

Review of tax matters including tax strategy for publication.

Review of the Committee's terms of reference.

At every main meeting the Audit Committee also reviews:

Report of the Chief Financial Officer.

Report of the external auditor.

Report of Director of Internal Audit and Risk.

Minutes and actions from previous meetings.

Report of the Audit Committee continued

Significant issues

Prior to each meeting of the Audit Committee at which it is to be considered, management produces a paper providing details of any significant accounting, tax, compliance and legal matters. Members of management are also invited to attend these meetings where further guidance is required. The Group's critical accounting judgements in applying the Group's accounting policies and key sources of estimation uncertainty are included within Note 2 to the financial statements. The risks the Audit Committee considers to be significant for the 2018 Annual Report are disclosed below.

Significant issues the Committee has considered	How the issue was addressed
<p>Review of goodwill carrying values</p> <p>At December 2018, the Group had goodwill balances totalling £770.7 million (2017: £544.9 million). This is an area of focus for the Committee given the materiality of the Group's goodwill balances and the inherent subjectivity in impairment testing.</p> <p>The judgements in relation to goodwill impairment continue to relate primarily to the assumptions underlying the calculation of the value in use of the business, being the achievability of the long-term business plan and the macroeconomic and related modelling assumptions underlying the valuation process.</p> <p>See Note 12 for further detail on our impairment review.</p>	<p>The Committee received detailed reporting from, and held several meetings with, management and challenged the appropriateness of the assumptions made, including:</p> <ul style="list-style-type: none"> • the consistent application of management's methodology; • the achievability of the business plans; • assumptions in relation to terminal growth in the businesses at the end of the plan period; • discount rates; and • sensitivity analysis and the transparency of disclosures. <p>The Committee was satisfied with both the appropriateness of the analysis performed by management, which indicated that an impairment charge is not required (2017: £180.4 million), and the impairment-related disclosures set out in Note 10 to the financial statements.</p>
<p>Global tax environment</p> <p>Just Eat aims to manage all taxes and tax risks that arise across the Group responsibly, in order to provide a competitive, responsible and sustainable outcome in the interests of all stakeholders. Just Eat aims to pay the right amount of tax, in the right place at the right time, by complying with all relevant tax legislation in all Group entities.</p> <p>However, given the geographical spread of the Group's operations, the varied complex nature of local and global tax rules (e.g. OECD's BEPS Actions, EU Commission reforms and State Aid investigations) and the ongoing tax disputes and investigations around the Group, there is significant uncertainty around the interpretation of such tax law and we recognise there is risk and uncertainty around judgements made by management in the reporting of tax in the ordinary course of business, which may be subject to final decisions taken by various tax authorities.</p> <p>See Note 10 for further detail on our global tax environment.</p>	<p>The Committee reviewed the Group's approach to taxation and the Group tax strategy.</p> <p>Management continually monitors the status of tax risks and relevant legislative changes and engages with external taxation experts as appropriate. At each Committee meeting, management presents updates on such matters.</p> <p>Taxation issues were discussed with senior management and a report prepared by the Group's in-house tax team outlining key tax risks and relevant legislative changes was reviewed.</p> <p>The tax positions and key judgements made within the Group were reviewed and challenged by the Committee to ensure that the Group's effective tax rate, tax provisions (in particular in relation to the ongoing transfer pricing audit in Denmark) and the recognition of deferred tax assets and liabilities were appropriate.</p> <p>The Committee considered the Group's enhanced disclosures, recognising that the Financial Reporting Council ("FRC") has been undertaking a thematic review in this area.</p> <p>The Committee was satisfied with the Group's approach to tax and the amounts reported (as set out in Note 10 in the financial statements) and that Group tax issues were being efficiently monitored and dealt with appropriately. It notes that changes in the global tax landscape mean that the Group must continue to work on its ability to respond quickly to the enhanced global reporting requirements over the next few years.</p>

Internal controls and risk management environment

The Board is ultimately responsible for the operation of an effective system of internal control and risk management appropriate to the business.

A review of the Group's principal risks and how it manages them is presented on pages 20 to 28.

The Company has paid due regard to the FRC Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, as applicable, throughout the period and up to the date on which these financial statements were approved. Day-to-day operating and financial responsibility rests with senior management and performance is closely monitored on a monthly basis.

The following key elements comprise the internal control environment, which has been designed to identify, evaluate and manage, rather than eliminate, the risks faced by the Group in seeking to achieve its business objectives and ensure accurate and timely reporting of financial data for the Company and the Group:

- an appropriate organisational structure with clear lines of responsibility;
- a comprehensive annual strategic and business planning process;
- a robust risk process to establish and monitor risks at country, functional and Group levels, facilitated by a risk function that regularly reports to the Executive Team and Audit Committee to ensure ongoing assessment and monitoring of key risks and associated potential impacts facing the business;
- established policies and procedures setting out expected standards of integrity and ethical standards which reinforce the need for all employees to adhere to all legal and regulatory requirements;
- an experienced and commercially focused legal function that supports the Group's operational and technical functions;
- an experienced treasury function that supports the business' liquidity requirements, management of financial risks and related governance;
- a centralised information security function that establishes cyber security strategy, delivers information security operations and works to embed the correct behaviours across the business;
- systems of control procedures and delegated authorities which operate within defined guidelines and approval limits for capital and operating expenditure and other key business transactions and decisions;
- defined segregation of duties across key financial processes, which continue to mature as we integrate our markets and acquired businesses onto the strategic ERP platform;
- structured month-end and quarter-end procedures and controls, designed to assess the ongoing integrity of financial records (e.g. reconciliations) and to produce management information for regular financial monitoring and review purposes;
- an established whistleblowing process through which employees may report cases of fraud, impropriety or behaviour contrary to our Code of Conduct and/or in contravention of policies;
- established operational processes and controls which support the integrity, security and availability of our online services as well as the quality and continuity of Just Eat's operations;
- a robust financial control, budgeting and rolling forecast system, which includes regular monitoring, variance analysis, key performance indicator reviews and risk and opportunity assessments at Board level;
- an appropriate Delegation of Authority; and
- procedures by which the Group's consolidated financial statements are prepared, which are monitored and maintained through the use of internal control frameworks addressing key financial reporting risks arising from changes in the business or accounting standards.

Report of the Audit Committee continued

Internal audit plan

The Committee agreed the internal audit plan to be undertaken prior to the commencement of the year. At each main Committee meeting, the progress of, as well as results from, the internal audit plan is reviewed to ensure that it is in line with the Committee's expectations. The plan was approved to ensure that there was appropriate coverage of the internal control environment, strategic priorities and key risks identified by the Board.

During the year, the audit plan was amended so that additional areas were added to the plan based on the changes that gave rise to increased levels of assessed risk. These changes to the previously agreed audit plan were approved by the Committee.

The Director of Internal Audit and Risk provides updates to the Committee at each main meeting, summarising the internal audit findings and the progress made against agreed actions from previous audits. Detailed updates on specific audits are provided at the request of the Committee.

PricewaterhouseCoopers LLP ("PwC") has continued to be engaged to support our internal audit work.

How we manage risk

The Company has a robust risk management process that follows a sequence of risk identification and assessment of probability and impact, and assigns an owner to manage mitigation activities. A register is kept of all corporate risks and is monitored by senior management and reported to the Audit Committee. Throughout the period of review, the risk register and the methodology applied are the subject of continuous review by senior management and are updated to reflect new and developing areas which might impact business strategy.

The Audit Committee actively reviews the risk register and assesses the actions being taken by senior management to monitor and mitigate the risks. Those risks which are considered to be the principal risks of the Group are presented on pages 23 to 28.

The risks related to iFood are considered as part of the broader Group-wide risk management process. The Group has representation on the iFood Board and therefore receives regular updates on the performance and outlook of the iFood business. This includes review of its business plans and budgets and enables the Group and the Board to keep the investment under review. During the year, the Board also received a presentation from the iFood Managing Director.

Review of effectiveness

The Audit Committee, on behalf of the Board, reviews the effectiveness of the internal control systems and the risk management processes on an ongoing basis. This process was in place throughout the year and post-year end to include the date of approval of the Annual Report. At each meeting, the Audit Committee receives a paper from management detailing any

whistleblowing activity, any fraud identified and any other issue deemed to be significant. An internal audit update is also presented, detailing the scope of work performed and findings, along with implementation of any previous recommendations. The Committee has not identified, nor been advised of, any failings or weaknesses that it has determined to be significant.

Independence and performance of the auditor *UK Financial Reporting Council (FRC) Audit Quality Review*

The FRC's Audit Quality Review team selected to review the audit of the 2017 Just Eat plc financial statements as part of their 2017 annual inspection of audit firms. The focus of the review and their reporting is on identifying areas where improvements are required rather than highlighting areas performed to or above the expected level. The chairman of the audit committee received a full copy of the findings of the Audit Quality Review team and has discussed these with Deloitte. The audit committee confirms that there were no significant areas for improvement identified within the report. The audit committee is also satisfied that there is nothing within the report which might have a bearing on the audit appointment.

The Audit Committee has set a policy which is intended to maintain the independence and integrity of the Company's external auditor when acting as auditor of the Group's accounts. The policy governs the provision of audit, audit-related assurance and non-audit services provided by the auditor and, in summary, requires approval by the Committee for all projects with an expected cost in excess of £50,000.

During the year, other audit-related assurance services provided by the auditor relate to the half year reporting.

The fees paid for the non-audit services during the year represented 11% of the fees paid for the statutory audit and audit-related assurance services together. Further details of these amounts are included in Note 5 of the financial statements.

The Company complies with applicable rules in relation to non-audit fees to the auditor.

The external auditor is not permitted to provide internal audit services to the Group.

Before any former employee of the external or internal audit team may be employed by the Group, careful consideration must be given as to whether the independence of the auditor will be adversely affected, and approval of the Audit Committee is required. This particular circumstance has not arisen in the past year. The auditor is required regularly to report on and confirm its independence in its role.

Deloitte was appointed as the Group's auditor in 2009 and, to comply with the Auditing Practices Board's Ethical Standard and to maintain objectivity and independence of the auditor, the lead audit partner, Anna Marks, rotated off after the 2017 year end and has been replaced by William Touche. The Committee confirms compliance with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014, as published by the UK Competition and Markets Authority ("CMA"). A tender process has been conducted during 2018 and is described fully on the following pages.

Assessing the performance and effectiveness of the external audit

The Audit Committee assessed the performance and effectiveness of the external audit during the past year. The assessment was performed based on the 2017 year-end audit.

Process

The process operated primarily through dialogue with the senior members of the finance and company secretarial teams.

Follow-up

A detailed follow-up was performed where additional feedback was sought from senior managers around the business (not limited to the finance team) through the use of audit quality questionnaires.

Results and appointment

The initial results of the assessment were discussed with the Group finance team, before being presented to the Committee.

Objectivity and independence

The Committee believes that the Group's procedures as summarised above safeguard the objectivity and independence of the auditor.

External audit tender

In July 2018, the Company announced its intention to put the external audit engagement out to tender during the second half of 2018, for the financial year ending 31 December 2019.

Following the conclusion of a robust tender process, including firms from within and outside "The Big 4", detailed in the table on the following page, the Committee recommended to the Board the reappointment of Deloitte LLP as external Auditor.

“

The Committee agreed the internal audit plan to be undertaken prior to the commencement of the year. At each Committee meeting, the progress of, as well as results from, the internal audit plan is reviewed to ensure that it is in line with the Committee's expectations.”

The Audit Committee believed that both Deloitte LLP and one other firm could be recommended, but had a reasoned preference for Deloitte LLP, based on clear selection criteria established as part of the tender process.

The Board accepted the Committee's recommendation at its meeting on 30 October 2018 and a resolution for the reappointment of Deloitte LLP as external auditor will be put to the shareholders at the 2019 AGM.

The Committee confirms that this recommendation is free from influence and that no contractual terms have been imposed on the Company limiting the choice of auditor.

The Audit Committee considers that the Company has complied with the Competition and Markets Authority's Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Companies Tender Processes and Audit Committee Responsibilities) Order 2014, including with respect to Audit Committee responsibilities for agreeing the audit scope, fees and audit tender process.

Report of the Audit Committee continued

How was the audit tender process undertaken?

The Audit Committee oversaw the tender process, including agreeing the timetable, the tender participant shortlist, the objectives and the key selection criteria it would use in determining its recommendation to the Board.

The Interim Deputy Chief Financial Officer provided assistance to the Committee, reporting directly to its Chair, in the running of the process, along with a sub-committee comprising of the Chair of the Audit Committee, Chief Financial Officer, Company Secretary, Group General Counsel, Group Financial Controller and Director of Internal Audit and Risk.

Key selection criteria:

- audit approach;
- audit quality;
- expertise, competence, independence and ability to establish professional respected working relationships;
- technical knowledge, experience and understanding of the business, sector, industry and key geographies; and
- fees and terms.

The tender was split into two stages:

Stage 1

Invitation to tender

An invitation to tender was developed following consultation with the Audit Committee, detailing the tender process. This was provided to five audit firms in total.

Expression of interest

Having received the invitation to tender, each of the participant audit firms completed a confidentiality undertaking and a conflict of interest and independence declaration and was asked to affirm its intention to respond and participate in the process.

Preliminary meetings

The Chief Financial Officer and Deputy Chief Financial Officer met with those firms that expressed an interest to participate, to give an outline of the tender process and key attributes the Audit Committee expected from the lead audit partner and senior members of the audit team. In addition, the importance of audit quality was discussed at these meetings.

Submission of short proposal

Participant firms were asked to submit a short document outlining key competencies and capabilities, in particular:

- experience and credentials of proposed lead audit partners and identification of other key team members;
- geographic coverage and international ways of working;
- firm and team expertise, including sector and industry audit experience; and
- audit quality (team, approach and firm).

Evaluation and assessment

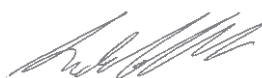
Following the review of the submission and meetings held, on agreement with the Audit Committee Chair and then the Committee as a whole, the two firms making the submissions progressed through to Stage 2 of the tender process.

Committee evaluation

The Audit Committee undertakes an annual evaluation of its performance and effectiveness. For 2018, interviews by the Chair were used to evaluate the work of the Committee as part of the Board evaluation process (please see page 62 for further details of the process). The review concluded that the Committee had performed effectively. During the past year the Committee also conducted a review of its terms of reference. These were updated to reflect changes to the Code.

Coming year

During the coming year, we will continue with our reviews of the financial reporting process, internal controls and enterprise risk management. In addition, we will monitor the financial integration of Flyt.



Andrew Griffith
Chair, Audit Committee
5 March 2019

Stage 2

Data room access	Participant firms were granted access to information about the Group, held within a secure data room.
Meetings	A series of meetings and conference calls were held between the participant audit firms and members of the Group finance leadership team, company secretariat, general counsel and internal audit, as well as the Audit Committee Chair and Chief Financial Officer, to supplement the data room material.
Written proposals	Each participant firm was asked to submit a written proposal.
Presentations and Q&A session	Participant audit firms made a final presentation of their overall proposal to the sub-committee. The presentation was followed by a Q&A session.
Evaluations and assessment of proposals and presentations	The written proposals and presentations were assessed and scored based on selection criteria derived from the audit objectives as predetermined and agreed by the Audit Committee at the outset of the process.
Recommendation to the Board by the Audit Committee	The Audit Committee met to evaluate and discuss the results of the assessment and to reach a decision on its recommendation of the preferred firm to make to the Board.
Board decision	<p>The Audit Committee recommended two firms to the Board, with a preference for the tender to be awarded to Deloitte LLP.</p> <p>The Board endorsed the recommendation made by the Audit Committee at its meeting in October and a resolution to reappoint Deloitte LLP is to be put to shareholders at the Annual General Meeting.</p>
Feedback	Feedback was provided to all participant firms.

Report of the Nomination Committee



The Nomination Committee assists the Board in determining Board appointments and succession planning for Directors. It also reviews appointments and succession planning for senior management. This report summarises our membership and activities during 2018.

As in prior years, the Committee continued to seek diversity, including with regard to gender, as part of the overall selection of the highest calibre candidates for appointment to the Board, based on merit and objective criteria.

Membership

The Nomination Committee comprises our Independent Non-executive Directors, Gwyn Burr, Alistair Cox, Roisin Donnelly, Andrew Griffith, Diego Oliva, Helen Weir and myself (Mike Evans) as Chair.

Role and activities

We met four times in 2018 when appropriate to handle matters during the year. The Committee is responsible for evaluating the balance of skills, knowledge and experience of the Directors. It also reviews the composition and structure of the Board, makes recommendations to the Board on retirements and appointments of additional and replacement Directors, and has a continuous and proactive approach to succession planning. The Committee's succession planning not only takes into consideration the long-term needs and natural evolution of the Board in the mid-term, but that of the short term for unforeseen departures and contingency for unexpected changes.

Appointments

In March 2018, upon the recommendation of the Committee, I joined the Board as an Independent Non-executive Director and Chair elect. In April 2018, I succeeded Andrew Griffith (who was acting as Interim Non-executive Chair) as Chair of the Company. The Committee also recommended the appointment of our most recent Independent Non-executive Director, Helen Weir. These appointments followed formal, rigorous and transparent recruitment processes. They were undertaken with the assistance of The Zygos Partnership (now part of Russell Reynolds Associates), a leading external recruitment firm that has no connection with the Company.

The Committee is satisfied with the current composition of the Board and its Committees though it will continue to monitor and refresh the composition of the Board where appropriate.

In relation to the Board's engagement with the workforce, Roisin Donnelly has been appointed as our designated Non-executive Director in relation to engagement with the workforce under the UK Corporate Governance Code.

Following Peter Plumb stepping down as Chief Executive Officer, a process has commenced for the Nomination Committee to select his replacement. Peter Duffy has been appointed Chief Executive Officer of the Company on an interim basis.

Selection process for the appointment of new Board members

Selection of recruitment consultants

Appropriate external executive search consultants are selected for the role.

Candidate specification

A specification for candidates is prepared setting out the agreed key skills and character profile being sought to fit with the current balance, membership and dynamics of the Board.

Potential candidates

A longlist of candidates meeting the specification is identified from a specific search as well as the search firm's own database.

This includes candidates from a diverse range of backgrounds and to ensure a gender balance.

Interviews and selection

A shortlist of candidates is then selected by the Nomination Committee and interviewed.

Recommendations and confirmation of appointment

The preferred candidates are recommended to the Board by the Nomination Committee.

Candidates meet with other Directors on the Board as appropriate prior to Board approval for the appointment to be made.

Skills chart

	Financial, governance, risk and controls	Food	International	Listed company	Marketing	People	Product and technology	Consumer	Strategy
Mike Evans	Chair			Chair			Chair	Chair	Chair
Peter Duffy		Executive Directors	Executive Directors	Executive Directors	Executive Directors	Executive Directors	Executive Directors	Executive Directors	Executive Directors
Paul Harrison	Executive Directors	Executive Directors	Executive Directors	Executive Directors			Executive Directors	Executive Directors	Executive Directors
Gwyn Burr		Independent Non-executive Directors (female)	Independent Non-executive Directors (female)	Independent Non-executive Directors (female)	Independent Non-executive Directors (female)	Independent Non-executive Directors (female)		Independent Non-executive Directors (female)	Independent Non-executive Directors (female)
Frederic Coorevits	Independent Non-executive Directors (male)		Independent Non-executive Directors (male)	Independent Non-executive Directors (male)			Independent Non-executive Directors (male)		Independent Non-executive Directors (male)
Alistair Cox			Independent Non-executive Directors (male)	Independent Non-executive Directors (male)		Independent Non-executive Directors (male)	Independent Non-executive Directors (male)		Independent Non-executive Directors (male)
Roisin Donnelly			Independent Non-executive Directors (female)		Independent Non-executive Directors (female)	Independent Non-executive Directors (female)	Independent Non-executive Directors (female)	Independent Non-executive Directors (female)	Independent Non-executive Directors (female)
Andrew Griffith	Independent Non-executive Directors (male)		Independent Non-executive Directors (male)	Independent Non-executive Directors (male)			Independent Non-executive Directors (male)	Independent Non-executive Directors (male)	Independent Non-executive Directors (male)
Diego Oliva			Independent Non-executive Directors (male)		Independent Non-executive Directors (male)	Independent Non-executive Directors (male)	Independent Non-executive Directors (male)	Independent Non-executive Directors (male)	Independent Non-executive Directors (male)
Helen Weir	Independent Non-executive Directors (female)	Independent Non-executive Directors (female)	Independent Non-executive Directors (female)	Independent Non-executive Directors (female)				Independent Non-executive Directors (female)	Independent Non-executive Directors (female)

Key

- Chair
- Executive Directors
- Independent Non-executive Directors (male)
- Independent Non-executive Directors (female)
- Non-independent Non-executive Director

2018 Key matters considered at each main meeting of the Nomination Committee during the year included:

February

Update on Chair recruitment process.

Presentation on final candidates for the role of Chair by external recruitment consultant.

Consideration of candidates by the Committee, agreement on preferred candidate and approval of the appointment process.

Noting discussions with David Buttress regarding his intentions in relation to his Non-executive Director role.

Review and agreement for the reappointment of Directors at the Annual General Meeting.

Review of plans for the recruitment of an additional Non-executive Director with financial experience.

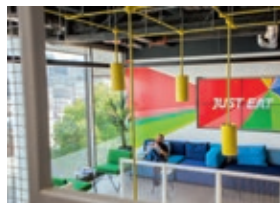
Review of the Committee's terms of reference.

Review of and agreement for the Report of the Nomination Committee to be included in the Annual Report.

September

Review of profile of candidates being sought as an additional Non-executive Director in the context of the current membership of the Board and financial skillset required for succession planning.

Agreement on process for the finalisation of the shortlist for further consideration.



October

Update on the process for recruitment of new Non-executive Director.

Review of the preferred candidate including background and references.

Recommendation to the Board for appointment of the preferred candidate on this basis as Non-executive Director and future Chair of the Audit Committee.

December

Agreement of plans for:

- detailed succession plans; and
- diversity reviews, at Executive Team level and the management level below to be prepared and reviewed by the Committee at least twice a year.

Review of new provisions in the UK Corporate Governance Code.

Review of the Committee's terms of reference.

At every main meeting, the Nomination Committee also reviews:

- Minutes and actions from previous meetings.
- Succession planning.

Report of the Nomination Committee continued

Board evaluation

Performance reviews	
<p>During 2018, the Board undertook an internally facilitated evaluation of the effectiveness of its own performance and that of its Directors and three standing Committees. This process was led personally by Mike Evans as Chair. He conducted individual meetings with each Director and the Company Secretary to ascertain their views and determine any areas of improvement. The process undertaken is summarised below along with the conclusions and actions to be taken. This process took into account the actions and specific areas of interest arising from the previous year's internally facilitated evaluation. The last externally facilitated Board evaluation was undertaken in 2016 so, in accordance with the Code, an externally facilitated Board evaluation will be undertaken this year which will be reported on in next year's Annual Report.</p>	
Topics of discussion during individual meetings	
<p>The following key areas discussed in the individual meetings the Chair had with individual Directors were:</p> <ul style="list-style-type: none"> • Strategy and implementation • Board dynamics and communication • Board materials, discussion and decision making • Meeting frequency and agenda planning • Audit, Remuneration and Nomination Committees' effectiveness • Board construct, diversity and succession planning 	
Full Board discussion	
<p>The results of the evaluation were reported to the Board in a confidential and non-attributable manner which ensured that the responses were as open, frank and informative as possible. The review of the Chair's performance was led by the Senior Independent Director.</p> <p>Having considered and discussed these results, the Board agreed to follow up with specific actions as part of the continuous enhancement of its governance processes.</p>	
Conclusions and actions	
<p>Conclusions were within three main areas, summarised below:</p>	
<i>Strategy</i>	<p>Continue to review, develop, accelerate and monitor the strategy of the Group in the short term and long term.</p> <p>Achieve a clear narrative to the market.</p> <p>Maintain robust metrics to measure achievement and structure remuneration.</p> <p>Plan for broader long-term strategy session in 2019.</p>
<i>The business</i>	<p>Nomination Committee to work closely with the Chief People Officer in relation to the development and enhancement of the succession planning processes with management.</p> <p>Develop the organisational design in line with strategic requirements.</p>
<i>The Board</i>	<p>Maintain strategy high on each main meeting agenda.</p> <p>Maintain dialogue between Board members (Executive and Non-executive) between scheduled Board meetings.</p> <p>Continue with deep dives into the various geographic regions in which the Group operates.</p> <p>Consider diversity and technical skills in relation to future appointments to the Board.</p> <p>Planning for offsite meetings in 2019 and 2020 and continue holding at least one Board meeting in one of the business' local offices.</p>
Governance meetings	
<p>In line with the Code, during the past year separate meetings took place amongst the Non-executive Directors and the Chair without the Executive Directors present to assess the performance of the Executive Directors on an ongoing basis; and the Non-executive Directors only (although taking account of the views of the Executive Directors) to discuss the performance of the Chair including review of:</p> <ul style="list-style-type: none"> • the time he dedicates to the Company; and • his contributions, both at and outside formal meetings. <p>The Non-executive Directors concluded that the Chair is well able to, and indeed does, devote ample time and attention to the Company's affairs and that his broad past and current experience provide considerable benefit to his role in the Group. They also confirmed that his external role has no negative impact on the Company.</p>	

Diversity

One of the pivotal considerations on any appointment to the Board relates to diversity. The Nomination Committee takes an active role in setting and meeting diversity objectives and strategies for the Company as a whole. The Board's policy is to continue to seek and encourage diversity within long and shortlists, including with regard to gender, as part of the overall selection process for Non-executive Director roles. We believe we have assembled a diverse Board which is able to well serve the Company's interests.

Further information on diversity in the Group is included on page 29.

Reappointment

In accordance with the provisions of the Code, each Director retires at the AGM of the Company and, if decided appropriate by the Board, may be proposed for reappointment. In reaching its decision, the Board acts on the advice of the Nomination Committee. Following evaluation of their performance I, as Chair, confirm that the performance of each of the Non-executive Directors being proposed for reappointment continues to be effective and demonstrates ample commitment to their duties.

We consider that they each provide distinct and important contributions to the overall operation and function of the Board.

This review of the performance of the Non-executive Directors included an assessment of their:

- attendance at meetings;
- continued independence (where applicable); and
- ability to devote ample time to the Company outside meetings.

All the Directors being proposed for reappointment attended all meetings they were scheduled to attend unless unavoidably prevented from doing so. They all devote sufficient time to their duties. The evaluation also confirmed that the roles of the Directors in other companies in no way impede their roles within the Company. Indeed, each demonstrates great enthusiasm as well as commitment to their roles.

Succession planning

We have commenced a selection process for a permanent Chief Executive Officer following the announcement in January 2019 that Peter Plumb was stepping down from this role. As mentioned earlier, Peter Duffy, Chief Customer Officer, is acting as Interim Chief Executive Officer until the search for a permanent replacement Chief Executive Officer is concluded.

The Committee recognises that our people are critical to our continued success and we remain focused on maintaining a high performing, entrepreneurial culture to attract and retain the highest calibre individuals. The Committee oversees matters in relation to the succession planning for the senior leadership team as well as the Board and intends to review the management layer below this in the coming year also. It considers key new appointments as they arise and also oversees the development and management of existing resource within the organisation.

Coming year

In the coming year we will be undertaking an externally facilitated review of the performance of the Board. We will report on this in next year's Annual Report. We will report to you again next year on detailed succession plans and diversity reviews. As well as the selection of a new Chief Executive Officer we will also be reporting to you next year on the results of our succession planning and diversity reviews in relation to our senior management.



Mike Evans
Chair, Nomination Committee
5 March 2019

Report of the Remuneration Committee



Since our last Remuneration Committee Report in March 2018, it has been a very busy period for the Remuneration Committee at Just Eat. It is simplest to set out our main activities in the order in which we undertook these actions:

- **April to August 2018** – we considered a varied mix of performance measures for our 2018 PSP awards and consulted our leading shareholders and the main proxy voting advisory services regarding those changes. These PSP awards were made in September 2018.
- **April 2018** – our three-yearly authority from shareholders for our Directors' remuneration policy was renewed at the 2018 AGM. We are very grateful for the support which we received from shareholders at the 2018 AGM where the resolutions to approve the 2017 Directors' Remuneration Report and to approve the Directors' remuneration policy were both supported by over 98% of shareholders voting.
- **October to February 2019** – we considered the redesign of performance measures for 2019 PSP awards internally, and in December 2018 initiated a further consultation with our leading shareholders and the main proxy voting advisory services regarding a further revised mix of performance measures and targets for 2019 PSP awards.
- **January 2019** – we agreed the remuneration-related terms (within our policy) for both Peter Plumb's stepping down as Chief Executive Officer of the Company and Peter Duffy's appointment as Interim Chief Executive Officer.

In addition to the above, the Remuneration Committee also oversaw in the period the "normal business" matters within its remit, including confirming the outcomes for the 2018 Annual Bonus Plan, setting new measures for the 2019 Annual Bonus Plan and confirming the vesting outcomes for the 2016 PSP awards (where performance was measured to 31 December 2018). We also considered the implications for remuneration Committees arising from the updated UK Corporate Governance Code to which the Company is subject from 1 January 2019.

Taking a step back from the detail of the above summary, as a Committee we are strongly of the belief that all of the actions which we have taken in the period were in the best interests of shareholders and designed to ensure that remuneration at Just Eat supports the Company's strategy, which, as shareholders are aware, has been developed significantly with the continuing investment in our delivery platform.

2018 PSP awards and proposed 2019 PSP awards

An example of our seeking to align remuneration to our revised strategy was the redesign of performance measures for 2018's PSP awards on which we consulted our leading shareholders thoroughly. As explained further on page 74, the PSP awards in 2018 had a 75% weighting on revenue growth in the three financial years from FY2018 and a 25% weighting on relative TSR, with the Company performance being measured against a group of ten chosen "digital disruptors". The 2018 performance conditions also include features to ensure the revenue growth is measured on an organic basis (with the impact of acquired revenues being adjusted in the calculation), plus underpins regarding both the quality of revenues and general financial performance.

Whilst relatively few UK plc's use revenue based measures within long-term plans, revenue is a long-standing KPI for Just Eat and, at the time when we were considering making our 2018 PSP awards, was easily identifiable as a metric on which there would be a continuing strategic focus in the three-year period for the awards, and thus a metric for which we could be confident in setting robust targets. As a Committee we were also committed to ensuring a continued focus on profits during the performance period for 2018 LTIPs as uEBITDA will remain a core measure in the Annual Bonus Plan.

Having received further feedback from our shareholders and taking into account the Board's broader ongoing consideration of longer-term strategy, we now believe that some return to a more normal approach is appropriate for 2019 PSP awards rather than simply operating the 2018 exceptional measures once again.

Accordingly, the 2019 awards will be subject to three equally weighted measures of revenue, relative TSR and growth in Adjusted EPS.

Whilst we consider that some element of the 2019 PSP awards should still be linked to continuing revenue growth, we have (reflecting the views expressed by our shareholders) included a higher focus on TSR and a meaningful element on the delivery of profit (being a return to Adjusted EPS growth included in our PSP awards before 2018).

Further details of the PSP metrics for the 2019 awards are set out on page 69, including the target ranges for each metric.

Business performance

As more fully detailed in the Chair's Statement, 2018 has been transformational for Just Eat. In line with our objectives, we developed our marketplace into a world-class experience for our customers and partners, and we engineered our delivery services to complement our marketplace. This was reflected in our results where:

- revenue grew by 43% to £779.5 million; and
- uEBITDA grew by 6% to £173.9 million.

The 2018 Directors' Annual Bonus Plan was based around strong financial performance reflecting growth in revenue and profits, as well as strategic customer-focused and personal objectives.

We have provided details of the performance targets for both the annual bonus financial and strategic metrics on page 72, together with the outturns for our Executive Directors in 2018. The above performance produced a maximum outturn on the revenue element of the 2018 annual bonus (35% weighting) and a broadly "target" outturn on the uEBITDA element (35% weighting).

The awards granted under our PSP in 2016 will vest by reference to performance measured to the end of our 2018 financial year. The performance measures for these awards were achieved at a level which allowed an overall vesting at 88.2% against targets which for full vesting required an Adjusted EPS of 13.8 pence for 2018 (16.3 pence was achieved, giving full vesting of this part) and an upper quintile or better TSR ranking against the FTSE 250 (excluding investment trusts) over the period of three years to 31 December 2018 (a ranking between median and upper quintile was achieved, giving 76.3% vesting of this part).

The Remuneration Committee considered that these outcomes for both annual bonus and PSP represented a fair reflection of the performance of the business and its management team and accordingly the Remuneration Committee concluded that the outcomes for the annual bonus and PSP are appropriate and can apply without adjustment.

Board changes at Just Eat

Peter Plumb stepped down as Chief Executive Officer on 21 January 2019. The details of the remuneration arrangements related to this are fully set out at page 71 and on the Company's website. In agreeing these with Peter we acted consistently with our shareholder approved remuneration policy; fixed pay amounts for Peter reflect his contractual terms, and variable pay is subject to performance testing and required time pro rating and normal deferral.

Similarly, the remuneration aspects of the terms under which Peter Duffy will act as our Interim Chief Executive Officer are set out in the section of our report detailing "Implementation of the remuneration policy in 2019". In essence, Peter Duffy will receive an "acting up" salary increment for the period in which he serves as our Interim Chief Executive Officer; this will also impact the calculation of other elements of remuneration calculated as percentages of salary on a per diem basis (including pension at 5% of salary and 2019 annual bonus) although 2019's PSP award for Peter Duffy will not be impacted by the salary increment.

Shareholder approval

At the AGM to be held on 1 May 2019, shareholders will be asked to approve the Directors' Remuneration Report as a normal advisory annual vote.

I hope that we can continue to rely on the support of our shareholders for the resolutions that will be proposed at the 2019 AGM.



Gwyn Burr
Chair, Remuneration Committee
5 March 2019

Report of the Remuneration Committee continued

How we performed in 2018

Annual bonus

The target ranges and outturn against the financial performance measures within the 2018 annual bonus are shown below. More details of the personal and customer elements of the 2018 annual bonus can be found on page 72.



Remuneration at Just Eat supports the Company's strategy."

Gwyn Burr

Chair, Remuneration Committee

Revenue (35%)

100%

Outturn	£779.5m
Maximum	£737.0m
On target	£702.5m
Threshold	£653.0m

uEBITDA (35%)

52.4%

Outturn	£173.9m
Maximum	£183.8m
On target	£173.4m
Threshold	£163.0m

2018 Key matters considered at each main meeting of the Remuneration Committee during the year included:

>> Board evaluation commentary on page 62

February

Review of Executive Team remuneration packages.

Review and approval of 2017 annual bonus outcomes.

Review and approval of 2018 annual bonus targets.

Review and agreement for updates to remuneration policy for proposal at the 2018 Annual General Meeting.

Approval of the Deferred Bonus Plan to be proposed to shareholders for approval at the 2018 Annual General Meeting.

Review of and agreement for the Report of the Remuneration Committee to be included in the Annual Report.

Update on gender pay gap reporting.

July

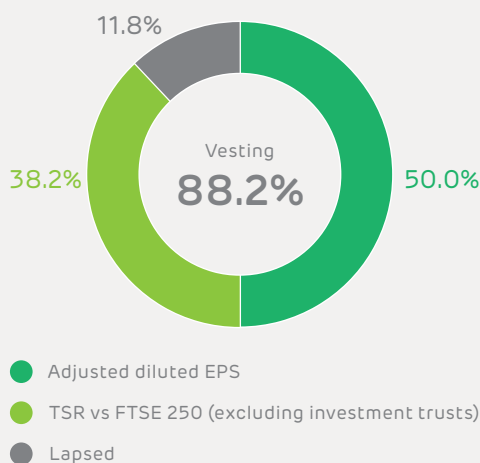
Report on results of initial consultation regarding measures and targets for 2018 PSP awards.

Finalise proposed 2018 PSP measures and targets for further consultation with shareholders.



Performance Share Plan

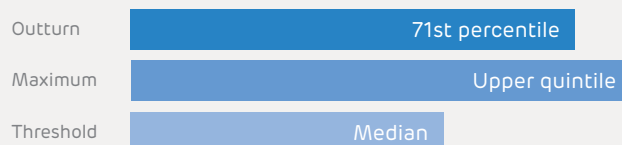
The target ranges and outturn against the performance measures within the 2016 PSP are shown below. More details of the 2016 PSP can be found on page 74.



Adjusted diluted EPS (50%)



TSR vs FTSE 250 (excluding investment trusts) (50%)



November

Report on grant of 2018 PSP awards subject to previously discussed measures.
Report on input on remuneration received during the Chair's recent meetings with investors.
Review of 2019 PSP targets.
Agreement to consult with shareholders regarding the targets for 2019 PSP awards.
Performance update for in-flight PSP awards.

December

Update on 2018 bonus outturns.
Agreement for Group-wide salary increases for 2019.
Discussion of potential alternatives for 2019 PSP measures.
Agreement of PSP measures to be proposed for 2019 and consulted on with shareholders.
Review and approval of plans for Sharesave offer in 2019.
Update on gender pay gap reporting and action plan.
Review of Committee terms of reference.
Updates on corporate governance and market practice.

At every main meeting, the Remuneration Committee also review:

Minutes and actions from previous meetings.
Training updates as appropriate.

Annual report on remuneration

Introduction

We present this Directors' Remuneration Report to reflect the UK's Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the "DRR regulations"). The Directors' Remuneration Report also describes how the Board has complied with the provisions set out in the UK Corporate Governance Code (the "Code") relating to remuneration matters.

Part A is the Implementation Report.

Part B is a summary of the Directors' remuneration policy. As the Directors' remuneration policy was approved by shareholders at the 2018 AGM, this section is provided for information only.

Part A: Implementation Report

Summary of implementation of Directors' remuneration policy in 2019 (unaudited)

Element of remuneration policy	Detail of implementation of policy for 2019
Base salary	<p>Base salaries for Executive Directors in 2019 are as follows:</p> <p>Peter Duffy (Interim Chief Executive Officer) – £386,250, plus an incremental salary of £113,750 giving a combined salary of £500,000 for the period of acting as Chief Executive Officer. The incremental salary will be paid in monthly instalments of 1/12th of the increment until Peter ceases to hold the role of Interim Chief Executive Officer.</p> <p>Paul Harrison – £463,500 (2018: £450,000), 3% increase in line with UK employee increases).</p>
Benefits	<p>Provision of car allowance and private medical cover; and any other benefits offered to the Executive Directors in 2019, will be in line with benefits for all employees, including non-taxable insurance coverage for all employee groups.</p>
Pension	<p>No changes to the pension arrangements for Executive Directors are anticipated for 2019.</p> <p>Pension contributions of 5% of base salary are paid into the Group's defined contribution pension plan. If impacted by HMRC limits on contributions, amounts can be paid as a cash supplement in lieu of pension contributions (reduced for the impact of employer's NICs). This contribution rate is in line with the wider UK workforce.</p>
Annual Bonus Plan	<p>The maximum potential levels for 2019 are to be as follows:</p> <p>Peter Duffy – 120% of base salary (with salary pro rated for the period acting as Interim Chief Executive Officer).</p> <p>Paul Harrison – 150% of base salary.</p> <p>The performance measures for the Annual Bonus Plan in 2019 will be a mix of revenue (35% weighting), uEBITDA (35% weighting) and personal/strategic objectives (30% weighting).</p> <p>Given the competitive nature of the Company's sector, the specific performance targets for the 2019 Annual Bonus Plan are considered to be commercially sensitive and accordingly are not disclosed.</p> <p>The Committee currently intends to disclose the financial performance targets for the year ended 31 December 2019 on a retrospective basis in the 2019 Directors' Remuneration Report. Additionally, so far as commercial sensitivity will allow, details of the personal/strategic objectives for 2019 will also be disclosed. For consistency, the treatment of LATAM described below for PSP will also apply to the measurements of revenue and uEBITDA for the 2019 Annual Bonus Plan.</p> <p>Annual Bonus Plan outcomes for 2019 will be settled following the determination of achievement against performance measures and targets and will be delivered in cash for outcomes up to 75% of base salary and above this level of attainment in an award of deferred shares. The deferred shares will vest over three years from the making of the award, with one-third of the award vesting and capable of being released at each annual anniversary of the making of the award.</p>

Element of remuneration policy	Detail of implementation of policy for 2019
Long-term incentives provided under the Just Eat Performance Share Plan ("PSP")	<p>It is proposed that the PSP award levels for Executive Directors for 2019 are to be as follows:</p> <p>Peter Duffy – 150% of base salary (excluding the incremental salary of £113,750 being paid for the period acting as Chief Executive Officer).</p> <p>Paul Harrison – 200% of base salary.</p> <p>A holding period applies so that any PSP awards for which the performance vesting requirements are satisfied will not be released for a further two years from the third anniversary of the original award date.</p> <p>The performance measures for PSP awards in 2019 will have equal one-third weighting on each of revenue growth, relative TSR and Adjusted EPS growth. For each measure, 20% of that part of the award will vest at the threshold level of performance, with vesting on a straight-line basis to the higher performance level, at which point 100% of that part of the award will vest. For each measure the performance period will be the three financial years from 2019 to 2021.</p> <p>The revenue growth measure will require growth between a 19% and 29% CAGR and will measure organic growth (consistent with how the same measure was applied for 2018 awards).</p> <p>The relative TSR measure has a performance range of between median and upper quartile relative performance against a selected group of digital disruptors (consistent with how the same measure was applied for 2018 awards).</p> <p>The Adjusted EPS measure will require the attainment of between 32 pence and 42 pence Adjusted EPS in FY2021. Both the revenue and Adjusted EPS elements will be defined to exclude any contribution (positive or negative) to these measures from LATAM (given that Brazil and Mexico are managed by our JV partner) or from other minority interests. This will hold management accountable for performance in those operations they manage.</p> <p>A further underpin applies to the 2019 PSP awards such that no shares shall become vested unless the Remuneration Committee is satisfied as to the Company's general financial performance in the performance period and, consistent with the revised UK Corporate Governance Code, the Committee has the ability to reduce formulaic vesting outcomes if it considers that this is appropriate.</p>
All employee share plans	Executive Directors have the opportunity to participate in the Company's HMRC tax-advantaged share plans on the same basis as all other UK employees.
Shareholding guidelines	<p>Guideline levels are 400% of base salary level for all Executive Directors.</p> <p>Executive Directors are expected to retain 50% of the Ordinary shares vesting under all share plans, after any disposals for the payment of applicable taxes, until they have achieved the required level of shareholding.</p>

For 2019, the fees for the roles of Chair and Non-executive Director will be as follows:

Chair	£300,000
Non-executive Director	£62,500
Senior Independent Director	£12,500
Chair of Audit Committee or Remuneration Committee	£15,000
Committee membership fee (Audit Committee and Remuneration Committee)	£5,000
Designated Non-executive Director for employee engagement	£15,000

All of the above fee levels are unchanged from 2018, except for the fee for the designated Non-executive Director for employee engagement. This is a new responsibility established from 1 January 2019 in line with the recommendations of the 2018 UK Corporate Governance Code.

Annual report on remuneration continued

Single total figure table (audited)

The remuneration for the Executive and Non-executive Directors of the Company who performed qualifying services during the year is detailed below.

For the year ended 31 December 2018:

	Salary and fees £	Taxable benefits ⁵ £	Bonus scheme ⁶ £	Long-term incentives ^{7,8} £	Pension £	Other £	Total £
Mike Evans ¹	215,362	5,250	—	—	—	—	220,612
Peter Plumb ²	695,000	26,398	816,713	4,484	31,553	—	1,574,148
Paul Harrison	450,000	39,897	551,848	585,406	22,500	—	1,649,651
David Buttress ³	19,385	8,298	—	548,407	—	—	576,090
Andrew Griffith	92,763	—	—	—	—	—	92,763
Alistair Cox	64,737	669	—	—	—	—	65,406
Gwyn Burr	82,500	3,047	—	—	—	—	85,547
Diego Oliva	72,500	—	—	—	—	—	72,500
Roisin Donnelly	66,974	—	—	—	—	—	66,974
Helen Weir ⁴	5,625	—	—	—	—	—	5,625

1. Appointed as a Non-executive Director on 6 March 2018 and subsequently was appointed Chair on 26 April 2018.

2. Peter Plumb resigned as Chief Executive Officer on 21 January 2019.

3. Retired from the Board on 26 April 2018.

4. Helen Weir was appointed to the Board on 1 December 2018.

5. More details on taxable benefits can be found on page 71.

6. More details on the Annual Bonus Plan can be found on page 72. The 2018 annual bonus amounts will be deferred for any outcomes above 75% of base salary. For Peter Plumb this means deferral of £295,463 and for Paul Harrison deferral of £214,348. Amounts are deferred under the Deferred Share Bonus Plan and are not subject to further performance conditions.

7. The LTIP value for Peter Plumb includes the intrinsic gain of his Sharesave option when it was granted on 19 September 2018, being the difference between the option price (623 pence) and the average market value of Just Eat shares when Sharesave invitations were issued (778.2 pence), multiplied by the number of option shares (2,889 shares).

8. The value of the PSP award was calculated using a three-month average share price to 31 December 2018 of 595.4 pence. For Paul Harrison, this represents the performance vesting of his December 2016 PSP award at 88.2% as detailed on page 73 giving 98,319 vesting shares. For David Buttress a time pro rated portion of his March 2016 PSP award vested under the same performance conditions meaning 92,105 shares vested. For both individuals the vested shares remain subject to a two-year holding period.

For the year ended 31 December 2017:

	Salary and fees £	Taxable benefits £	Bonus scheme ⁶ £	Long-term incentives ^{7,8} £	Pension £	Other ⁹ £	Total £
Dr. John Hughes ¹	129,474	10,666	—	—	—	—	140,140
Andrew Griffith	82,500	—	—	—	—	—	82,500
Peter Plumb ²	200,481	7,212	240,576	—	10,024	—	458,293
Paul Harrison ³	452,500	19,264	434,400	5,763	24,446	52,830	989,203
David Buttress ⁴	323,986	41,606	—	527,116	14,099	—	906,807
Alistair Cox ⁵	39,769	—	—	—	—	—	39,769
Gwyn Burr	70,500	—	—	—	—	—	70,500
Diego Oliva	60,000	—	—	—	—	—	60,000
Roisin Donnelly	60,000	—	—	—	—	—	60,000

1. Dr. John Hughes was paid fees at his normal Chair's fee rate of £220,000 for the period he served as Chair. For the period he served as Executive Chair, he was paid an annual rate of £465,000, on a per diem basis, being a rate equivalent to David Buttress' 2016 base salary.

2. Peter Plumb joined on 18 September 2017 and received his salary of £695,000 per annum for the portion of the year worked.

3. Paul Harrison was paid a base salary of £400,000 per annum, for the period he was Chief Financial Officer prior to becoming Interim Chief Executive Officer. As Interim Chief Executive Officer, he was paid an acting up allowance of £100,000 per annum on a per diem basis. For the part of the year in which Paul Harrison was Chief Financial Officer after having acted as Interim Chief Executive Officer, Paul Harrison was paid a base salary at the rate of £450,000 per annum.

4. David Buttress was paid a base salary of £465,000 per annum for the period he was Chief Executive Officer and until the end of his notice period. For the period he was a Non-executive Director he was paid a Non-executive Director's base fee of £60,000 per annum. Untaken holiday at the end of his notice period was paid to David and is included in the salary figure.

5. Non-executive Director appointed with effect from 2 May 2017.

6. More details regarding the annual bonus for 2017 are set out on page 69 of the 2017 Annual Report and Accounts.

7. The value of the PSP award for David Buttress was calculated using the share price at the date of vesting, 15 April 2018, being 735.6 pence applied to 71,658 shares. This number of shares represented a pro rata reduction of his 2015 PSP award to which the original performance conditions were applied. The corresponding figure in the 2017 Annual Report was an estimate based on the three-month average share price to 31 December 2016 giving a figure of £548,277. Vesting shares remain subject to two-year holding period.

8. The LTIP value for Paul Harrison represents the intrinsic gain of his Sharesave option when it was granted on 20 September 2017, being the difference between the option price (520 pence) and the then market value of Just Eat shares (686.5 pence), multiplied by the number of option shares (3,461 shares).

9. The other column includes the amounts paid to Paul Harrison in relation to his relocation.

Taxable benefits (audited)

David Buttress (who ceased to be a Director in April 2018) was a participant in a Joint Share Ownership Plan established prior to the Company's IPO. Until the Joint Ownership awards are sold, the Company makes annual payments to participants, the net amount of which will reimburse the participants for the annual income tax charge that arises on such proportion of the outstanding beneficial loan amount as is attributable to the remaining jointly owned shares. The annual payment made to the relevant Directors and the taxable benefit arising on the outstanding loan amount are included within the taxable benefits column in the single total figure table. The taxable benefit arising on the outstanding loan for David Buttress in 2018 is £8,298. This was £15,293 in 2017.

Further detail on the Joint Ownership awards is provided on page 73.

Peter Plumb and Paul Harrison received a car allowance of £25,000.

The Executive Directors are non-contributory members of the Company private health scheme which provides cover for them and their immediate family, currently defined as their spouse/partner and dependent children aged under 25.

Although not a taxable benefit, the Executive Directors participate in the Company's life assurance scheme which pays their dependents a sum equal to four times their salary if they die during their term of employment by the Company.

The remaining value reported in the taxable benefits column relates to expenses paid for travel.

Summary of Peter Plumb's departure terms (audited)

Peter Plumb stepped down as a Director of Just Eat on 21 January 2019. In accordance with the terms of his service agreement and the Company's Directors' remuneration policy, Peter will receive the following payments (less any required tax withholdings):

- Peter will receive payments in lieu of notice ("PILON") equal to 12 months' salary, car allowance and pension (£754,750). The Company will pay the PILON in 12 equal monthly instalments subject to Peter's duty to mitigate.
- As Peter worked the full 2018 financial year, Peter has been treated as eligible to receive an annual bonus for 2018 subject to the achievement of the applicable performance conditions (as set out on page 72). The originally specified terms for the 2018 Annual Bonus Plan regarding deferral will continue to apply to amounts earned above 75% of Peter's 2018 base salary.
- Peter will retain his outstanding awards under the Company's Performance Share Plan although, following a pro rata reduction based on his employment until 21 January 2019, the maximum numbers of shares capable of vesting under these awards are now:
 - 25,939 Company shares in respect of PSP awards granted in 2017; and
 - 19,771 Company shares in respect of PSP awards granted in 2018.
- These awards will remain capable of vesting at the normal time subject to achievement of the applicable performance conditions. To the extent the awards become performance vested, a further two-year holding period will apply to the vested shares.
- Up to £5,000 (excluding VAT) will be paid directly to third party service providers in respect of legal services.
- Peter will not participate in the 2019 Annual Bonus Plan.
- Peter's options under the Company's Sharesave scheme have lapsed.

Summary of Peter Duffy's Interim Chief Executive Officer terms (audited)

Peter Duffy is serving as the Interim Chief Executive Officer of Just Eat from 21 January 2019.

During this period, Peter will be paid an incremental annual salary of £113,750 beyond his normal Group Chief Customer Officer salary of £386,250, with the actual amount to be paid calculated on a per diem basis for the length of time that Peter acts as Interim Chief Executive Officer. The combined amount is £500,000. The incremental annual salary will cease when Peter ceases to be Interim Chief Executive Officer.

For Peter Duffy's 2019 pension contribution (5% of base salary) and his 2019 annual bonus, his entitlements will reflect the actual salary paid to him in 2019 (inclusive of all actual per diem salary increments paid in respect of being Interim Chief Executive Officer). No other elements of Peter Duffy's current remuneration are impacted by his becoming Interim Chief Executive Officer. Peter's annual bonus maximum for 2019 will be 120% of base salary. His 2019 PSP award will be 150% of base salary but calculated using only his Group Chief Customer Officer salary.

Annual report on remuneration continued

External appointments (unaudited)

Peter Plumb was a Non-executive Director of Co-operative Group until 19 May 2018. For the period in this role in 2018, Peter received £24,231 in fees.

Paul Harrison is a Non-executive Director for Ascential plc. During 2018, Paul received £60,938 in Non-executive Directors' fees in relation to this role.

In accordance with the Company's Directors' remuneration policy, Peter and Paul are entitled to retain these fees.

Short-term incentives (audited)

Annual Bonus Plan

For 2018, bonuses were payable based on certain personal/strategic and financial performance targets which had been agreed at the start of the year.

	Weighting as % of bonus	Peter Plumb		Paul Harrison	
		% achieved in 2018	Total bonus earned £	% achieved in 2018	Total bonus earned £
Personal measures	10%	50.0%	52,125	84.1%	56,791
Strategic measure: customer NPS	20%	100.0%	208,500	100.0%	135,000
Revenue targets	35%	100.0%	364,875	100.0%	236,250
uEBITDA targets	35%	52.4%	191,213	52.4%	123,807
Total bonus achieved	100%	78.3%	816,713	81.8%	551,848

Against the specific financial measures (each weighted with 35% of total annual bonus potential), outturns were as follows:

Performance measure	Threshold performance level for 2018 annual bonus (25% of each element)	On-target performance level for 2018 annual bonus (50% of each element)	Maximum performance level for 2018 annual bonus (100% of each element)	Performance level attained for 2018 annual bonus	% of the maximum potential achieved
Revenue targets	£653.0m	£702.5m	£737.0m	£779.5m	100.0%
uEBITDA targets	£163.0m	£173.4m	£183.8m	£173.9m	52.4%

In calculating the outcomes against financial measures, the Remuneration Committee has, consistent with how it applied the Directors' remuneration policy for the annual bonus in past years, used its judgement to exclude the impacts of acquisitions and disposals in the year. The adjustments removed both the positive and negative impacts of these actions so as to ensure the integrity of measuring performance against the initially set targets, within which these actions were not envisaged. Likewise, the targets and related outcomes were calculated on a constant currency basis.

The strategic measures (20% of total bonus opportunity) related to customer based metrics in 2018. The measure used to monitor customer sentiment was customer net promoter score. The outturns were as follows:

Performance measure	Threshold performance level for 2018 annual bonus (25% of each element)	Maximum performance level for 2018 annual bonus (100% of each element)	Performance level attained for 2018 annual bonus	% of the maximum potential achieved
Customer NPS	27	29	32	100%

Peter Plumb received a rating of 5% of a total 10% weighting against personal measures which included the following:

- Strategic plan:
 - developing and rolling out the hybrid model of market and delivery;
 - product roadmap; and
 - customer service strategy.
- SkipTheDishes integration:
 - collaborative relationship between Executive Team and SkipTheDishes team established; and
 - deployment of SkipTheDishes functionality in Menulog (Australia).

Paul Harrison received a rating of 8.4% of a total 10% weighting against personal measures which included the following:

- strong central finance contribution to growth of Net Promoter Score amongst Restaurant Partners;
- successful Capital Markets Day;
- development of internal audit and risk teams appropriate for digital growth stock business;
- development of dialogue and profile with long-term investors; and
- leading contribution on firm-wide values.

Long-term incentives (audited)

The only value shown in the long-term incentives column in the single figure table for Peter Plumb relates to his participation in the all employee Sharesave offer made in September 2018. Peter Plumb did not participate in an LTIP award which was due to vest by reference to performance conditions assessed in the 2018 financial year.

Paul Harrison was a participant in the 2016 PSP award which vested by reference to performance over the three financial years to 31 December 2018. This award vested in accordance with the following performance levels and is subject to a two year holding period. David Buttress (as former Chief Executive Officer) was also a participant in this award.

Performance measure and weighting	Target range	Performance achieved	% achieved
Adjusted diluted EPS (50%)	Target range between adjusted diluted EPS of 11.0p and 13.8p.	16.9p	100%
TSR (50%)	Target range between median performance against the constituents of the FTSE 250 (excluding investment trusts) rising on a pro rata basis until full vesting for upper quintile performance.	71st percentile	76.3%
Total			88.2%

Joint Share Ownership Plan ("JSOP")

JSOP awards were made to David Buttress prior to the Company's admission to the London Stock Exchange in 2014.

JSOP awards have been structured involving a loan to participants, which is repaid when JSOP shares are sold. As detailed in the taxable benefits section on page 71, the Company makes annual payments to reimburse participants for the income tax charge that arises on the outstanding loan amount each year.

The JSOP awards are fully vested. The performance conditions which applied to the JSOP awards have already been met in full as reported in prior Directors' remuneration reports.

The following table summarises the shares over which the Executive Directors had an interest under the JSOP and those interests that have vested and been sold during the year:

Scheme	Hurdle price pence	Number granted		Number vested		Number sold		Number of shares over which interest is held at 31 December 2018
		Prior to 2018	During 2018	Prior to 2018	During 2018	Prior to 2018	During 2018	
David Buttress								
2014 JSOP tranche 1	57.7	1,839,375	—	1,839,375	—	1,839,375	—	—
2014 JSOP tranche 2	66.3	919,674	—	900,514	19,160	823,874	95,800	—
2014 JSOP tranche 3	76.3	919,701	—	670,615	249,086	593,973	172,444	153,284

1. Total of vested interests (excluding those sold).

No interests were traded for the period that David Buttress was a Non-executive Director in 2018.

Performance Share Plan ("PSP")

Details of the PSP Awards held by Directors are detailed in the table below:

	As at 1 January 2018 (number)	Awards granted (number)	Awards vested (number)	Awards exercised (number)	Awards lapsed (number)	As at 31 December 2018 (number)	Face value of awards granted in 2018 ¹ (£)	Earliest exercise date of awards granted in 2018	Latest exercise date of awards granted in 2018
David Buttress ²	176,145	—	92,105	—	12,382	163,763	—	—	—
Paul Harrison	222,880	115,213	98,319	—	13,218	324,875	£900,000	4 Sept 23	4 Sept 28
Peter Plumb	58,364	177,940	—	—	—	236,304	£1,390,000	4 Sept 23	4 Sept 28

1. The face values for the PSP awards made in 2018 have been calculated using the grant price in accordance with the plan rules. For the awards granted on 4 September 2018, the grant share price was 781.16 pence which is the average share price over five days immediately preceding the grant date. Details of the performance measures for the PSP awards are on page 74.

2. Full details of David Buttress' departure terms can be found in the 2017 Directors Remuneration Report.

The minimum closing share price in 2018 was 533.8 pence and the maximum closing share price in 2018 was 890.0 pence. The closing share price on 31 December 2018 was 586.8 pence.

Annual report on remuneration continued

Long-term incentives (audited) continued Performance Share Plan ("PSP") continued

The performance measures and targets for the PSP awards made in 2016 and 2017 were based on Adjusted EPS and relative TSR performance as summarised below. The PSP award for 2018 was based on revenue growth and relative TSR:

Performance measure	2016 award (50% growth in Adjusted EPS and 50% TSR)	2017 award (50% growth in Adjusted EPS and 50% TSR)	2018 award (75% growth in revenue and 25% TSR)
Adjusted EPS growth 20% of this part vests at threshold performance rising on a pro rata basis until 100% vests. Measured over three financial years commencing with the year of award.	Target range between 11.0p and 13.8p for 2018.	Target range between 18.5p and 23.9p for 2019.	N/A
TSR 20% of this part vests at threshold performance rising on a pro rata basis until 100% vests. Measured over three financial years commencing with the year of award.	Target range between median performance against the constituents of the FTSE 250 (excluding investment trusts) rising on a pro rata basis until full vesting for upper quintile performance. Measured over three financial years commencing with the year of award.	Target range the same as for 2017.	Target range between median performance against the constituents of a defined comparator group, consisting of ten companies, rising on a pro rata basis until full vesting for upper quartile performance. Measured over three years commencing with the date of award.
Revenue growth 20% of this part vests at threshold performance rising on a pro rata basis until 100% vests. Measured over three financial years commencing with the year of award.	N/A	N/A	Target range between 17% and 27% CAGR for three financial years commencing in 2018.

Detail

The EPS condition applies to the EPS achieved in the final year only of the three financial year performance period, based on the reported fully diluted EPS (subject to such adjustments as the Committee considers appropriate).

The TSR condition for 2016 and 2017 PSP awards compares the TSR over the three months prior to the start of the financial year in which the grant is made with the three months prior to the end of the third financial year. The comparator group is the constituents of the FTSE 250 (excluding IT) as at the start of the relevant performance period.

The revised revenue growth and TSR conditions for 2018 were introduced after consultation with shareholders which explained the alignment of these metrics to the Company's strategy. The revenue growth condition is focused on organic revenue growth so that: (1) it is limited to organic growth and bolt-on acquisitions only (with any material acquisitions excluded from the final revenue figure used (or the base increased to achieve the same effect)); (2) HungryHouse is treated as included in the 2017 base figure on a fully annualised basis; (3) an additional underpin to the revenue condition applies so that this element will only vest to the extent that the Committee is satisfied that the revenue achieved is (a) sustainable, (b) achieved without incurring investment and/or other costs outside the corridor of investment envisaged by the Board at the time of grant, and (c) that the revenues have been achieved in a manner consistent with the Group's risk controls.

The TSR condition for 2018 awards compares the TSR performance of the Company to the TSR performance of each of the constituents of a comparator group over a period of three years from the date of award. The starting TSR is measured using the three months prior to the start of the performance period and the closing TSR is measured using the three months prior to the end of the performance period.

The TSR comparator group for the 2018 award is a selected group of “digital disruptors”, being:

- ASOS (UK)
- Autotrader Group (UK)
- Boohoo.com (UK)
- Delivery Hero (Germany)
- GoCompare (UK)
- Grubhub (USA)
- Moneysupermarket (UK)
- Ocado Group (UK)
- Rightmove (UK)
- Takeaway.com (Netherlands)

A further underpin applies to the 2018 PSP awards such that no shares shall become vested unless the Remuneration Committee is satisfied as to the Company's general financial performance in the applicable performance period.

Sharesave Plan

	As at 1 January 2018 (number)	Awards granted (number)	Exercise price (pence)	Awards vested (number)	Awards exercised (number)	Awards lapsed (number)	As at 31 December 2018 (number)	Earliest exercise date	Latest exercise date
David Buttress	5,521	—	326.0	—	—	5,521	—	—	—
Paul Harrison	3,461	—	520.0	—	—	—	3,461	01 Nov 20	30 Apr 21
Peter Plumb ¹	—	2,889	623.0	—	—	—	2,889	01 Nov 21	30 Apr 22

1. Peter Plumb's sharesave options lapsed 21 January 2019 as detailed on page 71.

Statement of Directors' shareholding and share interests (audited)

The table below details the total number of Directors' interests in shares for the Chair, any Non-executive Directors with shares and each Executive Director at 31 December 2018:

	PSP	Sharesave	Shares held	Total interest in shares
Mike Evans	—	—	6,238	6,238
Paul Harrison	324,875	3,461	14,622	342,958
Peter Plumb	236,304	2,889	12,134	251,327
Helen Weir	—	—	5,000	5,000

The shareholdings and awards set out above include those held by the Chair, Non-executive Directors and Executive Directors and includes shares held by their respective connected persons.

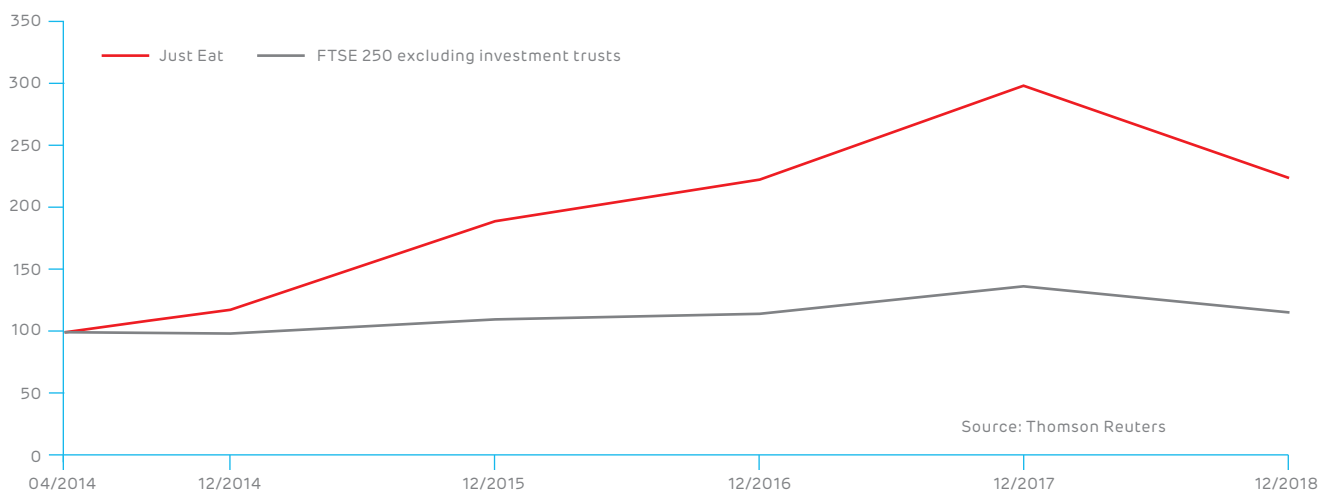
There have been no changes in the interests in shares detailed above between 31 December 2018 and the date of this report, other than the changes to Peter Plumb's PSP and sharesave awards as detailed on page 71.

Under the shareholding guidelines implemented by the Remuneration Committee, Executive Directors are required to build and then maintain a shareholding (excluding shares held conditionally under any incentive arrangements) equivalent to at least 400% of base salary. At the 2018 year end, Paul Harrison and Peter Plumb did not comply with this requirement. In accordance with the Company's shareholding guidelines, Executive Directors are expected to retain 50% of the Ordinary shares vesting under all share plans, after any disposals for the payment of applicable taxes, until they attain the required level of shareholding.

Annual report on remuneration continued

Performance graph and Chief Executive Officer remuneration table (unaudited)

The following graph shows the TSR performance of an investment of £100 in Just Eat plc shares from its listing in April 2014 to the end of the 2018 financial year compared with a £100 investment in the FTSE 250 Index (excluding IT), over the same period. The FTSE 250 Index (excluding IT) was chosen as a comparator because it represents a broad equity market index of which the Company has been a constituent for the majority of the period since its listing in April 2014.



The table below details the Chief Executive Officer remuneration over the same period as presented in the TSR graph:

	Single total figure of remuneration £	Annual bonus payout against maximum %	Long-term incentive vesting rates against maximum opportunity %
2018 – Peter Plumb	1,574,148	78%	N/A
2017 – Peter Plumb ¹	458,293	80%	N/A
2017 – David Buttress ¹	903,814	N/A	100%
2016 – David Buttress	1,273,874	94%	N/A
2015 – David Buttress	5,025,550	100%	100%
2014 – David Buttress ²	3,857,963	100%	100%

1. In 2017 both David Buttress and Peter Plumb held the role of Chief Executive Officer, and hence two lines are shown. For David Buttress the figure excludes any amount of Non-executive Directors' fees paid for 2017.

2. As the Company listed in April 2014, part of the 2014 remuneration relates to when Just Eat was a privately owned group.

Percentage change in remuneration of the Director undertaking the role of Chief Executive Officer (unaudited)

The table below presents the year-on-year percentage change in remuneration received by the Chief Executive Officer, compared with the change in average remuneration received by all UK employees. This was chosen as a suitable comparator group as it includes UK contact centre employees but excludes senior management and international employees, who are on different pay structures.

	Chief Executive Officer	All UK employees
Percentage increase in remuneration between 2017 and 2018		
Salary ¹	44%	18%
Short-term incentives ²	118%	1%
All taxable benefits ³	212%	(13)%

1. The data for the Chief Executive Officer in 2017 and 2018 is shown on the basis of a comparison between data for Peter Plumb in 2018 and a blended position for 2017, reflecting the amounts paid to each of David Buttress, John Hughes, Paul Harrison and Peter Plumb for the part of the year in which each held the role of Chief Executive Officer (or Executive Chair).

2. The increase in short-term incentives is due to the comparison to the blended position used in 2017. For the periods they were Chief Executive Officer in 2017 David Buttress and John Hughes received no bonus.

3. The decline in taxable benefits to employees in the UK is due to the reduced expenses related to relocation.

Relative importance of spend on pay (unaudited)

The table below details the change in total employee pay between 2017 and 2018, as detailed in Note 6 of the financial statements. In line with our strategic plans, earnings have been retained for growth and development of the business and therefore no dividends and share buybacks have been paid since our IPO in April 2014. uEBITDA and revenue have been used as comparative measures as these KPIs are used by the Directors to measure performance.

These measures have been calculated in line with those in the audited financial statements.

	% change	2018 £m	2017 £m
Total gross employee pay	34%	153.1	114.0
Revenue	43%	779.5	546.3
uEBITDA	6%	173.9	163.5

Consideration by the Directors of matters relating to Directors' remuneration (unaudited)

The following Non-executive Directors were members of the Remuneration Committee during the year:

- Gwyn Burr, Chair;
- Alistair Cox;
- Roisin Donnelly (from 20 July 2018);
- Mike Evans (from 20 July 2018);
- Andrew Griffith (until 20 July 2018); and
- Diego Oliva (until 20 July 2018).

FIT Remuneration Consultants LLP ("FIT") was selected by the Committee in 2014 as its remuneration adviser, after a tender and presentation process involving four leading firms. FIT exclusively advises the Committee and does not provide any other advice to the Group, nor does it advise management. This has, the Committee believes, ensured its objectivity and independence. FIT is a member of the Remuneration Consultants Group and complies with its voluntary code of conduct in relation to Executive remuneration consulting in the UK. FIT's professional fees for 2018 were £105,237.90 plus VAT and were charged on the basis of the firm's standard terms of business for advice provided.

The Remuneration Committee also consulted with the Chief Financial Officer, Chief People Officer and the Company Secretary who attended, by invitation, various Remuneration Committee meetings during the year, although no Executive is permitted to participate in discussions or decisions regarding his or her own remuneration.

Statement of voting at the Annual General Meeting (unaudited)

On 26 April 2018, the shareholders approved the 2017 Directors' Remuneration Report as detailed in the table below.

	Votes for (% of votes cast)	Votes against (% of votes cast)	Votes withheld
2017 Directors' Remuneration Report	518,004,343 (98.34%)	8,743,187 (1.66%)	242,596

The Directors' remuneration policy was last approved at the 2018 AGM held on 26 April 2018.

	Votes for (% of votes cast)	Votes against (% of votes cast)	Votes withheld
Directors' remuneration policy	519,302,220 (98.59%)	7,445,365 (1.41%)	242,541

Annual report on remuneration continued

Part B: Directors' remuneration policy

This section is provided for information only. The full policy can be found in our Annual Report and Accounts for 2017 at www.justeatplc.com.

As the Directors' remuneration policy is not being proposed for approval at the 2019 AGM, this section is a summary of the full policy.

Forward-looking scenario charts have not been provided due to 2019 Board changes.

Remuneration policy table (unaudited)

Element and purpose	
Base salary	This is the core element of pay and reflects the individual's role and responsibilities within the Group with some adjustment to reflect their capability and contribution.
Policy and operation	<p>Base salaries will be reviewed each year by the Committee.</p> <p>Salary levels are reviewed by reference to FTSE listed companies of a similar size and complexity. The Committee generally views pan-sector data from companies ± 30 in market capitalisation of the Company as an appropriate reference point. The Committee also has regard to other relevant factors including corporate and individual performance and any changes in an individual's role and responsibilities.</p> <p>Base salary is paid monthly in cash.</p> <p>Changes to base salaries normally take effect from 1 January.</p>
Maximum	The Remuneration Committee will apply the factors set out in the section above in considering any salary adjustments during the duration of this policy. Increases in base salaries for Executive Directors will be generally guided by any increases for the broader employee population, but on occasion may need to recognise, for example, an increase in the scale, scope or responsibility of the role. No increase will be made if it would take an Executive Director's salary above £788,000 (being the median level of salaries for Chief Executive Officers in the FTSE 31–100), provided that this figure will be increased in line with UK retail price index inflation for the duration of this policy.
Performance measures	N/A
Changes from previous policy	Cap for base salaries is re-expressed, and relative positioning is confirmed with removal of the application of the previous 20% discount to market data.
Benefits	
To provide benefits valued by recipients.	
Policy and operation	<p>The Group provides market-competitive benefits in kind. Details of the benefits provided in each year will be set out in the Implementation Report. The Executive Directors receive a car allowance, private medical cover and insurance benefits. The Remuneration Committee reserves discretion to introduce new benefits where it concludes that it is in the interests of Just Eat to do so, having regard to the particular circumstances and market practice.</p> <p>Where appropriate, the Company may meet certain costs relating to Executive Director relocations and (if necessary) expatriate benefits.</p>
Maximum	<p>It is not possible to prescribe the likely change in the cost of insured benefits or the cost of some of the other reported benefits year to year, but the provision of benefits will operate within an annual limit of £100,000 (plus a further 100% of base salary in the case of relocations and expatriate benefits provided that relocation benefits may be paid only in the year of appointment and for a further two financial years).</p> <p>The Remuneration Committee will monitor such costs in practice and ensure that the overall costs do not increase by more than the Remuneration Committee considers to be appropriate in all the circumstances.</p>
Performance measures	N/A
Changes from previous policy	Commuting cost allowances for Executive Directors have been removed.

Element and purpose	
Pension	
To provide retirement benefits.	
Policy and operation	Executive Directors can receive pension contributions to personal pension arrangements or the equivalent amount can be paid as a cash supplement in lieu of pension contributions (reduced for the impact of employer's NICs).
Maximum	The maximum employer's contribution is limited to 10% of base salary per annum, although it is not currently anticipated that contributions will increase above the current 5% level for the duration of this policy.
Performance measures	N/A
Changes from previous policy	No material changes.
Annual Bonus Plan	
To motivate employees and incentivise delivery of performance over a one-year operating cycle, focusing on the short/medium-term elements of our strategic aims.	
Policy and operation	<p>Annual Bonus Plan levels and the appropriateness of measures are reviewed annually at the commencement of each financial year to ensure they continue to support our strategy.</p> <p>Annual Bonus Plan outcomes will be calculated following the determination of achievement against performance measures and targets.</p> <p>For the financial year 2018 onwards, the Annual Bonus Plan outcomes will be delivered partly in cash and partly as a deferred award of Just Eat shares.</p> <p>Any Annual Bonus Plan outcomes achieved above 75% of base salary will be delivered as a deferred award of shares, and with the period of deferral being three years with one-third of the amounts deferred vesting and being capable of release at each annual anniversary of the making of the deferred award.</p> <p>Deferred awards will be a right to receive shares for nil cost with the shares either being delivered automatically at vesting or being delivered at a time following vesting at the individual's choice. If appropriate, dividend entitlements for deferred shares will accrue over the deferral period and be delivered as additional vesting shares. Malus/clawback provisions apply to the Annual Bonus Plan, and to amounts deferred in Just Eat shares, as explained in the notes to this table.</p>
Maximum	The maximum level of Annual Bonus Plan outcome for an Executive Director is 150% of base salary per annum for the duration of this policy.
Performance measures	<p>The performance measures applied may be financial or non-financial, corporate, divisional or individual and in such proportions as the Remuneration Committee considers appropriate. The Remuneration Committee would, however, expect to consult with its major shareholders if it proposed changing materially the current performance measures applied for the Annual Bonus Plan (or the relative weightings between such measures) in subsequent financial years.</p> <p>Once set, performance measures and targets will generally remain unchanged for the year, except to reflect events such as corporate acquisitions or other major transactions where the Committee considers it necessary in its judgement to make appropriate adjustments.</p> <p>Attaining the threshold level of performance for any measure will not produce a payout of more than 25% of the maximum portion of overall annual bonus attributable to that measure, with a sliding scale to full payout for maximum performance.</p> <p>The Annual Bonus Plan remains a discretionary arrangement and the Remuneration Committee retains a standard power to apply its judgement to adjust the outcome of the Annual Bonus Plan for any performance measure (from zero to any cap) should it consider that to be appropriate.</p>
Changes from previous policy	<p>Introduces a deferral of any Annual Bonus Plan outcome of over 75% of base salary into shares.</p> <p>Increases the maximum annual bonus potential for the Chief Financial Officer to the same level as that of the Chief Executive Officer at 150% of base salary per annum from 120%.</p> <p>Confirms that no material changes will be made to the performance measures or the relative weightings for such measures for annual bonus without consulting major shareholders.</p>

Annual report on remuneration continued

Remuneration policy table (unaudited) continued

Element and purpose

Long-term incentives

To motivate and incentivise delivery of sustained performance over the long term, and to promote alignment with shareholders' interests, the Group operates the PSP.

Policy and operation	<p>Awards under the PSP may be granted as nil-cost options, conditional awards or forfeitable shares which vest to the extent that performance conditions are satisfied over a period of at least three years.</p> <p>Under the PSP rules, vested awards may also be settled in cash (although this will typically be the case only if required to comply with non-UK legal constraints).</p> <p>Vested awards for Executive Directors will be subject to a further two-year holding period during which time awards may not normally be exercised or released but are no longer contingent on performance conditions nor future employment.</p> <p>If appropriate, dividend entitlements will accrue until the end of the holding period in respect of performance-vested shares and be delivered as additional vesting shares.</p> <p>Malus/clawback provisions apply to the PSP as explained in the notes to this table.</p>
Maximum	<p>The formal limit under the PSP allows awards over shares worth 200% of base salary in a financial year (and 300% in exceptional circumstances). This excludes any dividend equivalent accruals.</p> <p>The Remuneration Committee expressly reserves discretion to make such awards as it considers appropriate within these limits.</p>
Performance measures	<p>The Remuneration Committee may set such performance measures on PSP awards as it considers appropriate (whether financial or non-financial, and whether corporate, divisional or individual). The Remuneration Committee would, however, expect to consult with its major shareholders if it proposed changing materially the current performance measures applied for PSP awards made to Executive Directors (or the relative weightings between such measures) in subsequent financial years.</p> <p>Once set, performance measures and targets will generally remain unaltered unless events occur which, in the Remuneration Committee's opinion, make it appropriate to alter the performance conditions in such manner as the Committee thinks fit.</p> <p>Performance may be measured over such periods as the Remuneration Committee selects at grant, which will not be less than, but may be more than, three financial years.</p> <p>No more than 20% of awards vest for attaining the threshold level of performance conditions.</p>
Changes from previous policy	<p>Removes previously unused facility to grant market-priced share options to Executive Directors.</p> <p>Confirms that no material changes will be made to the performance measures or the relative weightings for such measures for PSP without consulting major shareholders.</p>
All employee share plans	
To encourage share ownership by employees, thereby allowing them to participate in the long-term success of the Group and align their interests with those of the shareholders.	
Policy and operation	<p>Executive Directors are able to participate in all employee share plans on the same terms as other Group employees as required by HMRC legislation.</p> <p>The Sharesave Plan and Share Incentive Plan ("SIP") are all employee share plans established under HMRC tax-advantaged regimes and follow the usual form for such plans.</p>
Maximum	The maximum participation levels for all employee share plans will be the limits for such plans set by HMRC from time to time.
Performance measures	Consistent with normal practice, such awards are not subject to performance conditions.
Changes from previous policy	No material changes.

Element and purpose

Shareholding guidelines

To further align the interest of Executive Directors with those of shareholders.

Policy and operation	<p>Executive Directors are expected to retain 50% of the shares vesting under all share plans (after any disposals for the payment of applicable taxes) until such time as they hold a minimum of 400% of their base salary in shares.</p> <p>Only beneficially owned shares and performance-vested share awards (discounted for anticipated tax liabilities) may be counted for the purposes of the guidelines (and this includes performance-vested shares subject to a continued holding period). Share awards do not count prior to vesting.</p> <p>Once shareholding guidelines have been met, individuals are expected to retain these levels as a minimum. The Remuneration Committee will review shareholdings annually in the context of this policy.</p>
Maximum	N/A
Performance measures	N/A
Changes from previous policy	No material changes.

Chair and Non-executive Director fees

To enable the Company to recruit and retain a Chair and Non-executive Directors of the highest calibre, at the appropriate cost.

Policy and operation	<p>The fees paid to the Chair and the fees of the other Non-executive Directors aim to be competitive with other listed companies of equivalent size and complexity.</p> <p>The fees payable to the Non-executive Directors are determined by the Board. The fees payable to the Chair are determined by the Remuneration Committee.</p> <p>All fees will be subject to periodic review. For Non-executive Directors, the fee structures may involve separate fees for chairing or for membership of Board Committees or for acting as Senior Independent Director.</p> <p>No benefits are envisaged for the Non-executive Directors (including the Chair) but the Company reserves the right to provide benefits (including travel and office support) within the prescribed limits.</p> <p>Fees are paid monthly in cash.</p>
Maximum	<p>The aggregate fees (and any benefits) of the Chair and Non-executive Directors will not exceed the limit from time to time prescribed within the Company's Articles of Association for such fees (currently £2 million per annum). Any increases actually made will be appropriately disclosed.</p> <p>The Company's reserves the right to vary the structure of fees within this limit including, for example, introducing time based fees or reflecting the establishment of new Board Committees.</p>
Performance measures	N/A
Changes from previous policy	No material changes.

Notes to the remuneration policy table**1. Travel and hospitality**

Whilst the Committee does not consider travel and hospitality to form part of benefits, it has been advised that corporate hospitality (whether paid by the Company or another) and certain instances of business travel (including any related tax liabilities settled by the Company or the Group) for Executive Directors, Non-executive Directors and the Chair (including their family members) may technically be considered as benefits. The Remuneration Committee expressly reserves the right to authorise such activities and reimbursement of associated expenses within its agreed policies.

2. Deemed benefits from JSOP participation

Payments to any Director in respect of the deemed cost of interest on loans relating to participation in the JSOP and, if relevant, the writing off of any such loans are benefits within the scope of the Directors' remuneration policy. The value of any such amounts is in addition to the maximum amounts stated in the table above for benefits for Executive Directors and for Chair and Non-executive Directors' fees.

Annual report on remuneration continued

Notes to the remuneration policy table continued

3. Stating maximum amounts for the remuneration policy table

The DRR regulations and related investor guidance encourage companies to disclose a cap within which each element of remuneration policy will operate. Where maximum amounts for elements of remuneration have been set within the remuneration policy table, these will operate simply as caps and are not indicative of any aspiration.

4. Malus and clawback

Malus (being the forfeiture of unvested awards) and clawback (being the ability of the Company to claim repayment of paid amounts as a debt) provisions apply to the PSP and Annual Bonus Plan (including any future deferred amounts). These provisions may be applied where the Remuneration Committee considers it appropriate to do so following:

- a misstatement of accounts;
- a miscalculation of vesting/payouts;
- an act/omission that justifies summary dismissal for misconduct (which has no time limit); and
- in respect of malus only, circumstances where the Committee believes there is a risk of serious reputational damage to the Group.

5. Discretions reserved in operating incentive plans

The Remuneration Committee will operate the Annual Bonus Plan and PSP according to their respective rules and the above remuneration policy table. The Remuneration Committee retains certain discretions, consistent with market practice, in relation to the operation and administration of these plans including:

- (as described in the remuneration policy table) the determination of performance measures and targets and resultant vesting and payout levels;
- (as described in the remuneration policy table) the ability to adjust performance measures and targets to reflect events and/or to ensure the performance measures and targets operate as originally intended;
- (as described in the termination policy section below) the determination of the treatment of individuals who leave employment, based on the rules of the incentive plans, and the treatment of the incentive plans on exceptional events, such as a change of control of the Company; and
- the ability to make adjustments to existing awards made under the incentive plans in certain circumstances (e.g. rights issues, corporate restructurings or special dividends).

6. Differences between the policy on remuneration for Directors and the policy on remuneration of other employees

When determining Executive Directors' remuneration, the Committee takes into account pay throughout the Group to ensure that the arrangements in place remain appropriate. This is more fully discussed on page 85.

7. Commitments under previous policies

Subject to the achievement of any applicable performance conditions, Directors are eligible to receive payment from any commitments or awards made prior to the approval and implementation of the Directors' remuneration policy detailed in this report.

Service contracts (unaudited)

Executive Directors

The Committee's policy is that each Executive Director's service agreement should be of indefinite duration, subject to termination by the Company or the individual on 12 months' notice. The service agreements of all Executive Directors comply with that policy.

The service agreements reserve the right for the Company to make a payment in lieu of notice to an Executive Director for the base salary for the duration of the notice period (and for the Chief Executive Officer only, car allowance and pension contributions). Contracts do not contain change of control provisions but do contain provisions allowing for summary termination.

The date of each Executive Director's contract is:

Name	Date of service contract
Paul Harrison	14 November 2017
Peter Duffy	21 January 2019

The service agreements of the Executive Directors are available for inspection at the Company's registered office during normal business hours and at the Company's AGM, including the 15 minutes preceding the meeting.

Service contracts (unaudited) continued

Chair and Non-executive Directors

Each Non-executive Director and the Chair is engaged for an initial period, subject to annual renewal at the AGM. For Non-executive Directors, other than the Chair, these engagements can be terminated by either party on three months' notice.

The Non-executive Directors are not entitled to any pension benefits and are not entitled to any payment in compensation for early termination of their appointment beyond the three months' notice referred to above.

For each Non-executive Director the effective date of their latest letter of appointment is:

Name	Date of appointment	Term
Mike Evans	6 March 2018	Annual reappointment
Frederic Coorevits	10 July 2009	Annual reappointment
Andrew Griffith	12 March 2014	Annual reappointment
Gwyn Burr	12 March 2014	Annual reappointment
Diego Oliva	24 September 2015	Annual reappointment
Roisin Donnelly	17 October 2016	Annual reappointment
Alistair Cox	2 May 2017	Annual reappointment
Helen Weir	1 December 2018	Initial engagement (first annual reappointment at 2019 AGM)
David Buttress ¹	9 August 2017	Retired from the Board effective 26 April 2018

1. David Buttress was an Executive Director from 8 April 2014 to 8 August 2017.

The letters of appointment of the Non-executive Directors are available for inspection at the Company's registered office during normal business hours and at the Company's AGM, including the 15 minutes preceding the meeting.

Recruitment remuneration policy (unaudited)

The Company's recruitment remuneration policy aims to give the Committee sufficient flexibility to secure the appointment and promotion of high calibre executives to strengthen the management team and secure the skill sets necessary to deliver the Group's strategic aims.

In terms of the principles for setting a package for a new Executive Director, the starting point for the Committee will be to apply the general policy for Executive Directors as set out on the previous pages and structure a package in accordance with that policy. Consistent with the DRR regulations, the caps contained within the policy for fixed pay do not apply to new recruits, although the Committee would not envisage exceeding these caps in practice.

The Annual Bonus Plan and PSP will operate (including the maximum award levels) as detailed in the remuneration policy table in relation to any newly appointed Executive Director.

For an internal appointment, any variable pay element awarded in respect of the prior role may either continue on its original terms or be adjusted to reflect the new appointment as appropriate.

For external and internal appointments, the Committee may agree that the Company will meet certain relocation expenses as it considers appropriate in the year of appointment and for a further two financial years.

For external candidates, it may be necessary to make additional awards in connection with the recruitment to buy out awards forfeited by the individual on leaving a previous employer. For the avoidance of doubt, buy-out awards are not subject to a formal cap.

For any buy-outs, the Company will not pay more than is, in the view of the Committee, necessary and will in all cases seek, in the first instance, to deliver any such awards under the terms of the existing Annual Bonus Plan and PSP. It may, however, be necessary in some cases to make buy-out awards on terms that are more bespoke than the existing Annual Bonus Plan and PSP (for example, specific arrangements under Listing Rule 9.4.2).

All buy-outs, whether under the Annual Bonus Plan, PSP or otherwise, will take account of the service obligations and performance requirements for any remuneration relinquished by the individual when leaving a previous employer. The Committee will seek to make buy-outs subject to what are, in its opinion, comparable requirements in respect of service and performance.

However, the Committee may choose to relax this requirement in certain cases (such as where the service and/or performance requirements are materially completed, or where such factors are, in the view of the Committee, reflected in some other way, such as a significant discount to the face value of the awards forfeited) and where the Committee considers it to be in the interests of shareholders. Exceptionally, where necessary, such buy-outs may include a guaranteed or non-pro rated annual bonus in the year of joining.

A new Non-executive Director would be recruited on the terms explained above in respect of the main policy for such Directors.

Annual report on remuneration continued

Termination policy summary (unaudited)

It is appropriate for the Committee to consider treatment on a termination having regard for all of the relevant facts and circumstances available at that time. This policy applies both to any negotiations linked to notice periods on a termination (see "Service contracts" above) and any treatments that the Committee may choose to apply under the discretions available to it under the terms of the Annual Bonus Plan, the proposed new Deferred Share Bonus Plan and the PSP.

The potential treatments on termination under these plans are summarised in the table below.

Incentives	If a leaver is deemed to be a "good leaver", e.g. leaving through disability or otherwise at the discretion of the Committee	If a leaver is leaving for other reasons	Other exceptional cases, e.g. change in control
Annual Bonus Plan	The Committee has the discretion to determine the annual bonus which will typically be limited to the period actually worked.	No awards made.	The Committee has the discretion to determine the annual bonus.
Deferred Share Bonus Plan	Awards normally preserved in all leaver cases, but release is not typically accelerated, except in the case of death in service. The Committee has the ability to release a good leaver's awards early.	Awards will lapse on termination for cause; otherwise awards are retained but release is not accelerated.	Awards received early unless the Committee determines otherwise.
PSP	Receive a prorated award subject to the application of the performance conditions at the end of the normal vesting period. The Committee retains standard discretions to vary time pro rating, release any holding period, or accelerate vesting to the date of cessation (determining the performance conditions at that time) for a good leaver.	All awards will normally lapse.	Receive a pro rated award subject to the application of the performance conditions at the date of the event, subject to standard Committee discretions to vary time pro rating.

SIP and the Sharesave Plan provide treatments for leavers in line with HMRC rules for such plans.

The Company has the power to enter into settlement agreements with Directors and to pay compensation to settle potential legal claims. In addition, and consistent with market practice, in the event of the termination of an Executive Director, the Company may pay a contribution towards that individual's legal fees and fees for outplacement services as part of a negotiated settlement. Any such fees will be disclosed as part of the detail of termination arrangements. For the avoidance of doubt, the policy does not include an explicit cap on the cost of termination payments.

External appointments

The Company's policy is to permit an Executive Director to serve as a Non-executive Director elsewhere when this does not conflict with the individual's duties to the Company and, where an Executive Director takes such a role, they will be entitled to retain any fees which they earn from that appointment.

Statement of consideration of employment conditions elsewhere in the Group

Pay and employment conditions generally in the Group are taken into account when setting Executive Directors' remuneration. The Committee receives regular updates on overall pay and conditions in the Group.

The same reward principles guide reward decisions for all Group employees, including Executive Directors, although remuneration packages differ to take into account appropriate factors in different areas of the business:

Annual bonus – the majority of Group employees participate in an Annual Bonus Plan, although the quantum and balance of corporate to individual objectives vary by level. This scheme was rolled out further in 2018 and for some of the levels the variable pay they receive has increased as well. Just Eat will continue to adapt and evaluate this scheme to ensure that it is incentivising the right behaviours, encouraging an ambitious culture that delivers success.

PSP – key Group employees participate in the PSP currently based on the same performance conditions as those for Executive Directors, although the Committee reserves the discretion to vary the performance conditions for awards made to employees below Board level.

All employee share plans – the Committee considers it is important for all employees to have the opportunity to become shareholders in the Company. The Company offers a Sharesave Plan across eight countries. This plan has seen very high participation rates from employees and it is something the Board remains behind offering on an annual basis. The first grant made in 2015 vested in 2018 and many employees doubled the value of their savings when they exercised the related Sharesave option.

Reflecting standard practice, the Company did not consult with employees in preparing this Remuneration Report.

The Remuneration Committee is cognisant of requests from, amongst others, the Investment Association for companies to publish ratios comparing Chief Executive Officer to employee pay ahead of the requirement to do so for FY2019. The Remuneration Committee has not, however, published the equivalent data for 2018 in the Directors' Remuneration Report as Peter Plumb has stepped down as Chief Executive Officer after the end of the 2018 financial year, although Peter was Chief Executive Officer in 2018.

Consideration of shareholders' views

Each year the Remuneration Committee takes into account the approval levels of remuneration-related matters at our AGM in determining that the current Directors' remuneration policy remains appropriate for the Company, and considers any specific representations made by our shareholders on pay matters.

The Remuneration Committee also seeks to build an active and productive dialogue with investors on developments on the remuneration aspects of corporate governance generally and any changes to the Company's Executive pay arrangements in particular.

Independent auditor's report

to the members of Just Eat plc

Report on the audit of the financial statements *Opinion*

In our opinion:

- the financial statements of Just Eat plc (the 'Parent Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2018 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and Parent Company balance sheets;
- the consolidated and Parent Company statements of changes in equity;
- the consolidated and Parent Company cash flow statements; and
- the related notes 1 to 30 including the accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) 'ISAs (UK)' and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's ('FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters

The key audit matters that we identified in the current year were:

- the impairment review of goodwill and intangible assets at the Australia and New Zealand ('ANZ'), Mexico ('MX'), Spain ('ES') and Italy ('IT') cash-generating units ('CGUs'); and
- tax uncertainties in relation to the ongoing Danish transfer pricing investigation.

These key audit matters are consistent with the prior year.

Materiality

The materiality that we used for the Group financial statements was £7.5 million. This represents 4.3% of the Group's underlying earnings before interest, taxation, depreciation and amortisation ('uEBITDA') of £173.9 million and 7.4% of statutory profit before taxation of £101.7 million.

Scoping

The most significant component of the Group is the UK operation which accounts for 49% of revenue and 109% of the uEBITDA. The Group audit team directly performs the audit of the UK business.

Full scope audits were also performed for the Canadian, Australian & New Zealand, French and Danish operations for the year ended 31 December 2018 by component teams.

These full scope audits represent the principal business units and account for 87% of the Group's revenue of £779.5 million, 106% of profit before taxation of £101.7 million and 101% of uEBITDA of £173.9 million.

Conclusions relating to going concern, principal risks and viability statement

Going concern

We have reviewed the Directors' statement on page 21 about whether they considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements.

We considered as part of our risk assessment the nature of the Group, its business model and related risks including the Group's considerations on page 22 regarding the impact of Brexit, the requirements of the applicable financial reporting framework and the system of internal control. We evaluated the Directors' assessment of the Group's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the Directors' plans for future actions in relation to their going concern assessment.

We are required to state whether we have anything material to add or draw attention to in relation to that statement required by Listing Rule 9.8.6R(3) and report if the statement is materially inconsistent with our knowledge obtained in the audit.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

Principal risks and viability statement

Based solely on reading the Directors' statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the Directors' assessment of the Group's and the Company's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to:

- the disclosures on pages 20 and 28 that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation on page 20 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity; or
- the Directors' explanation on page 21 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to report whether the Directors' statement relating to the prospects of the Group required by Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditor's report continued

Recoverability of goodwill and intangible assets

Key audit matter description	<p>As described in the Report of the Audit Committee on page 54, and Notes 12 and 13 to the consolidated financial statements, determining whether the carrying value of goodwill and intangible assets is recoverable is a key judgement and contains the potential for management bias.</p> <p>As at 31 December 2018, the Group balance sheet shows goodwill of £771 million (2017: £544.9 million) and intangible assets of £134.4 million (2017: £94.5 million). During the year, the Group completed the acquisition of Hungryhouse Holdings Limited ('HungryHouse') and Flyt Limited ('Flyt'), resulting in the recognition of £236.6 million of additional goodwill.</p> <p>Our key audit matter is focused on the goodwill and intangibles impairment review of ANZ (£260 million), MX (£21 million), ES (£59 million) and IT (£43 million).</p> <p>Following the impairment in ANZ in the prior year, management has started the roll-out of a delivery service. This requires investment in the near term, which is included within the cash flow forecasts. Management has produced a forecast model up to year eight (2026) and has computed a terminal value from that date. Whilst there is evidence of success of the delivery model in particular from the Canadian business, but also from the early roll-out zones in ANZ, there is significant revenue growth expected in the cash flows in the impairment model and the model is sensitive to changes in assumptions. Note 12 to the financial statements includes further disclosure as to the impact of a reasonably possible change in assumptions.</p> <p>The values of goodwill for ES and IT substantially lower than ANZ, but these CGUs are also forecast to increase their delivery offering in the near term, which requires investment. Under a reasonably possible change in assumptions to the forecasts, potential impairments have been identified, as shown in Note 12.</p> <p>Consistent with prior periods, the MX CGU has been identified as having a potential risk of future impairment, due to the significant growth required in the short-term forecasts before a long-term growth rate is applied.</p>
How the scope of our audit responded to the key audit matter	<p>In order to address this key audit matter we challenged the assumptions used by management in the ANZ, MX, ES, and IT impairment models. As part of our work, we:</p> <ul style="list-style-type: none"> • identified and assessed the design and implementation of key controls; • checked the mechanical accuracy of the underlying valuation models; • agreed the key assumptions to Board-approved budgets and business plans; • understood and challenged whether the cash flows are compliant with the methodology set out in IAS 36 'Impairment of Assets'; • challenged the sensitivity analysis run by management by comparison to recent performance in that CGU and other CGUs with similar characteristics; • obtained input from our valuation specialists to assess the country-specific WACC rate calculations and long-term growth rates, by testing the inputs to the calculation to external sources and macroeconomic data; • assessed and challenged management's forecasting through comparison against other markets, growth pattern of established markets and external data on the wider market where available; and • in the case of the MX CGU, considered management's available evidence of fair value less cost of disposal. <p>We also considered whether the sensitivity disclosures provided for these CGUs represent reasonably possible changes in key assumptions.</p>
Key observations	<p>We have assessed the impairment calculations for goodwill and intangible assets for ANZ, ES and IT. Based on the benchmarking performed in relation to other markets within the Just Eat Group (Canada, UK and Denmark) and evidence from the early delivery roll-out zones, we are satisfied that the assumptions applied within the valuation models are reasonable.</p> <p>We note that there is significant assumed growth in the cash flows before a perpetuity is applied, meaning that the forecasts are sensitive to changes in assumptions, as well as execution risk. The sensitivity disclosures provided for these CGUs illustrate reasonably possible changes in key assumptions, and are appropriately reflected in Note 12.</p>

Tax uncertainties in relation to the ongoing Danish transfer pricing investigation

Key audit matter description	<p>The total provision against uncertain tax positions in the current year is £19.9 million (2017: £17.4 million).</p> <p>Our key audit matter is focused on the element of the provision relating to an ongoing transfer pricing investigation by the Danish tax authorities, where there is significant judgement.</p> <p>As set out in Note 10 and in the Report of the Audit Committee on page 112, a local transfer pricing audit was performed by the Danish tax authorities, resulting in a formal notice of assessment being issued in January 2018. The Group has assessed the relevant legislation, regulations and compliance obligations and disagrees with the assessment issued and has lodged an appeal against it. The Group, therefore, filed a Mutual Agreement Procedure ('MAP') application in February 2018 through which the UK and Danish tax authorities will negotiate an agreement. As at 31 December 2018, there has been no conclusion from the MAP process and therefore the Group's position is unchanged. Determination of the tax provision is subject to inherent judgement and therefore also potential bias by management, in assessing the probable outflow of taxes that will be borne by the entity relating to this matter where the appeal process is ongoing.</p> <p>The Group's accounting policy on taxation is on page 110 and the critical accounting judgements and key sources of estimation uncertainty on page 100.</p>
How the scope of our audit responded to the key audit matter	<p>We have performed the following procedures to address this key audit matter:</p> <ul style="list-style-type: none"> • engaged our tax specialists to challenge the estimates and judgements used when calculating the associated provision, based on our knowledge of tax law; • identified and assessed the design and implementation of key controls; • held discussions with management and its external advisers surrounding the status of the MAP process and confirmed that there have been no material developments in FY18; and • recalculated the movement in the provision to determine whether the incremental interest and penalties were calculated appropriately. <p>We also considered the adequacy of the Group's disclosure.</p>
Key observations	<p>Based on the limited progress made through MAP during the year, we consider that the total level of provision is within an acceptable range, based on the information currently available and the opinions received from management's experts. We consider the disclosure to be appropriate at this stage.</p>

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent Company financial statements
Materiality	£7.5 million (2017: £5.4 million)	£7.4 million (2017: £2.2 million)
Basis for determining materiality	4.3% of uEBITDA	Materiality was determined on the basis of the Parent Company's net assets, capped by Group materiality.
Rationale for the benchmark applied	<p>In 2018 we based our materiality judgement on underlying EBITDA, the Group's main alternative performance measure used by analysts.</p> <p>This represents 7.4% of statutory profit before taxation of £101.7 million.</p>	Net assets has been chosen as a benchmark as the Parent Company is an investment holding company.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.375 million (2017: £0.270 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Independent auditor's report continued

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. The business is currently implementing a new ERP system which commenced in 2017 and is expected to complete in 2019. As part of our audit, we assessed the design and implementation of general IT controls in relation the new ERP system and tested the roll-out in countries which were in scope for Group reporting.

As in the prior year, full scope audits were performed for the UK, Australian and New Zealand, Danish, French and Canadian operations for the year ended 31 December 2018 by component teams under the direction and supervision of the Group audit team. In addition, Ireland, Spain and Italy were subject to a limited scope audit of specific account transactions and account balances by the Group audit team. These items were selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement at Group level.

These locations, along with the consolidation adjustments and UK holding companies, represent the principal business units and account for £761.4 million out of the £779.5 million of the Group's revenue, £186.5 million uEBITDA out of £173.9 million of the Group's uEBITDA, £782.4 million out of £801.5 million of the Group's net assets and £108.7 million of the Group's £101.7 million profit before taxation.

At the Parent Company level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement within the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.

	Revenue £m	uEBITDA £m	PBT £m	Net assets £m
UK	385.6	170.6	107.3	480.6
Australia and New Zealand	46.6	6.4	5.3	277.3
Canada	177.8	(11.5)	(20.0)	(47.2)
Denmark	26.3	10.1	9.5	8.9
France	37.1	6.2	6.0	27.0
Full scope audits	673.4	181.8	108.1	746.6
	Revenue £m	uEBITDA £m	PBT £m	Net assets £m
Full audit	673.4	181.8	108.1	746.6
Limited scope procedures	88.0	4.7	0.6	35.8
Out of scope	18.1	(12.6)	(7.0)	19.1
Total	779.4	173.9	101.7	801.5

Our audit work at full scope entities was executed at levels of materiality applicable to each individual entity which were lower than Group materiality and ranged from £1.7 million to £7.4 million (2017: £0.6 million to £4.3 million).

We have maintained close supervision of component auditors throughout the audit process. Planning meetings were held with all significant component teams prior to the commencement of the audit, whose purpose was to ensure sufficient level of understanding of the Group's business and a discussion of the significant risks and planned audit approach.

As in the prior year, senior members of the audit team visited the Australian and Canadian operations and performed specified audit procedures for the French and Danish components. The audit visits were timed to enable us to be involved in the completion of detailed audit procedures as well as attending key meetings with component management and auditors.

In addition to our planned visits, we send detailed instructions to our component audit teams, include them in our team briefings and perform detailed reviews of the significant work papers. We maintain close communication throughout the audit period and attend component close meetings to discuss all significant findings raised with financial management representatives from both the Group and the components.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon.

We have nothing to report in respect of these matters.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that:

- Fair, balanced and understandable – the statement given by the Directors that they consider the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- Audit Committee reporting – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- Directors' statement of compliance with the UK Corporate Governance Code – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company'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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud, are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's, website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Independent auditor's report continued

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- enquiring of management, internal audit and the Audit Committee, including obtaining and reviewing supporting documentation, concerning the Group's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- discussing among the engagement team (including significant component audit teams) and involving relevant internal specialists, including tax, valuations and IT regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for bias in the inherent judgements involved in the impairment review of goodwill and intangible assets;
- obtaining an understanding of the legal and regulatory frameworks that the Group operates in, focusing on those laws and regulations that had a direct effect on the financial statements. The key laws and regulations we considered in this context included the relevant provisions of the Companies Act 2006 and Listing Rules as well as relevant provisions of pensions and tax legislation; and
- in addition, considering the nature of the Group's activities, we considered the reputation risk associated with non-compliance with data protection legislation as having a potential fundamental effect on the customer operations of the Group.

Audit response to risks identified

As a result of performing the above, we focused on the inherent judgements involved in the impairment review of goodwill and intangible assets as a key audit matter. The key audit matters section of our report explains this matter in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with tax authorities;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments;
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias;
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- in relation to data protection legislation, making enquiries of the Group legal counsel about the Group's procedures for ensuring compliance with relevant provisions in countries in scope for the Group audit.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and of the Parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' report.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

We have nothing to report in respect of these matters.

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Other matters

Auditor tenure

Following the recommendation of the Audit Committee, Deloitte LLP was appointed by the Directors on 22 January 2010 to audit the financial statements for the year ending 31 December 2009. During 2018 the Company conducted an audit tender as described in the report by the Audit Committee. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is ten years, covering the years ending 31 December 2009 to 31 December 2018.

Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

William Touche (Senior Statutory Auditor)

For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
5 March 2019

Consolidated income statement

Year ended 31 December 2018

	Notes	2018 £m	2017 (restated ¹) £m
Continuing operations			
Revenue	3	779.5	546.3
Cost of sales		(216.9)	(96.0)
Gross profit		562.6	450.3
Administrative expenses		(452.3)	(522.2)
Operating profit/(loss)¹	5	110.3	(71.9)
Share of results of associates	15	(6.7)	(0.6)
Other gains and losses	8	0.8	(2.0)
Investment revenue	9	0.4	0.7
Finance costs	9	(3.1)	(2.2)
Profit/(loss) before tax		101.7	(76.0)
Taxation	10	(21.8)	(27.5)
Profit/(loss) for the year		79.9	(103.5)
<i>Attributable to:</i>			
Equity shareholders		82.7	(102.7)
Non-controlling interests	24	(2.8)	(0.8)
		79.9	(103.5)
Earnings per Ordinary share (pence)			
Basic	11	12.1	(15.2)
Diluted	11	12.1	(15.2)

1. The definition of operating profit has been restated in the year to exclude the results of associated undertakings. See Note 2e for further information.

Consolidated statement of other comprehensive income

Year ended 31 December 2018

	2018 £m	2017 £m
Profit/(loss) for the year	79.9	(103.5)
<i>Items that may be reclassified subsequently to the income statement:</i>		
Exchange differences on translation of foreign operations	(17.3)	(6.5)
Fair value movements on cash flow hedges	—	(0.1)
Fair value movements on available-for-sale investments	—	0.1
Other comprehensive loss for the year	(17.3)	(6.5)
Total comprehensive income/(loss) for the year	62.6	(110.0)
<i>Attributable to:</i>		
Equity shareholders	65.2	(109.1)
Non-controlling interests	(2.6)	(0.9)
Total comprehensive income/(loss) for the year	62.6	(110.0)

FINANCIAL STATEMENTS

Consolidated balance sheet

As at 31 December 2018

	Notes	2018 £m	2017 £m
Non-current assets			
Goodwill	12	770.7	544.9
Other intangible assets	13	136.9	94.5
Property, plant and equipment	14	25.9	19.0
Investments in associates	15	54.6	41.4
Available-for-sale investments		1.0	4.2
Deferred tax assets	10	28.9	18.1
		1,018.0	722.1
Current assets			
Operating cash		106.2	213.6
Cash to be paid to Restaurant Partners		79.7	51.5
Cash and cash equivalents	20	185.9	265.1
Inventories		5.5	2.8
Trade and other receivables	16	24.2	24.2
Derivative financial instruments	20	—	0.1
Current tax assets		0.1	0.4
		215.7	292.6
Total assets		1,233.7	1,014.7
Current liabilities			
Trade and other payables	17	(240.1)	(185.2)
Derivative financial instruments	20	(0.3)	(0.6)
Current tax liabilities		(28.8)	(36.4)
Deferred revenue		(3.1)	(3.3)
Provisions for liabilities	18	(11.5)	(22.6)
Borrowings	19	(0.3)	(0.4)
		(284.1)	(248.5)
Net current (liabilities)/assets		(68.4)	44.1
Non-current liabilities			
Deferred tax liabilities	10	(20.6)	(18.2)
Deferred revenue		(3.9)	(0.8)
Provisions for liabilities	18	(20.8)	(20.2)
Borrowings	19	(102.4)	(0.3)
		(147.7)	(39.5)
Total liabilities		(431.8)	(288.0)
Net assets		801.9	726.7
Equity			
Share capital	23	6.8	6.8
Share premium	23	563.4	562.7
Retained earnings	23	155.9	65.9
Translation reserve	23	70.8	88.3
Other reserves	23	(6.0)	(5.2)
Equity attributable to shareholders of the Company		790.9	718.5
Non-controlling interests	24	11.0	8.2
Total equity		801.9	726.7

The consolidated financial statements on pages 94 to 133 were authorised for issue by the Board of Directors and signed on its behalf by:



Peter Duffy
Interim Chief Executive Officer
Just Eat plc
5 March 2019



Paul Harrison
Chief Financial Officer
Company registration number
06947854 (England and Wales)

Consolidated statement of changes in equity

Year ended 31 December 2018

	Notes	Share capital £m	Share premium account £m	Retained earnings £m	Translation reserve £m	Other reserves £m	Equity attributable to shareholders of the Company £m	Non- controlling interest ("NCI") £m	Total equity £m
At 1 January 2017		6.8	562.2	160.7	94.7	(6.4)	818.0	7.7	825.7
Loss for the year		—	—	(102.7)	—	—	(102.7)	(0.8)	(103.5)
Other comprehensive loss		—	—	—	(6.4)	—	(6.4)	(0.1)	(6.5)
Total comprehensive loss for the year		—	—	(102.7)	(6.4)	—	(109.1)	(0.9)	(110.0)
Exercise of share options		—	0.5	—	—	—	0.5	—	0.5
Share based payment charge	7	—	—	6.1	—	—	6.1	—	6.1
Exercise of JSOP/SIP awards		—	—	—	—	1.2	1.2	—	1.2
Adjustment for cash-settled share options		—	—	(0.2)	—	—	(0.2)	—	(0.2)
Tax on share options	10	—	—	2.0	—	—	2.0	—	2.0
Funding received from NCI	24	—	—	—	—	—	—	1.4	1.4
At 31 December 2017		6.8	562.7	65.9	88.3	(5.2)	718.5	8.2	726.7
Profit for the year		—	—	82.7	—	—	82.7	(2.8)	79.9
Other comprehensive loss		—	—	—	(17.5)	—	(17.5)	0.2	(17.3)
Total comprehensive income for the year		—	—	82.7	(17.5)	—	65.2	(2.6)	62.6
Exercise of share options		—	0.5	—	—	—	0.5	—	0.5
Share based payment charge	7	—	—	7.3	—	—	7.3	—	7.3
Exercise of JSOP/SIP awards		—	0.2	0.6	—	(0.8)	—	—	—
Tax on share options	10	—	—	(0.6)	—	—	(0.6)	—	(0.6)
Funding received from NCI	24	—	—	—	—	—	—	5.4	5.4
At 31 December 2018		6.8	563.4	155.9	70.8	(6.0)	790.9	11.0	801.9

Consolidated cash flow statement

Year ended 31 December 2018

	Notes	2018 £m	2017 (restated ¹) £m
Operating profit/(loss)¹		110.3	(71.9)
<i>Adjustments for:</i>			
Amortisation of intangible assets	13	37.2	31.1
Depreciation of property, plant and equipment	14	12.0	7.3
Loss on disposal of property, plant and equipment and intangible assets	5	1.9	0.9
(Decrease)/increase in provisions		(0.8)	0.3
Non-cash share based payment charges, including social security costs	7	8.0	6.6
Impairment charges		—	180.4
Other non-cash items		—	(0.3)
		168.6	154.4
Increase in inventories		(2.8)	(0.2)
Increase in receivables		(8.3)	(4.6)
Increase in cash to be paid to Restaurant Partners		28.2	17.7
Increase in payables, excluding cash to be paid to Restaurant Partners		9.2	25.0
Increase/(decrease) in deferred revenue		2.7	(0.6)
Net cash generated by operations		197.6	191.7
Interest paid		(1.5)	(0.7)
Facility fees paid		(1.3)	(2.3)
Income taxes paid		(37.5)	(22.0)
Net cash from operating activities		157.3	166.7
Investing activities			
Interest received		0.4	0.7
Acquisition of subsidiary businesses	25	(252.5)	(0.4)
Acquisition of interests in associates	15	(12.4)	(2.6)
Funding provided to associates	15	(30.6)	(0.8)
Disposal of subsidiary businesses		—	3.6
Disposal of minority stake in Mexican business		—	1.2
Purchase of intangible assets	13	(33.3)	(24.0)
Purchase of property, plant and equipment	14	(20.3)	(14.6)
Other cash inflows		—	1.2
Net cash used in investing activities		(348.7)	(35.7)
Financing activities			
Proceeds from exercise of options and awards		1.1	3.1
Cash inflow on borrowings	19	185.0	—
Repayment of borrowings	19	(80.0)	(0.4)
Funding received from NCI		5.4	—
Net cash generated from financing activities		111.5	2.7
Net (decrease)/increase in cash and cash equivalents		(79.9)	133.7
Cash and cash equivalents at beginning of year ²		265.1	130.6
Effect of changes in foreign exchange rates		0.7	0.8
Cash and cash equivalents at end of year²		185.9	265.1

1. The definition of operating profit has been restated in the year to exclude the results of associated undertakings. See Note 2e for further information.

2. Includes £79.7 million (2017: £51.5 million) of Restaurant Partner cash.

Notes to the consolidated financial statements

Year ended 31 December 2018

1. General information

Just Eat plc (the "Company") and subsidiaries controlled by the Company (together, the "Group") operate a leading global marketplace for online food delivery. Further details about our operations and principal activities are disclosed within the Strategic Report on pages 02 to 37. The Company is a public limited company listed on the premium listing segment of the Official List of the Financial Conduct Authority and is incorporated and domiciled in England and Wales. Our registered address is Masters House, 107 Hammersmith Road, London W14 0QH, United Kingdom.

2. Basis of preparation

This section describes how these financial statements have been prepared, as well as the critical accounting judgements and key sources of estimation uncertainty that could potentially have a material impact on the consolidated financial statements in the next 12 months. This Note also sets out the significant accounting policies that relate to the financial statements as a whole and the impact of new accounting standards. Where an accounting policy is applicable to a specific Note to the financial statements, the policy is described within that Note. In accordance with accounting standards, where balances are considered to be immaterial to these financial statements, no further disclosures are provided. These include available-for-sale investments, inventories and the detailed information on trade receivables.

We have prepared the financial statements in accordance with International Financial Reporting Standards as endorsed by the European Union ("IFRS"), those parts of the Companies Act 2006 (the "Act") applicable to companies reporting under IFRS and Article 4 of the International Accounting Standard ("IAS") Regulations.

Critical judgements in the application of accounting policies

For some companies, critical judgements can be made when applying accounting policies that could have a significant impact on the amounts recognised in the consolidated financial statements. No such judgements were made by us in the current year.

Key sources of estimation uncertainty

At the balance sheet date, key assumptions regarding the future and other key sources of estimation uncertainty are made. A significant risk may exist where changes to these assumptions cause a material adjustment to the carrying value of assets and liabilities within the next financial year. The potential impairment of goodwill and uncertain tax positions are the only key sources of estimation uncertainty which could realise this risk.

Impairment of goodwill

The Consolidated Balance Sheet includes significant carrying values of goodwill and identifying whether there are indicators of impairment requires a good understanding of the drivers of value behind the asset. This is of significance to the Group due to the impairment of the goodwill associated with the Australia & New Zealand ("ANZ") cash-generating unit ("CGU") in 2017.

At each reporting period end, an assessment is performed in order to determine whether there are any indicators of impairment. This involves considering the performance of the business and any significant changes to the markets in which we operate. Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal ("FVLCD") and its value in use ("VIU").

The key assumptions used in the VIU calculations are the discount rate and the anticipated future cash flows. The key assumptions used in the FVLCD are similar to the VIU. However, the assumptions are based on a likely market participant's perspective when completing a discounted cash flow model and are therefore guided by advice received from third party advisers. In both the VIU and FVLCD calculations, discount rates are used which reflect current market assessments of the time value of money and the risks specific to the particular CGU. The assumptions on growth in future cash flows are based on past experience, recent results and future expectations, in particular, order growth.

The main drivers for future order growth are the continued investment in marketing, which helps drive brand awareness and customer traffic to our platforms, and the investment in technology, which ensures the platforms are stable, secure, efficient and scalable. This investment will assist in increasing both the relevant overall market as well as the CGU's market share over the medium to long term. Winning large chains of Quick Service Restaurants is also a key driver for future growth, due to the impact on order volumes and the effect of encouraging new users to our platform.

Notes to the consolidated financial statements continued

Year ended 31 December 2018

2. Basis of preparation continued

Key sources of estimation uncertainty continued

Impairment of goodwill continued

Future expected cash flows reflect the most recent financial projections presented to the Board. These cover a three-year period. A further two years of growth projections are applied to the initial projections, based on previous experience of growth rates across all CGUs. For the majority of the CGUs, a long-term growth rate is applied to the fifth year of our projected cash flows, equivalent to the long-term rates of inflation expected in the relevant economies. However, some markets are expected to experience a period of sustained high growth continuing from the end of the fifth year before reaching relative stability (the medium term). Due to the higher level of uncertainty resulting from this growth stage, these are the CGUs with the highest risk of impairment. The ANZ and Italian CGUs have seen significant investment in delivery capability in 2018. The full impact of this investment is expected to crystallise through the medium term, following a pattern similar to that experienced by the SkipTheDishes business in Canada. For these CGUs, it is appropriate to use forecasts extending beyond five years as it correlates with experience in similar markets. The medium-term period extends to eight years for both CGUs. Mexico is one of the least mature markets we have operations in and therefore extrapolating short-term cash outflows could indicate an impairment. However, the business has also been valued based on a potential disposal value and given that this is greater than the carrying value, no impairment is required.

The key assumptions used to determine the recoverable amount for ANZ, Mexico, Italy and all other CGUs, including a sensitivity analysis, are disclosed and further explained in Note 12.

Uncertain tax positions

Our tax charge is the sum of the total current and deferred tax charges arising in each jurisdiction. As a result of our growing global footprint and the changing global tax environment and income taxes arising in numerous jurisdictions, there are some transactions for which the ultimate tax determination is uncertain during the ordinary course of business. The calculation of our total tax charge involves estimation and judgement in respect of certain matters where the tax impact is uncertain until a conclusion is reached with the relevant tax authority or through a legal process. Resolving tax issues can take several years and is not always within our control. Current tax liabilities are recognised for uncertain tax positions when we have a present obligation as a result of a past event and it is probable that there will be a future outflow of funds to a taxing authority. These may be, for example, in respect of enquiries raised and additional tax assessments issued.

Liabilities in respect of uncertain tax positions are measured based on interpretation of country-specific tax law and assigning probabilities to the possible likely outcomes and range of taxes payable in order to ascertain a weighted average probable liability. In-house tax experts, external tax experts and previous experience are used to help assess the tax risks when determining and recognising such liabilities. See Note 10 for further details of the £19.9 million tax provision held at 31 December 2018, which includes an amount relating to an ongoing transfer pricing audit in Denmark. The tax provision held in relation to the Danish matter is calculated based on probability weighting of a range of possible outcomes, the most extreme of which is the full claim of £126.0 million. Therefore, it is possible that a change in our estimate could result in a material adjustment within the next 12 months. The key areas which are factored into our estimate of the likely outcome are: whether the basis for the claim made by the Danish authorities is valid; the valuation applied to the relevant assets; and the length of time over which royalty relief may be applied, ranging from 5 years to 25 years.

Where the final amounts payable are different to the liabilities recognised in previous periods, the required adjustments in respect of prior years are recorded in the current period in the income statement, or directly in equity, as appropriate.

Significant accounting policies that relate to the financial statements as a whole

a) Accounting convention

These consolidated financial statements have been prepared on the historical cost basis, except for assets and liabilities acquired as part of a business combination, deferred contingent consideration, provisions, available-for-sale investments, and derivative financial instruments, which have been measured at fair value. The consolidated financial statements are prepared on a going concern basis, further detail of which is provided in the principal risks and uncertainties section of the Strategic Report on page 21. The policies have been consistently applied to all years presented with the exception of the change in definition of operating profit as explained in Note 2e and the adoption of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with customers on 1 January 2018. Neither of the two new accounting standards resulted in a restatement of the comparative figures.

b) Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its subsidiaries, made up to 31 December each year.

Subsidiaries are consolidated from the date on which we obtain control and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of an investee, to be exposed to a variable return as a result from our involvement and to have the ability to use our power to affect the amount of our returns in the investee. Where necessary, adjustments are made to the financial statements of subsidiaries to align with our Group accounting policies. All intercompany transactions and balances between Group entities within our Group, including unrealised profits arising from them, are eliminated upon consolidation.

2. Basis of preparation continued

Significant accounting policies that relate to the financial statements as a whole continued

b) Basis of consolidation continued

Non-controlling interests represent the equity in a subsidiary not attributable, directly or indirectly, to the Company and are presented separately within equity in the Consolidated Balance Sheet, separately from equity attributable to shareholders of the Company. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

c) Foreign currencies

The individual financial statements of each subsidiary are presented in the currency of the primary economic environment in which it operates (the "functional currency"). For the purpose of the consolidated financial statements, the results and financial position of each subsidiary are expressed in pound sterling, which is the functional currency of the Company, and also the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than that entity's functional currency ("foreign currencies") are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items carried at fair value, that are denominated in foreign currencies, are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the income statement in the period in which they arise, except for exchange differences on monetary items receivable or payable to a foreign operation where settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified to profit or loss on disposal of the net investment.

For the purpose of presenting consolidated financial statements, the monetary assets and liabilities of our foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of our entire interest in a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to us are reclassified to profit or loss.

Goodwill and intangible assets arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

d) Asset impairment

The carrying amounts of tangible and intangible assets (including goodwill) are reviewed at each reporting period end, together with any other assets under the scope of IAS 36 Impairment of Assets, in order to assess whether there is any indication that those assets have suffered an impairment loss.

If any indication of impairment exists, the recoverable amount of the asset is estimated in order to determine if there is any impairment loss. Goodwill is assessed for impairment annually, irrespective of whether there are any indicators of impairment. Where the asset does not generate cash flows that are independent from other assets, the asset is assigned to a CGU.

Recoverable amount is defined as the higher of FVLCD and VIU. Estimated future cash flows are discounted to their present value with reference to discount rates that reflect the risks specific to the asset for which the estimates of future cash flows have not been adjusted. Our calculation of discount rates are performed based on a risk-free rate of interest appropriate to the geographic location of the cash flows related to the asset being tested, which is subsequently adjusted to factor in local market risks and risks specific to us and the asset itself. Discount rates used for internal purposes are post-tax rates; however, for the purpose of impairment testing in accordance with IAS 36 Impairment of Assets we calculate a pre-tax rate based on post-tax targets.

If the recoverable amount is estimated to be less than the carrying amount of the asset, the carrying amount is impaired to its recoverable amount. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amount of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for indications that the loss has decreased or no longer exists. Where an impairment loss subsequently reverses, the carrying amount is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised in prior years.

Impairment losses and reversals are recognised immediately in the income statement within administrative expenses.

Notes to the consolidated financial statements continued

Year ended 31 December 2018

2. Basis of preparation continued

Significant accounting policies that relate to the financial statements as a whole continued

e) Prior year restatement: change in definition of operating profit

During the year the definition of operating profit has been restated to exclude the results of our associated undertakings. The financial performance of these businesses is not within the control of the Group and therefore does not reflect our operational performance. No other performance measures were restated. The operating loss of £72.5 million previously reported for the year ended 31 December 2017 has been restated to £71.9 million as a result of removing the results of the associates.

In previous periods, the Group has separated out certain items within administrative expenses and disclosed them as exceptional items. All such items are included within the reconciliation of the uEBITDA alternative performance measure rather than on the face of the income statement; therefore, this classification is no longer applied.

New and amended standards adopted

IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with customers were both adopted on 1 January 2018. Neither standard has had a material impact on our financial position or performance; and therefore, no restatement of the comparative figures has been required. No other new standards, amendments or interpretations to standards effective for the first time for the financial year beginning on 1 January 2018 have had a material impact on our financial position or performance, nor the disclosures in these consolidated financial statements.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the year ended 31 December 2018 and have not been early adopted.

With the exception of IFRS 16 Leases, none of the accounting standards issued but not yet effective are expected to have a significant impact on our annual financial statements, including IFRIC 23 Uncertainty over Income Tax Treatments.

IFRIC 23 clarifies how to apply the recognition and measurement requirements in IAS 12 Taxes when there is uncertainty over income tax treatments. In particular, the interpretation addresses whether uncertain tax treatments should be considered separately or together with one or more other uncertain tax treatments, and addresses the assumptions an entity makes about the examination of tax treatments by taxation authorities. IFRIC 23 is effective from 1 January 2019.

IFRS 16

The new leasing standard will be adopted with effect from 1 January 2019.

IFRS 16 replaces IAS 17 Leases, with the key change being that lessee accounting will eliminate the IAS 17 distinction between operating leases and finance leases, treating most leases in the same manner as finance leases under IAS 17.

Where an arrangement meets the IFRS 16 definition of a lease and we act as a lessee, at commencement a loan obligation for future lease payables will be recognised together with an equal value non-current asset representing the right to use the leased item. This will have no impact on net assets at the commencement date on 1 January 2019, but due to the different methods of unwinding the asset and liability, over time, a difference will arise.

Lease costs will be recognised in the form of depreciation of the right-of-use asset and interest on the lease liability, which may impact the phasing of operating profit and profit before tax, compared to the cost profiles and presentation in the income statement under IAS 17. This will also impact the classification of associated cash flows in the Consolidated Cash Flow Statement.

We intend to apply the modified retrospective basis when adopting the standard, meaning that the carrying amount of the initial right-of-use assets will equal the respective lease liabilities for all leases entered into before 1 January 2019; therefore, no restatement of prior years is required. The impact of the change in accounting standard on each line item in the financial statements will be provided.

If we had implemented IFRS 16 on 1 January 2018, using estimated discount rates based on lease specific incremental borrowing rates, the impact of applying the modified retrospective basis would be as follows:

Income statement

Administrative expenses would be broadly consistent, as a result of the lease expense of between £5 million and £10 million being replaced by an increase in depreciation on the right-of-use asset in the same range. Finance costs would increase by less than £5 million to reflect the current year unwind of the discounted lease liability.

Balance sheet

At 31 December 2018, a right-of-use asset of between £20 million and £30 million would be recognised as a non-current asset, along with a lease liability in the same range.

Cash flow statement

The lease payments would be reclassified from operating activities to financing activities.

3. Revenue

Revenue is earned through the contracts held with Restaurant Partners and through the arrangements entered into with customers via the Just Eat ordering platforms. This Note provides detail on our revenue recognition policy and a disaggregation of revenue.

Accounting policy

General revenue recognition

The majority of our revenue is recognised at the point in time when value and control is transferred to the customer and it is probable that the Group will collect the related consideration, being delivery of food to a customer. Revenue is measured net of discounts, VAT and other sales-related taxes.

Commission

Commission revenue generated from Restaurant Partners is earned and recognised when a customer's order is fulfilled, being the point at which we have no remaining transactional obligations. As fulfilment of the food order remains the responsibility of, and therefore remains within the control of, the Restaurant Partner, the gross order value placed by customers is not recognised as revenue, only the commission to which we are entitled.

Delivery revenue

Delivery revenue is earned when we arrange the food delivery, instead of the Restaurant Partner using its own delivery system. Where we arrange delivery, all delivery fees are recognised as revenue at the point of order fulfilment to the customer. This is irrespective of whether the individual making the delivery is our employee, a contractor, or an employee of a third party service company, as we maintain primary responsibility for delivery under any of these arrangements. The obligation to fulfil the food order itself remains the responsibility of the Restaurant Partner, and therefore the gross order value placed by customers is not recognised as revenue, only the commission to which we are entitled.

Administration fees

Revenue from administration fees are recognised at the point of order fulfilment.

Discounts

Marketing discount vouchers usually have a unique reference number and have an expiry date. These are recognised as a deduction to revenue when the order takes place; as the discount is in respect of future orders no provision is made at the point the discount vouchers are granted.

Customer care vouchers are given where there is an unsatisfactory customer experience. These are recognised as a deduction to revenue when the voucher is awarded as they relate to orders previously recognised. A provision is therefore made at the end of each reporting period for any amounts not redeemed or credited to a customer's account.

Top Placement fees

Top Placement fees represent income for placing prioritisation on our website for specified periods. These arrangements cover specified periods of time and the associated revenues are recognised evenly over the same time period.

Sign-up fees

Restaurants pay one-off fees to join our network, which covers the cost of an order confirmation terminal used for communicating orders between customers and Restaurant Partners via our ordering infrastructure, plus the ongoing costs of supporting the Restaurant Partners.

Sign-up fees are deferred to the balance sheet and recognised evenly over 48 months, reflecting the delivery of the performance obligation to provide the equipment to the Restaurant Partners. This is considered to be an appropriate time period, as the fair value of the consideration received or receivable for the equipment. Where a restaurant has ended its relationship with us and they are no longer included on the Group's platforms, any remaining deferred income balances are recognised in revenue at the point there is evidence supporting the end of the relationship.

In addition to sign-up fees, Danish and French Restaurant Partners pay an annual subscription fee. Revenue in respect of subscription fees is recognised evenly over the subscription period, being the period over which the performance obligation is delivered.

Other revenue

Other revenue includes the sale of branded merchandise to Restaurant Partners. Merchandise revenue is recognised when the goods are delivered and control has transferred to the Restaurant Partner. Such revenues are not significant to our results.

Revenue by source

	2018		2017	
	£m	%	£m	%
Commission revenue	680.3	87	458.4	84
Administration fees	81.8	11	60.1	11
Discounts	(32.8)	(4)	(14.5)	(3)
Order-driven revenue	729.3	94	504.0	92
Top Placement fees	42.3	5	31.6	6
Sign-up fees and other revenue	7.9	1	10.7	2
Ancillary revenue	50.2	6	42.3	8
Total revenue	779.5	100	546.3	100

Notes to the consolidated financial statements continued

Year ended 31 December 2018

4. Operating segments

Our business is managed with a geographical focus, with management of the UK, Canada and Australia & New Zealand businesses reporting directly to the Chief Executive Officer and the other international operations reporting as a combined business. This Note presents selected financial data as reported to the Chief Executive Officer.

Accounting policy

IFRS 8 Operating Segments requires operating segments to be identified on the same basis as is used internally for the review of performance and allocation of resources by the chief operating decision maker ("CODM"). The CODM is the Chief Executive Officer.

Our operations are organised and reported internally in four segments, split geographically. The main measure of profitability used by the CODM to assess the performance of the business is uEBITDA. EBITDA is defined as earnings before investment revenue and costs, taxation, depreciation, amortisation and asset impairment charges. uEBITDA also excludes share based payment charges, including social security costs, acquisition transaction and integration costs, foreign exchange gains and losses, and other gains and losses. Included within total uEBITDA is our share of uEBITDA losses from associates.

The CODM uses uEBITDA to assess internal performance, as it excludes items that are either non-cash, relate to investments, or do not reflect the day-to-day commercial performance of the business. As a result, uEBITDA provides a measure of the underlying performance of the business and is considered to enhance the comparability of profit or loss across segments. Accordingly, Executive Team incentives are partially based on uEBITDA results and, therefore, it is considered to be both useful and necessary to disclose this measure. Further details relating to the non-IFRS financial performance measures are provided as an appendix to this Annual Report and Accounts.

Due to both the current and expected future size of the Canada segment, during the year we have changed our reporting segments to: United Kingdom; Canada; Australia and New Zealand ("ANZ"); and International. Previously, the segments were: United Kingdom; ANZ; Established Markets; and Developing Markets. The International segment consists of Denmark, France, Ireland, Italy, Mexico, Norway, Spain and Switzerland. Each of the operations in the International segment have similar business models and are expected to have similar long-term uEBITDA margins and display similar economic characteristics. The comparative segmental disclosures below have been restated to reflect this change. The operating segments reflect the information reported to the CODM.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Central administration costs are allocated to the individual segments on a consistent basis year on year. The CODM does not regularly review segment assets and liabilities and therefore no such details are provided below.

Segment revenue

	United Kingdom £m	Canada £m	ANZ £m	International £m	Head office £m	Total £m
2018						
Gross revenue	385.6	179.2	46.7	169.3	11.2	792.0
Less inter-segment revenue	—	(1.3)	—	—	(11.2)	(12.5)
External revenue	385.6	177.9	46.7	169.3	—	779.5
2017 (restated)						
Gross revenue	304.1	64.4	49.8	128.3	3.3	549.9
Less inter-segment revenue	(0.3)	—	—	—	(3.3)	(3.6)
External revenue	303.8	64.4	49.8	128.3	—	546.3

4. Operating segments continued

Segment uEBITDA and results

	Notes	2018 £m	2017 (restated) £m
United Kingdom		189.5	155.4
Canada		(11.5)	(11.4)
ANZ		6.5	17.3
International		14.2	19.4
Total segment uEBITDA		198.7	180.7
Share of results from associates' uEBITDA		(5.7)	(0.2)
Head office		(19.1)	(17.0)
uEBITDA		173.9	163.5
Share based payment charges, including social security costs	7	(8.0)	(6.6)
Impairment charges		—	(180.4)
Acquisition transaction and integration costs		(14.8)	(10.7)
Net foreign exchange gains		2.7	0.5
Share of associates' uEBITDA		5.7	0.2
Depreciation	14	(12.0)	(7.3)
Amortisation – acquired intangible assets	13	(23.9)	(24.4)
Amortisation – other intangible assets	13	(13.3)	(6.7)
Operating profit/(loss)¹		110.3	(71.9)
Share of results of associates	15	(6.7)	(0.6)
Other gains and losses	8	0.8	(2.0)
Investment revenue	9	0.4	0.7
Finance costs	9	(3.1)	(2.2)
Profit/(loss) before tax		101.7	(76.0)

1. The definition of operating profit has been restated in the year to exclude the results of associated undertakings. See Note 2e for further information. In addition, the segment groupings themselves have been restated as noted in the accounting policy above.

5. Operating profit/(loss)

Operating profit is not a measure defined by IFRS, but is considered to include the profits and losses from operations before our share of the results of associates, other gains and losses, investment revenue, finance costs and taxes.

Operating results for the year have been arrived at after charging/(crediting):

	Notes	2018 £m	2017 £m
Total staff costs	6	153.1	114.0
Net foreign exchange gains		(2.7)	(0.5)
Operating lease charges	22	7.4	6.7
Impairment charges		—	180.4
Loss on sale of property, plant and equipment and intangible assets		1.9	0.9
Depreciation of property, plant and equipment	14	12.0	7.3
Amortisation of acquired intangible assets	13	23.9	24.4
Amortisation of other intangible assets	13	13.3	6.7
Research and development expense ¹		23.5	13.6

1. Excluding amortisation of capitalised development costs of £7.8 million (2017: £2.8 million).

All of the above items are included within other administrative expenses in the income statement. Research and development costs are predominantly staff costs.

Notes to the consolidated financial statements continued

Year ended 31 December 2018

5. Operating profit/(loss) continued

Auditor's remuneration

During the year, we obtained the following services from our external auditor:

	2018 £m	2017 £m
<i>Deloitte LLP and its associates' audit fees:</i>		
Parent Company	0.5	0.4
Subsidiary undertakings	0.2	0.2
Total Deloitte LLP and its associates' audit fees	0.7	0.6
<i>Deloitte LLP and associates' non-audit services:</i>		
Audit-related assurance services – half year review	0.1	0.2
Total Deloitte LLP and its associates' non-audit fees	0.1	0.2
Total Deloitte LLP and its associates' fees	0.8	0.8

The position of external auditor was tendered during the year. Further details are provided in the Report of the Audit Committee on pages 57 to 58. Details of our policy on the use of the auditor for non-audit services and how the auditor's independence and objectivity were safeguarded are set out in the Report of Audit Committee on page 56. No services were provided pursuant to contingent fee arrangements.

6. Employee information

Information is provided in this Note on our employees, including long-term incentive costs.

Accounting policy

Employees are considered to be individuals employed under contracts of service, plus any Non-executive Directors. Contracts of service include all employees, other than occasional casual workers, but excludes any individuals employed by non-consolidated entities who are contracted to work for us on a full-time basis. Where external couriers are used, we never consider them to be employees.

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Average number of employees

	2018 £m	2017 £m
Operations	1,720	1,007
Technology and product	634	440
Sales	467	311
Marketing	188	146
Management and administration	281	212
Average number of full-time equivalent members of staff	3,290	2,116

Staff remuneration

	Notes	2018 £m	2017 £m
Wages and salaries		126.9	92.6
Social security costs		12.8	11.2
Pension costs		5.4	3.6
Share based payment charges	7	8.0	6.6
Total staff remuneration		153.1	114.0

Details of the Directors' remuneration are included in the Annual Report on Remuneration on pages 69 to 85.

7. Share based payments

We operate a number of equity-settled share based compensation plans. In accordance with IFRS 2, the awards are measured at fair value on the date of the grant. The fair value is expensed evenly over the vesting period, based on an estimate of the number of shares that will eventually vest. The fair value of the awards granted is calculated using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted.

Accounting policy

Equity-settled share based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value includes the effect of market based vesting conditions.

The fair value determined at the grant date of the equity-settled share based payments is expensed evenly over the vesting period, based on our estimate of equity instruments that will eventually vest. At each balance sheet date, we revise our estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

Summary position

The total expense recorded in relation to the share based, long-term employee incentives was:

	2018 £m	2017 £m
Share based incentive charge, as recognised in the Consolidated Statement of Changes in Equity	7.3	6.1
Employer's social security costs on the exercise of options	0.7	0.5
Total share based payment charges, including social security costs	8.0	6.6

The share awards outstanding can be summarised as follows:

	2018 Number of share awards	2017 Number of share awards
Performance Share Plan	4,729,800	4,010,765
Sharesave Plan	1,027,070	1,046,597
Share Incentive Plan ¹	90,150	90,150
Enterprise Management Incentive Scheme and Company Share Option Plan	1,277,227	1,664,125
Joint Share Ownership Plan ²	737,238	1,418,013
	7,861,485	8,229,650

1. No movements were noted in the year.

2. No share options arise; awards are restricted interests in Ordinary shares.

Just Eat plc Performance Share Plan ("PSP")

PSP awards are granted to eligible employees meeting criteria determined by the Board to help incentivise sustained performance over the long term and to promote alignment with the shareholders' interests. Awards under the PSP are granted as nil-cost options which vest to the extent performance conditions are satisfied, predominantly over a period of three years.

The vesting of interests granted to employees is subject to the option holder continuing to be an employee. For members of the Executive Team, 50% of the awards granted have total shareholder return ("TSR") performance criteria and 50% are based on EPS targets. The fair value of interests awarded under the PSP was determined using the Black-Scholes option pricing model, with the TSR performance criteria being calculated using the stochastic simulation model.

Sharesave Plan

Employees that are determined eligible by the Board are offered the option to buy shares in the Company after a period of three years, based on a discounted share price set at the start of the award period. Employees taking part in the scheme contribute to a savings pool from their salaries on a monthly basis, the full amount of which is repaid if the options lapse.

Notes to the consolidated financial statements continued

Year ended 31 December 2018

7. Share based payments continued

Just Eat Share Incentive Plan ("SIP")

Under the terms of the SIP, the Board may award Ordinary shares in the Company at no cost to employees whom they deem eligible.

The SIP is an equity-settled share option scheme approved by Her Majesty's Revenue & Customs ("HMRC").

The shares vest after three years from grant. Shares were granted under this scheme on the date of the IPO with a fair value of 260.0 pence and all awards outstanding vested on 8 April 2017.

SIP awards do not expire.

Just Eat plc Enterprise Management Incentive Scheme ("EMI Scheme")

Options are no longer being granted under this scheme.

Under the terms of the EMI Scheme, the Board granted options to employees whom they deem as eligible to purchase shares in the Company.

Options are exercisable at a price equal to the estimated fair value of the Company's shares on the date of grant. Options vest in stages over a three-year period commencing on a specified date which is typically one year after the date of grant. Options are forfeited if an employee leaves before the options vest and expire if they remain unexercised ten years after the date of grant.

Just Eat plc Company Share Option Plan ("CSOP")

Options are no longer being granted under this scheme.

Under the terms of the CSOP, the Board granted options to purchase Ordinary shares in the Company to eligible employees. The eligible employees to whom options are granted and the terms of such options are determined by the Board. All employees were eligible to participate in the CSOP, including employees of the Company's subsidiaries, but not all grants are approved by HMRC. Options are not transferable.

Options are exercisable at a price equal to the estimated fair value of the Company's shares on the date of grant. Options vest in stages over a three-year period commencing on a specified date which is typically one year after the date of grant. Options are forfeited if an employee leaves before the options vest and expire if they remain unexercised ten years after the date of grant.

The CSOP is an equity-settled share option scheme approved by HMRC.

The exercise price of options may not be less than the market value of the Company's shares on the date of grant in order for the scheme to qualify as an approved HMRC scheme.

Vested options in the CSOP became exercisable on the Company's IPO in April 2014.

Just Eat Joint Share Ownership Plan ("JSOP")

Awards are no longer being granted under this scheme.

The JSOP is a share ownership scheme under which the employee and Estera Trust (Jersey) Limited, the EBT Trustee, hold a joint interest in Ordinary shares.

Interests under the JSOP take the form of restricted interests in Ordinary shares in the Company. An interest permits a participant to benefit from the increase (if any) in the value of a number of Ordinary shares in the Company over specified threshold amounts. In order to acquire an interest, a participant must enter into a joint share ownership agreement with the EBT Trustee, under which the participant and the EBT Trustee jointly acquire the shares and agree that when the shares are sold the participant has a right to receive the proportion of the sale proceeds that exceed the threshold amount.

The vesting of interests granted to employees is subject to the option holder continuing to be an employee. Interests vest in stages over a three-year period commencing on a specified date, typically one year after the date of grant. The fair value of interests awarded under the JSOP was determined using the Black-Scholes option pricing model.

The range of exercise prices for both current and prior year options outstanding was 4.6 to 76.3 pence. During the year ended 31 December 2018, the weighted average share price at the date of exercise was 798.9 pence (2017: 681.1 pence). The weighted average remaining contractual life of the JSOP awards was 5.0 years (2017: 6.0 years).

7. Share based payments continued

Movements

The movement in share options is summarised in the following table:

	Performance Share Plan		Sharesave Plan		Enterprise Management Incentive Scheme and Company Share Option Plan		Joint Share Option Plan	
	Number of share options	Weighted average exercise price (pence)	Number of share options	Weighted average exercise price (pence)	Number of share options	Weighted average exercise price (pence)	Number of share options	Weighted average exercise price (pence)
Outstanding								
At 1 January 2017	2,556,637	—	873,940	377.0	2,907,224	37.3	6,145,509	59.2
Granted	2,141,091	—	300,738	520.0	—	—	—	—
Forfeited	(567,667)	—	(115,291)	361.0	(63,255)	53.7	—	57.7
Exercised	(119,296)	—	(12,790)	—	(1,179,844)	36.4	(4,727,496)	62.0
At 1 January 2018	4,010,765	—	1,046,597	412.7	1,664,125	37.4	1,418,013	49.8
Granted	2,189,868	—	293,960	620.0	—	—	—	—
Forfeited	(951,041)	—	(128,816)	371.8	(663)	64.4	—	71.5
Exercised	(519,792)	—	(184,671)	—	(386,235)	43.8	(680,775)	70.2
At 31 December 2018	4,729,800	—	1,027,070	433.8	1,277,227	35.4	737,238	29.6
Exercisable								
At 1 January 2017	104,576	—	—	—	1,641,121	—	983,988	—
At 31 December 2018	362,662	—	—	—	1,277,227	—	283,462	—

Supplementary information:

	Performance Share Plan		Sharesave Plan		Enterprise Management Incentive Scheme and Company Share Option Plan		Joint Share Option Plan	
	Years	Pence	Years	Pence	Years	Pence	Years	Pence
Weighted average remaining life								
At 1 January 2017	8.6	—	2.2	—	3.3	—	6.0	—
At 31 December 2018	8.5	—	1.4	—	3.3	—	5.0	—
Grant date fair value								
At 1 January 2017	—	550	—	319	—	N/A	—	N/A
At 31 December 2018	—	572	—	156	—	N/A	—	N/A
Exercise date weighted average fair value								
At 1 January 2017	—	735.9	—	520	—	658.9	—	681.1
At 31 December 2018	—	753.5	—	620	—	749.3	—	798.9

Assumptions

The following inputs were applied to the open schemes when using the Black-Scholes option pricing model to determine the fair value of options granted:

	2018		2017	
	PSP awards	Sharesave Plan	PSP awards	Sharesave Plan
Share price	575–775p	596p	581–798p	752p
Exercise price	—	620p	—	520p
Expected volatility	40.6–41.12%	40.5%	41.9–44.8%	42.1%
Expected life (months)	12–36	36	12–36	36
Risk-free rate	0.1%	0.1%	0.1%	0.1%
Expected dividend yields	£nil	£nil	£nil	£nil

The stochastic model applied to the TSR performance criteria element of the PSP scheme was simulated with 100,000 trials.

Notes to the consolidated financial statements continued

Year ended 31 December 2018

8. Other gains and losses

Other gains and losses are shown below operating profit as they arise from matters not directly related to day-to-day trading. Details of these items are included in this Note.

Accounting policy

Other gains and losses comprise profits or losses arising on the disposal or deemed disposal of operations, gains and losses on financial assets classified as fair value through profit or loss, gains and losses on derivative financial instruments, and movements in provisions for contingent consideration or obligations to acquire minority interests. They have been disclosed separately in order to improve a reader's understanding of the financial statements and are not disclosed within operating profit as they are non-trading in nature.

	Notes	2018 £m	2017 £m
Decrease/(increase) in minority shareholders' buy-out provision	18	0.3	(0.5)
Gain/(loss) on derivative financial instruments	20	0.3	(0.4)
Fair value gain on stepped acquisition of Flyt Limited	25	0.7	—
Increase in contingent consideration liability	18	(0.5)	(1.1)
Total other gains and losses		0.8	(2.0)

9. Investment revenue and finance costs

Investment revenue comprises interest received from bank deposits. Finance costs predominantly arise from the amortisation of costs incurred in setting up the revolving credit facility, which was utilised during the year ended 31 December 2018. Net finance costs for the year were £2.7 million (2017: £1.5 million).

	2018 £m	2017 £m
Interest received	0.4	0.7
Total investment revenue	0.4	0.7
Bank interest and facility fees	(3.1)	(2.2)
Total finance costs	(3.1)	(2.2)

10. Taxation

Uncertain tax positions is a key source of estimation uncertainty (see Note 2), in particular the Danish transfer pricing audit. Set out in this Note are details of how our tax charge arises, together with information on the deferred tax position.

Accounting policy

The income tax expense comprises both current and deferred tax. Income tax is recognised in the income statement, except to the extent that it relates to items recognised directly in other comprehensive income, in which case the income tax is recognised in other comprehensive income.

Current tax

Current tax is the expected tax payable on the taxable profit for the year, using tax rates prevailing in each respective jurisdiction and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax recognised is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities, using tax rates that are expected to apply when the temporary differences reverse, based on rates enacted or substantively enacted at the balance sheet date.

Deferred tax is not recognised for temporary differences arising from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where we are able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related deferred tax benefit will be realised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and we intend to settle the current tax assets and liabilities on a net basis.

10. Taxation continued

Accounting policy continued

Tax deductions on the exercise of share options

Under IAS 12, to the extent that the tax deduction available on the exercise of share options is equal to, or is less than, the cumulative share based payment charge calculated under IFRS 2 Share based Payments, current and deferred tax is recognised through the income statement. However, when the tax deduction is greater than the cumulative expense, the incremental current tax deduction and deferred tax recognition are recognised in equity.

Income tax expense

	2018 £m	2017 £m
Current taxation		
Current year	31.4	38.0
Adjustment for prior years	(0.2)	(0.3)
	31.2	37.7
Deferred taxation		
Temporary timing differences	(9.3)	(10.0)
Adjustment for prior years	(0.1)	(0.2)
	(9.4)	(10.2)
Total tax charge for the year	21.8	27.5

UK corporation tax was calculated at 19.00% (2017: 19.25%) of the taxable profit for the year. The UK Government announced in the summer 2015 budget a reduction in the standard rate of corporation tax from 20% to 19%, effective from 1 April 2017. The Finance Bill 2016 subsequently reduced the main rate of corporation tax to 17%, effective from 1 April 2020.

Taxation for territories outside of the UK was calculated at the rates prevailing in the respective jurisdictions.

Taxation on items taken directly to equity in respect of share options was a net debit of £0.6 million (2017: £2.0 million credit), which comprised £0.6 million credit relating to current tax and £1.2 million debit relating to deferred tax.

Factors affecting the tax expense for the year

The total tax charge for the year can be reconciled to the profit/(loss) per the income statement as follows:

	2018 £m	2017 £m
Profit/(loss) before tax	101.7	(76.0)
UK rate of 19.00% (2017: 19.25%)	19.3	(14.6)
<i>Adjusted for the effects of:</i>		
Non-deductible expenditure	2.7	3.1
Non-taxable income	(1.0)	(5.9)
Share based payments	0.8	0.3
Impairment charges	—	34.7
Prior year adjustments	(0.3)	(0.5)
Unrecognised deferred tax asset changes	(1.5)	1.6
Overseas tax rates	(2.1)	(1.7)
Other overseas taxes (including movement in provisions)	2.7	10.4
Associates results	1.2	0.1
Total tax charge for the year	21.8	27.5
Effective tax rate	21.4%	(36.2%)

The effective tax rate ("ETR") for the year ended 31 December 2018 is 21.4% (2017: -36.2%). Underlying ETR is provided in the Alternative Performance Measures appendix to these Annual Report and Accounts.

The total tax charge of £21.8 million (2017: £27.5 million) is made up of: a current tax charge of £31.2 million (2017: £37.7 million), primarily consisting of corporate tax arising in the UK, Denmark, France, Ireland and Switzerland; and a deferred tax credit of £9.4 million (2017: £10.2 million) resulting from the unwind of deferred tax liabilities arising on acquired intangibles and the recognition of a deferred tax asset on the cumulative losses in SkipTheDishes in Canada.

As a result of the geographical spread of our operations and the varied, increasingly complex nature of local and global tax law, there are some transactions for which the ultimate tax determination is uncertain during the ordinary course of business. The provision held in relation to uncertain tax items totalled £19.9 million at 31 December 2018 (2017: £17.4 million).

Notes to the consolidated financial statements continued

Year ended 31 December 2018

10. Taxation continued

Factors affecting the tax expense for the year continued

Included within the total uncertain tax provision is an amount held in relation to an ongoing transfer pricing audit in Denmark. In 2012, our transfer pricing arrangements were updated, in line with the OECD Transfer Pricing Guidelines, to reflect the commercial and economic reality of our headquarters being established in the UK. An Advanced Pricing Agreement ("APA") was submitted to the Danish and UK Competent Authorities to obtain certainty over the position taken. The Danish Tax Authorities subsequently opened a local transfer pricing audit into the periods covered by the APA and in January 2018 issued a formal notice of assessment from their findings, making a claim that the taxable income for financial year 2013 should be increased, equalling an additional tax payment of £126 million, including interest and surcharges. We strongly disagree with the claim made by the Danish Tax Authorities and have appealed the assessment through a Mutual Agreement Procedure ("MAP") between the UK and Danish Competent Authorities. During the MAP, the two tax authorities enter into discussions with the intention of resolving the transfer pricing dispute. Our case was formally accepted into the MAP in April 2018. We expect this issue to be resolved through the MAP, with the outcome being full elimination of the potential double taxation. Such an outcome may result in a reallocation of income between the UK and Denmark with different tax rates applying over different time periods and net interest charges. An amount has been provided in respect of this uncertain tax position. This is a key source of estimation uncertainty as outlined in Note 2.

As we operate in multiple countries, our effective tax rate will be impacted by the tax rates applicable in those countries. We expect our future tax charge and effective tax rate will be driven by various factors including: the timing of the recognition of tax losses; changes in the mix of business profits; local or international tax reform (for example, any arising from the implementation of the OECD's BEPS actions and European Union state aid investigations), new challenges by the tax authorities or the resolution of ongoing enquiries raised by tax authorities; and the impact of any acquisitions, disposals or restructurings.

Deferred tax

	Losses (assets) £m	Share based payment (assets) £m	Short-term temporary differences (assets) £m	Short-term temporary differences (liabilities) £m	Acquired intangibles (assets) £m	Acquired intangibles (liabilities) £m	Total £m
At 1 January 2017	10.8	2.3	1.2	(0.2)	0.1	(25.7)	(11.5)
Foreign exchange movements	(0.4)	—	—	(0.1)	—	0.1	(0.4)
Credit to the income statement	1.8	0.7	0.2	0.1	—	7.2	10.0
Credit to equity	—	1.1	—	—	—	—	1.1
Prior year adjustment	0.3	—	—	(0.1)	—	—	0.2
Arising on acquisition	—	—	—	—	—	0.5	0.5
At 31 December 2017	12.5	4.1	1.4	(0.3)	0.1	(17.9)	(0.1)
Foreign exchange movements	(0.1)	—	—	—	—	0.5	0.4
Credit to the income statement	2.8	0.2	0.6	—	—	5.7	9.3
Credit to equity	—	(1.2)	—	—	—	—	(1.2)
Prior year adjustment	(0.1)	—	0.3	(0.1)	—	—	0.1
Arising on acquisition	8.3	—	—	—	—	(8.5)	(0.2)
At 31 December 2018	23.4	3.1	2.3	(0.4)	0.1	(20.2)	8.3
						2018 £m	2017 £m
Analysed as:							
Deferred tax liabilities						(20.6)	(18.2)
Deferred tax assets						28.9	18.1
Net deferred tax asset/(liability)						8.3	(0.1)

Deferred tax is provided in respect of temporary differences that have originated but not reversed at the balance sheet date and is determined using the tax rates that are expected to apply when the temporary differences reverse. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered.

Deferred tax assets arising from temporary differences have not been recognised in tax jurisdictions where there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised at 31 December 2018 was £18.3 million (2017: £20.4 million). The asset would be recognised if sufficient suitable taxable profits were made in the future and the recovery of the asset became probable.

10. Taxation continued

Deferred tax assets not recognised

	2018 £m	2017 £m
Accelerated capital allowances	1.3	1.5
Short-term timing differences	0.4	0.4
Unrelieved tax losses	16.6	18.5
Total	18.3	20.4

The majority of our tax losses for which no deferred tax has been recognised do not expire. A total of £0.2 million of gross losses (unrecognised deferred tax asset of £0.1 million) expire in less than five years' time, £17.4 million of gross losses (unrecognised deferred tax asset of £5.2 million) expire in five to ten years' time and £4.0 million of gross losses (unrecognised deferred tax asset of £1.0 million) expire in more than ten years' time.

11. Earnings per share

We use earnings per share as a measure of management performance. The principal metric used is adjusted earnings per share. This Note sets out the IFRS earnings per share. Adjusted earnings per share is provided in the alternative performance measures appendix to this Annual Report and Accounts.

Accounting policy

Basic earnings per share is calculated by dividing the profit for the year attributable to equity shareholders by the weighted average number of shares outstanding during the year, excluding unvested share awards.

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potentially dilutive shares. Ordinary shares are only treated as dilutive when their conversion would decrease earnings per Ordinary share or increase loss per Ordinary share from continuing operations.

Basic and diluted earnings per share

	2018 Number of shares ('000)	2017 Number of shares ('000)
Weighted average number of Ordinary shares for basic earnings per share	681,042	676,844
<i>Effect of dilution:</i>		
Share options and awards	4,389	5,159
Unvested JSOP shares	—	943
Weighted average number of Ordinary shares adjusted for the effect of dilution	685,431	682,946
	2018 Pence	2017 Pence
Earnings per Ordinary share		
Basic	12.1	(15.2)
Diluted ¹	12.1	(15.2)

1. Due to the losses made in the year ended 31 December 2017 there is no dilutive effect of shares for that year.

Notes to the consolidated financial statements continued

Year ended 31 December 2018

12. Goodwill

The consolidated balance sheet contains significant goodwill carrying values. Goodwill arises when a business is acquired for an amount higher than the fair value of its net assets, representing primarily the synergies and growth potential expected to materialise, or the value of the assembled workforce. Goodwill is not amortised but is subject to annual impairment reviews. Potential impairment of goodwill is a critical accounting judgement and a key source of estimation uncertainty and further details are provided in Note 2.

Accounting policies

Goodwill is measured as the excess of the fair value of purchase consideration over the fair value of the net assets acquired and is recognised as an intangible asset when control is achieved. Fair value measurements are based on provisional estimates and may be subject to amendment within one year of the acquisition, resulting in an adjustment to goodwill. The fair values associated with material business combinations are valued by external advisers and any amount of consideration which is contingent in nature is evaluated at the end of each reporting period, based on internal forecasts.

Goodwill itself does not generate independent cash flows and, therefore, in order to perform required tests for impairment, it is allocated at inception to the specific CGUs or groups of CGUs which are expected to benefit from the acquisition. Goodwill is not amortised but is reviewed for impairment annually, or more frequently when there is an indication that the CGU may be impaired. When an indication of impairment exists, we review the carrying amount and recoverable amount of the investment. The recoverable amount is the higher of FVLCD and VIU. However, in line with IAS 36, FVLCD is only determined where VIU would result in an impairment. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU pro rata on the basis of the carrying amount of each asset in the CGU. An impairment loss recognised for goodwill is not reversed in a subsequent period.

The key assumptions used in the VIU calculations are the discount rate and the anticipated future cash flows (which are a function of increases in both revenue and costs, along with other factors). The key assumptions used in the FVLCD are similar to the VIU. However, the assumptions are based on a likely market participant's perspective.

In both the VIU and FVLCD calculations, discount rates are used which reflect current market assessments of the time value of money and the risks specific to the particular CGU. The assumptions on growth in future cash flows are based on past experience, recent results and future expectations.

The main drivers for future cash flows are the investment in delivery, the continued investment in marketing, which helps drive brand awareness and customer traffic to our platforms, and the investment in technology, which ensures the platforms are stable, secure, efficient and scalable. This investment will assist in increasing both the relevant overall market as well as the CGU's market share over the medium to long term.

We prepare cash flow forecasts based on the most recent financial budgets approved by the Board. Some markets are expected to enjoy a period of sustained high growth continuing from the end of the current budgetary cycle to maturity (the medium term). A suitable medium-term growth rate, based on previous experience of growth rates (including historical growth rates of all CGUs), has been applied individually to reflect each CGU's activity in this period. After this, a long-term growth rate is applied.

For VIU, cash flows are typically forecast for periods up to five years, but there are some CGUs that are forecast for longer periods. These CGUs are located in immature markets which are currently lacking penetration, and where future investment in the business is expected to result in its long-term growth being achieved outside of five years. For these CGUs, it is appropriate to use forecasts extending beyond five years as they correlate with trading experienced in similar markets.

Carrying value of goodwill

	2018 £m	2017 £m
At 1 January	544.9	725.2
Arising on acquisition	236.6	—
SkipTheDishes acquisition adjustment	—	1.5
Impairment charges	—	(180.4)
Foreign exchange movements	(10.8)	(1.4)
At 31 December	770.7	544.9

During the year we completed the acquisition of HungryHouse Holdings Limited ("HungryHouse") and Flyt Limited ("Flyt"), resulting in the recognition of £236.6 million of goodwill in total from these transactions. Further details are provided in Note 25.

Due to timing constraints between the acquisition of SkipTheDishes on 14 December 2016 and the publication of the 2016 Annual Report, the acquisition accounting in 2016 was provisional, based on estimated inputs. In the prior year, the valuation models and acquisition accounting were finalised, resulting in an increase in goodwill of £1.5 million (see Note 25). The Flyt acquisition in 2018 is currently held at provisional values due to the timing of the transaction.

12. Goodwill continued

Carrying value of goodwill continued

Goodwill is attributable to the future growth of the acquired businesses, through expansion of the networks of Restaurant Partners and the number of orders per Restaurant Partner, anticipated future operating synergies, and the ability to leverage intellectual property in new markets around the world. In addition, the goodwill balances represented the value of the businesses' active customer bases and assembled workforce, which do not meet the recognition criteria of an intangible asset.

Goodwill allocated by CGU

Goodwill acquired in a business combination is allocated on acquisition to the CGUs that are expected to benefit from that business combination.

During the year we integrated the operations of SkipTheDishes and Just Eat Canada and as a result these two CGUs were combined, leading to the transfer of £6.1 million into the SkipTheDishes CGU and its renaming to "Canada".

As a result of the acquisition of HungryHouse, the UK CGU has been separately disclosed and the existing goodwill balance of £4.3 million attributable to this CGU has been moved from the "Other CGUs" category, where it was previously disclosed.

The carrying amount of goodwill has been allocated as follows:

CGU	Acquisitions	As at 31 December 2017 £m	Transfers £m	Arising on acquisition £m	Foreign exchange £m	As at 31 December 2018 £m
ANZ	Menulog Group Limited ("MGL")	271.2	—	—	(11.5)	259.7
UK	HungryHouse Holdings Limited, Flyt Limited, Meal 2 Order.com Limited, Nifty Nosh Limited and others	—	4.3	236.6	—	240.9
Canada ("CA")	SkipTheDishes Restaurant Services Inc., Orderit.ca	91.8	6.1	—	(2.3)	95.6
Spain ("ES")	SinDelantal Internet, S.L., La Nevera Roja	58.3	—	—	0.7	59.0
Italy ("IT")	Click Eat, Jeb S.r.l, Clicca e Mangia, PizzaBo	42.6	—	—	0.5	43.1
France ("FR")	FBA Invest SaS	44.0	—	—	0.5	44.5
Mexico ("MX")	SinDelantal Mexico SA de C.V., hellofood Mexico	19.6	—	—	1.2	20.8
Other CGUs ¹		17.4	(10.4)	—	0.1	7.1
Total goodwill		544.9	—	236.6	(10.8)	770.7

1. Other CGUs include Denmark, Ireland and Switzerland. The individual amount of goodwill assigned to these CGUs is not considered significant in comparison with the carrying value of goodwill.

Impairment review

For the year ended 31 December 2018, no impairment charge has arisen. During the prior year, a non-cash impairment charge of £180.4 million was recorded in respect of the ANZ CGU. The charge was driven by lower projected cash flows within the business plans resulting in a reassessment of expected future business performance in light of the prevailing trading environment.

For all CGUs except for MX, the recoverable amount was determined by measuring their VIU. The recoverable amount for the MX CGU was calculated based on FVLCD.

The key VIU assumptions used were:

	ANZ	UK	CA	ES	IT	FR
Pre-tax discount rate ¹	10.7%	10.9%	11.3%	11.2%	11.3%	11.8%
Terminal growth rate ²	2.5%	2.0%	2.0%	1.8%	1.6%	1.9%
Number of years forecasted before terminal growth rate applied	8	5	5	5	8	5

1. Pre-tax discount rates have been calculated using the capital asset pricing model, the inputs of which include a country risk-free rate, equity risk premium, Group size premium and a risk adjustment (beta).

2. Terminal growth rate is based on long-term inflationary rates in the country of operation.

FVLCD was calculated based on a revenue multiple model based on budgeted revenues for 2019 and is therefore a level 3 measurement. Level 3 measurements are based inputs which are normally unobservable to market participants. Costs of disposal can be assumed to be 10% of expected disposal proceeds.

Notes to the consolidated financial statements continued

Year ended 31 December 2018

12. Goodwill continued

Sensitivity analysis

We have conducted sensitivity analysis on each CGU's VIU. This included either increasing the discount rates, reducing the long-term growth rate, or reducing the anticipated future cash flows through changes to revenue or costs in each of the years through to the terminal year.

The sensitivity assumptions applied to the VIU calculations are set out in the table below. These are considered to be reasonably possible, but not likely.

	ANZ	UK	CA	ES	IT	FR
Increase in discount rate	1%	1%	1%	1%	1%	1%
Reduction in long-term growth rate applied in terminal year	(1%)	(1%)	(1%)	(1%)	(1%)	(1%)
Decrease in total revenue for all years through to terminal year	(5%)	(5%)	(5%)	(5%)	(5%)	(5%)
Increase in total costs for all years through to terminal year	5%	5%	5%	5%	5%	5%

Sensitivity analysis demonstrates that it is reasonably possible that an impairment charge could arise in the ANZ, ES and IT CGUs. The following table sets out the goodwill attributable to each of these CGUs, the excess of the recoverable amount over the carrying value of each CGU under the base case assumptions set out above (the "headroom"), together with the potential headroom (shown as a positive value) or impairment (shown as negative values) under each of the four sensitised scenarios.

	ANZ £m	ES £m	IT £m
Goodwill	259.7	59.0	43.1
Headroom under base case assumptions	21.1	15.4	10.8
1% increase in discount rate	(27.6)	5.5	1.6
1% reduction in long-term growth	(12.0)	7.6	4.3
5% reduction in total revenue for each year through to terminal year	(77.9)	(21.3)	(47.5)
5% increase in total costs for each year through to terminal year	(62.6)	(16.4)	(44.5)

13. Other intangible assets

Other intangible assets predominantly arise on acquisition of subsidiaries or are internally developed. Other intangible assets are amortised as well as being tested at least annually for impairment. Detail of the movement in intangible assets is provided in this Note.

Accounting policy

Intangible assets are recorded at cost, net of amortisation and any provision for impairment. Amortisation is spread evenly over the assets' useful economic lives. The cost of intangible assets arising from a business combination or associate is determined at their fair value on the date of initial recognition.

We have four classes of intangible asset: patents, licences and intellectual property ("IP"), Restaurant Partner contracts, brands, and development costs. Due to both the absence of a contractual arrangement and a practice of establishing such contracts with customers, acquired customer/user lists are not classified as an intangible asset and remain as part of goodwill.

Detail of the policy on asset impairment is provide in Note 2.

Patents, licences and IP

Patents, licences and IP are generally acquired as part of a business combination, and predominantly relate to acquired operating platforms such as websites and apps. Software licences are also included in this category.

The useful economic life is typically between three and five years, depending on the period over which benefits are expected to be realised from the asset.

The initial fair values are established as the estimated costs to replace the acquired platforms.

Restaurant contracts

Restaurant contracts are generally the primary revenue-generating assets of a business combination and relate to the acquired contractual agreements between the business and the Restaurant Partners.

The useful economic life is determined as the period over which the acquired Restaurant Partner contracts are reasonably expected to transfer economic benefits, which is usually between three and ten years.

The initial fair values are established with reference to the present value of their post-tax cash flows projected over their remaining useful lives. The cash flows and discount rates used in the valuations are risk adjusted to the extent deemed necessary to accurately reflect local risks and uncertainties associated with the asset.

Brands

Brands are acquired as part of a business combination.

The useful economic life is determined as the period of time over which the acquired brand is reasonably expected to transfer economic benefits, which is usually between three and ten years.

13. Other intangible assets continued

Accounting policy continued

Brands continued

The initial fair values are established using the relief from royalty valuation method. The cash flows and discount rates used in the relief from royalty valuation model are risk adjusted to the extent deemed necessary to accurately reflect local risks and uncertainties associated with the asset.

Development costs

Internally developed websites, apps and other software, that together comprise the Just Eat ordering platforms, are capitalised to the extent that incremental costs can be separately identified, the product is technically feasible, expenditure can be measured reliably, and sufficient resources are available to complete the project. Where these conditions are not met the amounts are expensed as incurred.

The useful economic life is typically three years, from the date the developed asset is available for use.

Carrying value of other intangible assets

	Notes	Patents, licences and IP £m	Restaurant contracts £m	Brands £m	Development costs £m	Total £m
Cost						
At 1 January 2017		17.7	77.1	30.1	13.2	138.1
Additions		5.6	—	—	18.8	24.4
SkipTheDishes acquisition adjustment ¹	25	(0.8)	4.0	(5.0)	—	(1.8)
Transfers		4.6	—	—	(4.6)	—
Disposals		(3.9)	(0.8)	(1.0)	(0.5)	(6.2)
Foreign exchange movements		(0.1)	(0.3)	—	—	(0.4)
At 31 December 2017		23.1	80.0	24.1	26.9	154.1
Additions		4.9	—	—	27.3	32.2
Arising on acquisition		—	39.4	—	10.8	50.2
Transfers		5.6	—	—	(5.6)	—
Disposals		(0.6)	—	—	(1.3)	(1.9)
Foreign exchange movements		(0.2)	(2.3)	(0.6)	—	(3.1)
At 31 December 2018		32.8	117.1	23.5	58.1	231.5
Amortisation						
At 1 January 2017		9.4	18.7	5.4	1.2	34.7
Charge for the year		6.3	13.0	9.0	2.8	31.1
Transfers		0.3	—	—	(0.3)	—
Disposals		(3.9)	(0.8)	(1.0)	(0.1)	(5.8)
Foreign exchange movements		—	(0.3)	(0.1)	—	(0.4)
At 31 December 2017		12.1	30.6	13.3	3.6	59.6
Charge for the year		6.1	21.1	2.2	7.8	37.2
Disposals		(0.5)	—	—	(0.5)	(1.0)
Foreign exchange movements		(0.2)	(0.7)	(0.3)	—	(1.2)
At 31 December 2018		17.5	51.0	15.2	10.9	94.6
Carrying amount						
At 31 December 2018		15.3	66.1	8.3	47.2	136.9
At 31 December 2017		11.0	49.4	10.8	23.3	94.5

1. Due to timing constraints between the acquisition of SkipTheDishes on 14 December 2016 and the publication of the 2016 Annual Report, the prior year acquisition accounting was provisional, as permitted under IFRS 3 Business Combinations. The prior year valuation of the acquired intangible assets was based on estimated inputs. In the current year, the valuation models and acquisition accounting have been finalised, resulting in an increase in intangible assets of £1.8 million (see Note 25).

The cash outflow in respect of additions of intangible assets was £33.3 million (2017: £24.0 million). Of the amortisation charge for the year ended 31 December 2018, £23.9 million (2017: £24.4 million) related to intangible assets arising on acquisition and £13.3 million (2017: £6.7 million) related to other intangible assets.

At 31 December 2018, we had not entered into any significant contractual commitments for the acquisition of intangible assets (2017: none).

Patents, licences and IP

As at 31 December 2018, the patents, licences and IP carrying amount was £15.3 million (2017: £11.0 million). Included within this category are assets arising on acquisition with a net book value of £1.7 million (2017: £2.4 million).

The weighted average remaining amortisation period for this category is 3.1 years.

Notes to the consolidated financial statements continued

Year ended 31 December 2018

13. Other intangible assets continued

Restaurant Partner contracts

Restaurant Partner contracts arise on the acquisition of other businesses and relate to the fair value of existing contracts held in the acquired business, based on expected future earnings. As at 31 December 2018, the Restaurant Partner contracts carrying amount of £66.1 million (2017: £49.4 million) included £30.3 million in respect of HungryHouse, £24.4 million (2017: £33.0 million) in respect of the Restaurant Partner contracts acquired as part of the June 2015 acquisition of Menulog and £7.7 million (2017: £9.5 million) in respect of the Restaurant Partner contracts acquired as part of the December 2016 acquisition of SkipTheDishes.

The weighted average remaining amortisation period for Restaurant Partner contracts is 3.4 years.

Brands

Brand assets arise on the acquisition of other businesses. As at 31 December 2018, the brands' carrying amount of £8.3 million (2017: £10.8 million) included £6.5 million (2017: £7.9 million) in respect of the brands acquired as part of the June 2015 acquisition of Menulog and £0.9 million (2017: £2.0 million) in respect of the brand acquired as part of the December 2016 acquisition of SkipTheDishes.

The weighted average remaining amortisation period for brands is 5.8 years.

Development costs

Development costs are internally generated and represent the amounts capitalised in relation to our technology platforms. As at 31 December 2018, £15.5 million was not available for use at 31 December 2018 (2017: £11.1 million) and, therefore, has not been amortised.

The weighted average remaining amortisation period for development costs (excluding work in progress) is 0.3 years.

14. Property, plant and equipment

We own fixtures and fittings, equipment and leasehold improvements, which are depreciated over their useful economic lives. Detail of the movement in intangible assets is provided in this Note.

Accounting policy

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment. Depreciation is charged on all property, plant and equipment at rates calculated to recognise the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Fixtures and fittings	33% per annum
Equipment	33% per annum
Leasehold improvements	20% per annum, or the period of the lease if shorter

Detail of the policy on asset impairment is provided in Note 2.

14. Property, plant and equipment continued

Carrying value of property, plant and equipment

	Fixtures and fittings £m	Equipment £m	Leasehold improvements £m	Total £m
Cost				
At 1 January 2017	6.1	15.2	3.9	25.2
Transfers	(0.5)	0.5	—	—
Additions	1.1	7.3	5.9	14.3
Disposals	(0.5)	(2.8)	—	(3.3)
Foreign exchange movements	—	0.1	—	0.1
At 31 December 2017	6.2	20.3	9.8	36.3
Additions	1.2	17.2	1.6	20.0
Disposals	(0.2)	(4.7)	(0.2)	(5.1)
Foreign exchange movements	0.1	—	0.1	0.2
At 31 December 2018	7.3	32.8	11.3	51.4
Accumulated depreciation				
At 1 January 2017	4.1	6.7	2.0	12.8
Charge for the year	1.1	5.1	1.1	7.3
Transfers	(0.5)	0.5	—	—
Disposals	(0.4)	(2.4)	—	(2.8)
Foreign exchange movements	—	0.1	(0.1)	—
At 31 December 2017	4.3	10.0	3.0	17.3
Charge for the year	1.2	8.6	2.2	12.0
Disposals	(0.2)	(3.6)	(0.2)	(4.0)
Foreign exchange movements	0.1	—	0.1	0.2
At 31 December 2018	5.4	15.0	5.1	25.5
Carrying amount				
At 31 December 2018	1.9	17.8	6.2	25.9
At 31 December 2017	1.9	10.3	6.8	19.0

Equipment includes orderpads located on Restaurant Partner premises of £14.0 million (2017: £5.3 million).

The cash outflow in respect of additions of property, plant and equipment was £20.3 million (2017: £14.6 million).

At 31 December 2018, we had entered into any significant contractual commitments for the acquisition of property, plant and equipment (2017: none).

15. Investments in associates

We hold an interest in certain companies where the ability to exert significant influence exists. The biggest of these is IF-JE Participações S.A. ("IF-JE"). Key information and judgements made are provided in this Note.

Accounting policy

An associate is an entity over which we have significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but does not control or have joint control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The results, assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting.

The investment in an associate is initially recognised at cost. At the acquisition date, any excess of the cost of acquisition over our share of the net fair value of the identifiable assets and liabilities of the associate is recognised as goodwill. Goodwill is included within the carrying amount of the investment. Under the equity method, the carrying amount of the investment is adjusted to recognise changes in our share of net assets of the associate since the acquisition date.

The Consolidated Income Statement reflects our share of the results of operations of the associate. Any change in other comprehensive income of those investees is presented as part of consolidated other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, we recognise our share of any changes, when applicable, in the Consolidated Statement of Changes in Equity.

Profits and losses resulting from transactions between us and our associates are eliminated to the extent of our interest in the associate.

Detail of the policy on asset impairment is provided in Note 2.

Notes to the consolidated financial statements continued

Year ended 31 December 2018

15. Investments in associates continued

We have investments in two associates, IF-JE Participações S.A. ("IF-JE") and IF-JE Holdings B.V. ("IF-JE NL"). Both associates are 33% owned, with the remaining 67% owned by Movile Internet Movel S.A. ("Movile"), or parties connected to Movile. Both entities are accounted for using the equity method in these consolidated financial statements as we are considered to have significant influence through representation on the companies' board of directors and through the voting rights given by share ownership. Only IF-JE is considered to be material.

IF-JE operates a marketplace for online food delivery. IF-JE is incorporated and has its principal place of business in Brazil, an area of significant growth potential and complementary to our strategic objectives.

During the year ended 31 December 2018 we paid £24.7 million to acquire additional shareholdings in IF-JE from other non-controlling parties. A further £12.4 million was paid against historical liabilities, taking the total cash payment to £37.1 million. In addition, we provided IF-JE with working capital funding of £5.9 million (2017: £0.8 million). We received additional shares as consideration for the funding. The majority shareholder Movile also participated in the funding.

IF-JE NL is a holding company with its principal place of residence in the Netherlands. The primary investment of IF-JE NL is El Cocinero a Cuerda SL ("ECAC"), a Mexican online food marketplace business. IF-JE NL owns 49% of ECAC. The remaining 51% is owned directly by us; therefore ECAC is fully consolidated in these financial statements and the investment in the IF-JE NL associated undertaking represents only the holding company activities.

During the year, no dividends have been received from associated undertakings (2017: £nil).

	2018			2017		
	IF-JE £m	IF-JE NL £m	Total £m	IF-JE £m	IF-JE NL £m	Total £m
100% of the results of the business						
Revenue	123.8	—	123.8	76.2	—	76.2
uEBITDA	(17.2)	—	(17.2)	(0.7)	—	(0.7)
Loss after tax	(19.5)	(0.1)	(19.6)	(1.1)	(1.6)	(2.7)
Our share of the results of the business						
uEBITDA	(5.7)	—	(5.7)	(0.2)	—	(0.2)
Losses after tax ^{1,2}	(6.7)	—	(6.7)	(0.6)	—	(0.6)
Total comprehensive loss ^{1,2}	(6.7)	—	(6.7)	(0.6)	—	(0.6)
100% of the net assets of the business						
Non-current assets	32.1	12.5	44.6	41.6	12.3	53.9
Current assets	83.9	—	83.9	33.4	0.1	33.5
Non-current liabilities	(1.6)	—	(1.6)	(4.3)	—	(4.3)
Current liabilities	(82.7)	(2.0)	(84.7)	(37.3)	(1.9)	(39.2)
Net assets and total equity	31.7	10.5	42.2	33.4	10.5	43.9
Our share of interest in associated undertaking's net assets	10.6	3.5	14.1	10.7	3.4	14.1
Goodwill on acquisition of interest in associate	40.5	—	40.5	27.3	—	27.3
Carrying value of interest in associated undertaking	51.1	3.5	54.6	38.0	3.4	41.4

1. Our share of losses after tax and total comprehensive loss includes amortisation of acquired intangibles recognised by us, but not by IF-JE.

2. The loss after tax and total comprehensive loss were entirely derived from continuing activities.

Supplementary information regarding material associated undertakings is provided below:

	2018 £m	2017 £m
<i>IF-JE</i>		
Cash and cash equivalents	15.2	1.9
Current financial liabilities	(82.7)	(37.3)
Non-current financial liabilities	(1.6)	(4.3)
Depreciation and amortisation	(2.4)	(1.1)
Income tax expense	(0.8)	(1.5)

16. Trade and other receivables

Trade and other receivables predominantly consist of prepaid costs. Trade receivables are shown net of an allowance for bad or doubtful debts of £1.5 million (2017: £1.1 million). A breakdown of the total balance is provided in this Note.

Accounting policy

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. An impairment provision is created for receivables where there is objective evidence we will not be able to collect in full.

Detail of the policy on asset impairment is provided in Note 2.

Carrying value of trade and other receivables

	2018 £m	2017 £m
Trade receivables	4.1	2.1
Other receivables	6.4	4.4
HungryHouse deposit	—	6.0
Prepayments	13.5	11.7
Accrued revenue	0.2	—
Total trade and other receivables	24.2	24.2

17. Trade and other payables

Trade and other payables predominantly consist of amounts owed to Restaurant Partners or suppliers that have been invoiced or accrued. They also include payroll taxes and social security amounts and deferred consideration payable to the vendors of SkipTheDishes and IF-JE. Detail of the composition of the balance is provided in this Note.

Accounting policy

Trade and other payables are initially measured at fair value, net of transaction costs, and subsequently measured at amortised costs using the effective interest method.

Carrying value of trade and other payables

	2018 £m	2017 £m
Trade payables	96.8	64.1
Deferred consideration payable	28.0	24.6
Other payables and accruals	102.1	80.8
Other taxes and social security	13.2	15.7
Total trade and other payables	240.1	185.2

Included in trade payables are amounts owed to Restaurant Partners of £79.7 million (2017: £51.5 million) which are typically settled on a weekly basis. The average period for which amounts were due to Restaurant Partners was seven days (2017: six days). For most suppliers no interest is charged on the trade payables for at least the first 30 days from the date of the invoice.

Deferred consideration payable consists of £20.1 million (2017: £20.6 million) due to the vendors of SkipTheDishes and £7.9 million (2017: £4.0 million) due to the vendor of the increased stake in IF-JE (see Note 18). Amounts due to vendors which are contingent on future performance are included in provisions, see Note 18.

We have financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. The Directors consider that the carrying amount of trade payables approximates to their fair value.

Notes to the consolidated financial statements continued

Year ended 31 December 2018

18. Provisions for liabilities

The principal provisions held are in relation to contingent consideration on acquisition of subsidiaries and associates. Details of the key balances and judgements are provided in this Note.

Accounting policy

Provisions are recognised when we have an obligation to make a cash outflow as a result of a past event. They are distinct from liabilities recorded within trade and other payables in that either the value or timing of the outflow is uncertain. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date when settlement is considered to be likely. Where a provision is measured using the cash flows estimated to settle the obligation, the carrying amount is the present value of those cash flows. The unwinding of any discount is recognised in the income statement within other gains and losses.

Carrying value of provisions for liabilities

	Notes	Contingent consideration £m	Other provisions £m	Total 2018 £m	Total 2017 £m
At 1 January		30.0	12.8	42.8	56.7
Arising on acquisition	25	20.8	0.2	21.0	—
Additional provisions in the year		—	0.3	0.3	18.9
Utilised in the year		—	(0.5)	(0.5)	(5.3)
Released to the income statement		(0.6)	(1.4)	(2.0)	(0.2)
Transferred to trade and other payables		(28.0)	—	(28.0)	(27.8)
Unwinding of discount		0.2	—	0.2	0.9
Foreign exchange movements		(1.6)	0.1	(1.5)	(0.4)
At 31 December		20.8	11.5	32.3	42.8
				2018 £m	2017 £m
Current				11.5	22.6
Non-current				20.8	20.2
Total provisions for liabilities				32.3	42.8

Contingent consideration of £20.8 million arose during the year in relation to the acquisition of Flyt, which is expected to be utilised in 2021. Further details are provided in Note 25. As at 31 December 2017, £20.2 million of contingent consideration related to the acquisition of SkipTheDishes and £ 9.8 million related to IF-JE (see Note 15), both amounts were transferred to trade and other payables when the final amounts were agreed, with £0.6 million of excess provision released to the income statement.

At 31 December 2018, other provisions included £9.8 million (2017: £9.6 million) in respect of our commitment to buy out the minority shareholder of FBA Invest SaS and associated legal costs. The amount payable is dependent on the results of the French businesses for 2016 and 2017. The timing of the settlement of our commitment is uncertain, but is unlikely to be within three years of the balance sheet date. Movements in the provision, other than its utilisation, are charged/credited to other gains and losses.

19. Liabilities arising from financing activities and net debt

Net debt is defined as financing liabilities plus operating cash. This measure therefore excludes the cash amounts received from customers which are due to be remitted to Restaurant Partners. In the current year the amount is a surplus and is therefore described as "net cash".

The table below details changes in liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Consolidated Cash Flow Statement as cash flows from financing activities. Further details on the revolving credit facility are provided in Note 20.

During the year, £2.5 million of capitalised loan arrangement fees were transferred from trade and other receivables.

	As at 1 January 2018 £m	Cash flows £m	Foreign exchange movements £m	Transferred from trade and other receivables £m	Transferred to trade and other payables £m	As at 31 December 2018 £m
Non-current						
Revolving credit facility	—	(105.0)	0.1	2.5	—	(102.4)
Other borrowings	(0.3)	—	—	—	0.3	—
Non-current borrowings	(0.3)	(105.0)	0.1	2.5	0.3	(102.4)
Current						
Other borrowings	(0.4)	—	0.1	—	—	(0.3)
Liabilities arising from financing activities	(0.7)	(105.0)	0.2	2.5	0.3	(102.7)
Operating cash	213.6	(108.1)	0.7	—	—	106.2
Net cash	212.9	(213.1)	0.9	2.5	0.3	3.5
	As at 1 January 2017 £m	Cash flows £m	Foreign exchange movements £m	Transferred from trade and other receivables £m	Transferred to trade and other payables £m	As at 31 December 2017 £m
Non-current						
Revolving credit facility	—	—	—	—	—	—
Other borrowings	(0.6)	0.4	(0.1)	—	—	(0.3)
Non-current borrowings	(0.6)	0.4	(0.1)	—	—	(0.3)
Other long-term liabilities	(0.3)	—	—	—	0.3	—
Current						
Other borrowings	(0.4)	—	—	—	—	(0.4)
Liabilities arising from financing activities	(1.3)	0.4	(0.1)	—	0.3	(0.7)
Operating cash	96.8	116.0	0.8	—	—	213.6
Net cash	95.5	116.4	0.7	—	0.3	212.9

Notes to the consolidated financial statements continued

Year ended 31 December 2018

20. Financial instruments

Financial instruments comprise financial assets and financial liabilities. The fair values and carrying values held at amortised cost are set out in the table below. Unless otherwise stated, the valuation basis is level 2, comprising financial instruments where fair value is determined from inputs other than observable quoted prices for the asset or liability, either directly or indirectly. There were no transfers between fair value measurement categories in the current or prior year. We enter into forward foreign exchange contracts, which are our only derivative financial instruments.

Accounting policies

Recognition and derecognition of financial assets and liabilities

Financial assets and financial liabilities are recognised when we become a party to the contractual provisions of the instrument.

We derecognise a financial asset or liability only when the contractual right that gives rise to it is settled, sold, cancelled or expires.

Fair value measurement

We measure certain financial instruments at fair value at each balance sheet date.

The carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate to their fair values.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised at fair value in the financial statements on a recurring basis, we determine whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, we have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits. Included within the amounts held at bank is cash received from customers through our platform which will be subsequently remitted to Restaurant Partners. For the purpose of showing the level of available cash at the balance sheet date, cash to be paid to Restaurant Partners is separated on the face of the Consolidated Balance Sheet. Within the Consolidated Cash Flow Statement, movements in the amount to be paid to Restaurant Partners is included within the movement in payables and the overall movement in cash and cash equivalents. All cash and cash equivalents, including the cash to be paid to Restaurant Partners, is available for use at the balance sheet date.

Derivative financial instruments

Derivative financial instruments are held at fair value, with revaluation gains or losses taken to the income statement within "other gains and losses".

Hedge accounting

No hedge accounting has been applied in the current year.

20. Financial instruments continued

Carrying value of financial instruments

	Notes	2018 £m	2017 £m
Financial assets			
<i>Current portion</i>			
Cash and cash equivalents ¹		185.9	265.1
Trade and other receivables (excluding prepayments and accrued revenue)	16	10.5	6.5
Derivative financial instruments ²		—	0.1
<i>Non-current portion</i>			
Available-for-sale investments ³		1.0	4.2
		197.4	275.9
Financial liabilities			
<i>Current portion</i>			
Trade and other payables (excluding other taxes and social security)	17	240.1	169.5
Provisions for liabilities (excluding social security) ⁴		10.8	21.6
Borrowings	19	0.3	0.4
Derivative financial instruments ²		0.3	0.6
<i>Non-current portion</i>			
Provisions for liabilities (excluding social security) ⁴	18	20.8	20.2
Borrowings	19	102.4	0.3
		374.7	212.6

1. Cash and cash equivalents are held on a short-term basis, with all having a maturity of three months or less.

2. These represent foreign exchange forward contracts which are measured using quoted forward exchange rates that match the maturity of the contracts.

3. Available-for-sale investments are financial assets which are measured at fair value using level 3 measurements.

4. Provisions for liabilities include contingent consideration of £20.8 million (2017: £30.0 million). Fair value of the consideration is valued using level 3 measurement techniques, which are the present value of the expected cash outflows of the obligation. It has been assumed that these businesses will perform in line with current business plans. See Note 18 for more detail on contingent consideration provisions.

Carrying value of derivative financial instruments

	2018 £m	2017 £m
Financial assets carried at fair value through profit or loss		
Forward foreign exchange contracts	—	0.1
Financial liabilities carried at fair value through profit or loss		
Forward foreign exchange contracts	(0.3)	(0.6)
Total derivative financial instruments	(0.3)	(0.5)

Capital risk management

Our objectives when managing capital are to ensure that entities in the Group will be able to continue as a going concern, optimising liquidity and operating flexibility, while seeking to minimise our cost of capital. Our current capital structure consists of cash and cash equivalents, a £350 million revolving credit facility ("RCF") and equity attributable to shareholders of the Company, comprising issued capital, reserves and retained earnings as disclosed in Note 23. No changes to our objectives or practices have taken place in the year as these objectives were met through the use of our RCF.

We are not subject to any externally imposed capital requirements.

Financial risk management

The main financial risks we face are market risk (which includes currency risk and interest rate risk), credit risk and liquidity risk. Our treasury function, which operates under the Treasury Policy approved by the Board of Directors, uses certain financial instruments to mitigate potentially adverse effects on financial performance from these risks. These financial instruments consist of bank loans and deposits, spot and forward foreign exchange contracts and foreign exchange swaps. Policy prohibits the use of financial derivatives for speculative purposes.

a) Market risk management

Our activities expose us primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Foreign currency risk management

We undertake transactions denominated in foreign currencies and consequently exposures to exchange rate fluctuations arise.

Notes to the consolidated financial statements continued

Year ended 31 December 2018

20. Financial instruments continued

Financial risk management continued

a) Market risk management continued

Foreign currency risk management continued

The carrying amounts of our foreign currency-denominated monetary assets and monetary liabilities were as follows:

	Assets		Liabilities	
	2018 £m	2017 £m	2018 £m	2017 £m
Australian dollars	155.8	146.0	(153.9)	169.4
Danish kroner	107.9	91.7	(86.5)	77.5
Euros	108.9	60.1	(80.3)	38.3
Canadian dollars	23.9	20.9	(50.2)	78.2
Swiss francs	13.8	10.0	(9.0)	4.6
US dollars	4.9	2.8	(5.4)	1.5
Brazilian reals	—	—	—	15.4

Foreign currency sensitivity analysis

We are primarily exposed to the US dollar, Australian dollar, Danish krone, Euro, Swiss franc and Canadian dollar.

The US dollar exposure arises on the purchase of restaurant order pads and the rest of the exposures relate to surplus cash generated in overseas operations, overseas investments and the deferred consideration of overseas acquisitions. We use spot and forward foreign exchange contracts with maturities up to one year to manage these exposures.

The translation risk on converting overseas currency profits or losses is not hedged and such profits or losses are converted into sterling at average exchange rates throughout the year. Our principal translation currency exposures are the euro and the Canadian dollar.

The following table details the sensitivity to a 10% depreciation and 10% appreciation in pound sterling against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to senior management and represents an assessment of a reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency-denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as internal loans to foreign operations.

Impact on income statement and other comprehensive income

	Appreciation in pound sterling				Depreciation in pound sterling			
	Income statement 2018 £m	Equity 2018 £m	Income statement 2017 £m	Equity 2017 £m	Income statement 2018 £m	Equity 2018 £m	Income statement 2017 £m	Equity 2017 £m
Australian dollars	0.7	(0.9)	0.1	1.9	(0.9)	1.1	(0.2)	(2.4)
Danish kroner	(1.0)	(1.0)	(0.3)	(1.0)	1.2	1.2	0.4	1.2
Euros	(2.1)	(1.4)	(1.6)	(0.4)	2.6	1.7	1.9	0.5
Canadian dollars	0.6	3.6	(0.5)	5.7	(0.7)	(4.4)	0.6	(6.9)
Swiss francs	—	(0.4)	—	(0.5)	—	0.5	—	0.6
US dollars	—	0.1	(0.2)	—	—	(0.1)	0.2	(0.1)
Brazilian reals	—	—	1.4	—	—	—	(1.7)	—

Our sensitivity to fluctuations in foreign currencies is the result of increased activity in the foreign-owned subsidiaries which has led to a significant increase in foreign currency-denominated payables, receivables and intercompany transactions.

Interest rate sensitivity analysis

Our interest rate risk arises primarily on cash and loans, all of which are at floating rates of interest and which therefore expose us to cash flow interest rate risk. These floating rates are linked to LIBOR and other interest rate bases as appropriate to the instrument and currency. Future cash flows arising from these financial instruments depend on the interest periods agreed at the time of rollover. Our policy permits the use of interest rate derivatives to manage the risks associated with movements in interest rates but no interest rate hedges were transacted during the year.

The sensitivity analysis has been determined based on the exposure to interest rates at the balance sheet date. For floating rate assets and liabilities, the analysis is prepared assuming the amount of asset/liability outstanding at the balance sheet date was outstanding for the whole year. A 1% increase or decrease in the interest rate is used when reporting interest rate risk internally to senior management and represents an assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, there would be no impact on the profit before taxation or equity (2017: £nil).

20. Financial instruments continued

Financial risk management continued

b) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss. Our exposure and the credit ratings of major counterparties is continuously monitored.

Trade receivables consist of a large number of Restaurant Partners, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and credit guarantee insurance cover is purchased where appropriate. Credit risk is not considered to be a significant risk.

c) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board, which has established an appropriate liquidity risk framework for the management of our short, medium and long-term funding and liquidity management requirements. We manage liquidity risk by maintaining adequate cash reserves, by continuously monitoring forecast and actual cash flows, and by ensuring adequate borrowing facilities are available.

We have access to a committed £350.0 million RCF which expires in November 2023, following the exercise of a one-year extension option in November 2018. We have the option to extend the facility for a further year, subject to lender consent. We also have an option, subject to lender consent, to increase the amount of the facility by a further £150.0 million. The facility is unsecured and contains common financial covenants, including: the ratio of total net debt to uEBITDA must not exceed 3.0; interest cover ratio of uEBITDA to net finance charges must not be less than 4.0; and any new earn-out deferred consideration must not exceed one times the uEBITDA. The financial covenants are tested on a quarterly basis and have been complied with at all measurement points.

Liquidity and interest risk tables

The following table details our remaining contractual maturity profile for financial liabilities and has been prepared based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are a floating rate, the undiscounted amount is derived from interest rate curves at the balance sheet date. The contractual maturity is based on the earliest date on which we may be required to pay.

Expected maturity – financial liabilities	Weighted average effective interest rate %	Less than 1 year £m	1–2 years £m	2–5 years £m	5+ years £m	Total £m
At 31 December 2018						
Non-interest bearing	—	272.3	—	20.8	—	293.1
Variable interest rate instruments	1.4	—	—	102.4	—	102.4
		272.3	—	123.2	—	395.5
At 31 December 2017						
Non-interest bearing	—	192.1	21.0	—	—	213.1
Discount for time value of money	—	—	(0.5)	—	—	(0.5)
		192.1	20.5	—	—	212.6

The following table details our remaining contractual maturity profile for its financial assets and has been prepared based on the undiscounted contractual maturities of the financial assets, including interest that will be earned on those assets.

Expected maturity – financial assets	Weighted average effective interest rate %	Less than 1 month £m	1–3 months £m	3 months to 1 year £m	1–5 years £m	5+ years £m	Total £m
At 31 December 2018							
Non-interest bearing	—	101.8	—	—	—	—	101.8
Variable interest rate instruments	0.8	95.6	—	—	—	—	95.6
		197.4	—	—	—	—	197.4
At 31 December 2017							
Non-interest bearing	—	126.2	—	—	—	—	126.2
Fixed interest rate instruments	0.6	149.7	—	—	—	—	149.7
		275.9	—	—	—	—	275.9

We expect to meet our obligations from operating cash flows.

Notes to the consolidated financial statements continued

Year ended 31 December 2018

20. Financial instruments continued

Derivative financial instruments and hedging

We entered into the following material derivative financial instruments in the year. No hedge accounting was applied in the year ended 31 December 2018.

a) Foreign-denominated operating costs

During the year, we entered into forward contracts totalling US\$61.2 million (2017: US\$22.2 million) to hedge highly probable forecasted US dollar-denominated operating costs.

b) iFood investment

During the year forward contracts were executed to hedge additional investment in iFood totalling US\$10.5 million.

c) SkipTheDishes acquisition

During the year forward contracts were executed to hedge deferred consideration and additional investment in SkipTheDishes, totalling CA\$80.0 million.

21. Contingent liabilities

In October 2017, the European Commission announced that it will be conducting a State Aid investigation into the Group Financing Exemption contained within the UK's Controlled Foreign Company ("CFC") legislation. The Group Financing Exemption (contained within Chapter 9 of Part 9A TIOPA 2010) was introduced in 2013 when the UK CFC rules were revised.

Similar to other UK based international companies, we may be impacted by the final outcome of this investigation. Whilst there is considerable uncertainty in regards to both the final outcome of the investigation and any corresponding liability, the maximum potential liability has been calculated to be £14.4 million (excluding any associated interest), should the European Commission conclude the Group Financing Exemption is in contravention of the State Aid provisions. At this stage, due to uncertainty over the technical position, no provision has been recorded and no critical judgements are required until the investigation is concluded.

22. Operating lease arrangements

Operating leases mainly consist of the lease of office buildings and motor vehicles.

Accounting policy

Rentals payable under operating leases are charged to profit or loss evenly over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

The Group as lessee

	2018 £m	2017 £m
Minimum lease payments under operating leases recognised as an expense in the year	7.4	6.7

As at 31 December, outstanding commitments for future minimum lease payments under non-cancellable operating leases fall due as follows:

	Property 2018 £m	Motor vehicles 2018 £m	Total 2018 £m	Property 2017 £m	Motor vehicles 2017 £m	Total 2017 £m
Within one year	5.1	1.0	6.1	5.2	0.7	5.9
In the second to fifth years inclusive	18.2	0.6	18.8	15.7	0.7	16.4
Over five years	9.2	—	9.2	8.7	—	8.7
Total commitments	32.5	1.6	34.1	29.6	1.4	31.0

23. Capital and reserves

Share capital

Share capital is the number of shares in issue at their nominal value. In the current year, this increased due to the exercise of employee share options.

Ordinary shares have a nominal value of £0.01 each, are issued, allotted, called up, fully paid and entitle the holders to receive notice, attend, speak and vote at general meetings. Holders of Ordinary shares are entitled to distributions of available profits pro rata to their respective holdings of shares.

	2018		2017	
	Ordinary shares	Total £m	Ordinary shares	Total £m
At 1 January	679,954,152	6.8	678,479,332	6.8
Arising on the exercise of share options	1,088,192	—	1,474,820	—
At 31 December	681,042,344	6.8	679,954,152	6.8

Share premium

Share premium is the amount received by a company for a share issue which exceeds the nominal value. In the current year, this increased due to the exercise of employee share options.

Retained earnings

Retained earnings are the net earnings not paid out as dividends, but retained to be reinvested. The distributable reserves of Just Eat plc as at 31 December 2018 approximate to the balance of the Company's retained earnings of £35.8 million (2017: £34.0 million).

Dividends payable to the holders of the Company's Ordinary shares are recognised when they have been appropriately authorised. No dividend has been recommended for the year.

Translation reserve

Exchange differences relating to the translation of the net assets, income and expenses of foreign operations, from their functional currency into our reporting currency, being pound sterling, are recognised directly in the translation reserve.

Other reserves

	Revaluation reserve £m	Merger reserve £m	Treasury share reserve £m	Cash flow hedging reserve £m	Total £m
At 1 January 2017	—	1.9	(8.3)	—	(6.4)
Exercise of JSOP/SIP awards	—	—	1.2	—	1.2
Fair value losses on cash flow hedges	—	—	—	(0.1)	(0.1)
Fair value gains on available-for-sale investments	0.1	—	—	—	0.1
At 31 December 2017	0.1	1.9	(7.1)	(0.1)	(5.2)
Exercise of JSOP/SIP awards	—	—	(0.8)	—	(0.8)
At 31 December 2018	0.1	1.9	(7.9)	(0.1)	(6.0)

Revaluation reserve

Gains and losses arising from valuation of available-for-sale investments are taken to the revaluation reserve. When an available-for-sale investment is realised, the reserve is recycled through the income statement. If there is objective evidence that the asset is impaired, any cumulative loss recognised in other comprehensive income is reclassified to the income statement within other gains and losses.

Merger reserve

In July 2009 a Group reorganisation was undertaken. Under this reorganisation, Ordinary shares were issued and cancelled and Preference A shares were issued. This was treated as a common control transaction under IFRS as the ultimate shareholders and their relative rights were the same before and afterwards. This reserve represents the difference between the nominal value of the shares issued and the nominal value of the shares on the Group reorganisation in July 2009.

Treasury shares reserve

This reserve arose when equity share capital was issued under the JSOP and SIP, which are held in Employee Benefit Trusts ("EBTs"). At 31 December 2018, the EBTs held 2.8 million shares (2017: 3.5 million shares), which had a historical cost of £3.5 million (2017: £3.9 million) and a market value of £16.4 million (2017: £27.4 million). See Note 7 for more information on the JSOP and SIP.

Cash flow hedging reserve

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in the fair value of hedging instruments designated as cash flow hedges.

Notes to the consolidated financial statements continued

Year ended 31 December 2018

24. Non-controlling interest

The NCI is the equity in a subsidiary not attributable, directly or indirectly, to the Group. At 31 December 2018, NCIs are held in the French and Mexican operations.

Accounting policy

NCI in the net assets of consolidated subsidiaries is identified separately from the equity therein. NCI consists of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the acquisition date of the combination.

Carrying value of NCI

	2018 £m	2017 £m
At 1 January	8.2	7.7
NCI share of loss after tax	(2.8)	(0.8)
Foreign exchange movements	0.2	(0.1)
Funding received from NCI in the Mexican operations	5.4	1.4
At 31 December	11.0	8.2

We have two businesses with a non-controlling interest at 31 December 2018, FBA Invest SaS ("FBAI") and El Cocinero a Cuerda SL ("ECAC"). The NCI portion in FBAI was 20% (2017: 20%) and ECAC was 33% (2017: 33%). The Group owns 51% of ECAC directly and 16% by way of IF-JE NL, an associate undertaking (see Note 15).

The following table sets out the summary consolidated financial information of subsidiaries that have a material NCI:

	FBAI		ECAC	
	2018 £m	2017 £m	2018 £m	2017 £m
Income statement				
Revenue	37.1	28.2	(1.7)	1.0
uEBITDA	7.9	5.8	(10.1)	(3.4)
Profit/(loss) after tax	3.0	2.0	(10.4)	(3.7)
NCI share of profit/(loss) after tax	0.6	0.4	(3.4)	(1.2)
	FBAI		ECAC	
	2018 £m	2017 £m	2018 £m	2017 £m
Balance sheet				
Cash	23.0	14.3	3.0	1.0
Other current assets	2.4	2.1	24.6	0.8
Total current assets	25.4	16.4	27.6	1.8
Non-current assets	0.9	1.0	3.0	21.1
Total assets	26.3	17.4	30.6	22.9
Current liabilities	(17.1)	(11.4)	(2.4)	(1.4)
Total liabilities	(17.1)	(11.4)	(2.4)	(1.4)
Net assets	9.2	6.0	28.2	21.5
NCI	1.8	1.2	9.2	7.0

25. Acquisitions

In the year ended 31 December 2018, we completed the acquisitions of HungryHouse and Flyt. The Note below sets out the final acquisition accounting for these transactions. The measurement of acquired intangible assets is a key source of estimation of uncertainty (see Note 2).

Accounting policy

Business combinations are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed and equity instruments issued in exchange for control of the acquiree. For each business combination, we elect whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are recognised in profit or loss as incurred. Acquisition costs paid on behalf of the vendor are included in the fair value of consideration transferred.

When the consideration for the acquisition includes an asset or liability resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and is included as part of the consideration transferred in the business combination. Where the contingent amount is dependent on future employment, it is recognised as an expense over the relevant period in the income statement. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with IAS 39 Financial Instruments: Recognition and Measurement or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date control is obtained) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for certain items which are measured in accordance with the relevant IFRS. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, we report provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period. Additional assets or liabilities are recognised to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Acquisition of HungryHouse

On 15 December 2016, we announced the agreement to acquire 100% of the share capital of HungryHouse from Delivery Hero Holding GmbH. Approval from the Competition and Markets Authority ("CMA") was obtained on 16 November 2017 and completion of the acquisition occurred on 31 January 2018 for consideration totalling £239.5 million.

Funding for the acquisition was obtained from both existing cash reserves and a drawdown on the revolving credit facility. Estimated deferred consideration of £23.5 million is payable on 31 January 2019.

The acquisition is consistent with our strategic ambition for growth and increased market presence in every geography in which we operate. HungryHouse is an online food company operating solely in the UK, with a comparable business model to Just Eat.

The acquisition is expected to generate significant benefits for Restaurant Partners and customers. It creates an enlarged customer base for Restaurant Partners to access, whilst increasing the breadth of choice on offer to UK customers through our platform. The combination of the two businesses also generates compelling economic benefits of scale, with high operating leverage expected to drive material synergies post integration. Goodwill is attributable to the future growth of the acquired business, through expansion of its networks of Restaurant Partners, the number of orders per restaurant, and the anticipated future operational synergies. In addition, the goodwill balance represents the value of the customer bases and assembled workforce, which do not meet the recognition criteria of an intangible asset. None of the goodwill is expected to be deductible for tax purposes. No brand asset was recognised on acquisition of HungryHouse, given that the brand was number two behind Just Eat and there would be little incentive for any market participant to have acquired the HungryHouse brand itself.

Transaction costs incurred on acquisition in the year were £1.8 million and integration costs £7.5 million, both of which are recorded in administrative expenses in the income statement.

Notes to the consolidated financial statements continued

Year ended 31 December 2018

25. Acquisitions continued**Acquisition of Flyt**

On 22 December 2018, we acquired 92% of the share capital of Flyt Limited (formerly named Flypay Limited) for an initial cash outlay of £21.8 million with an estimated earn-out to the founders and previous owners of £20.8 million, payable over three years, with the actual amount contingent upon certain revenue and profit targets being met in that three-year window. We acquired an 8% shareholding in Flyt in September 2016 for £3.5 million, which was treated as an available-for-sale investment prior to the acquisition of the remaining shareholding. At the point control was obtained, the fair value of the 8% investment was £4.2 million; the difference to the carrying value of £3.5 million was included in other gains and losses (see Note 8).

The core Flyt application is middleware that connects a restaurant's point of sale terminal to third party applications, such as the Just Eat platform. This enables orders and payments to be made directly from the third party applications to the point of sale terminals. Flyt works with some of the UK's largest Branded Restaurant Groups.

The acquisition of Flyt creates in-house point of sale integration expertise which improves our platform and creates a more attractive solution to large Branded Restaurant Groups.

Goodwill is attributable to the anticipated operational benefits and improvements to our commercial offering. In addition, the goodwill balance represents the value of the customer bases and assembled workforce, which do not meet the recognition criteria of an intangible asset. None of the goodwill is expected to be deductible for tax purposes.

Transaction costs incurred on the acquisition in the year were £0.5 million, which are recorded in administrative expenses in the income statement.

Fair value of business acquired in the current period

	HungryHouse £m	Flyt ¹ £m	Total £m
Cash	7.9	—	7.9
Intangible assets – restaurant contracts	39.4	—	39.4
Intangible assets – development costs	—	10.8	10.8
Deferred tax liabilities in respect of the intangible assets	(6.7)	(1.8)	(8.5)
Deferred tax asset in respect of losses	6.5	1.7	8.2
Trade and other receivables	0.1	0.9	1.0
Trade and other payables	(8.5)	(0.4)	(8.9)
Provisions	(0.2)	—	(0.2)
	38.5	11.2	49.7
Goodwill	201.0	35.6	236.6
Total consideration	239.5	46.8	286.3
Satisfied by:			
Cash consideration	216.0	21.8	237.8
Contingent consideration	23.5	20.8	44.3
Fair value of shareholding at the point control obtained	—	4.2	4.2
Total consideration	239.5	46.8	286.3
Net cash outflow arising on acquisition:			
Cash consideration	216.0	21.8	237.8
Cash acquired	(7.9)	—	(7.9)
Net cash outflow	208.1	21.8	229.9
Contribution since control obtained			
Revenue	N/A	N/A	N/A
uEBITDA	N/A	N/A	N/A

1. Due to the limited amount of time since the acquisition of Flyt, on 31 December 2018, the acquisition accounting is provisional. This includes the valuation of the acquired intangible assets as some of the inputs to the valuation models are based on estimates.

Immediately after acquisition, the HungryHouse customers and Restaurant Partners were transferred onto the Just Eat UK ordering platform. The HungryHouse platform ceased operating on 22 May 2018. Because of this, it is not possible to track HungryHouse's total contribution to our results since the date of acquisition, as information is only available in respect of orders placed directly through the HungryHouse platform, which would exclude orders from Hungryhouse customers that had transferred onto the Just Eat platform.

As the Flyt business was acquired on 22 December 2018, there was no significant contribution to our revenue or profits during the year ended 31 December 2018.

25. Acquisitions continued

Net cash outflow on acquisition of businesses

The total cash impact of current and historical acquisitions in the year was as follows:

	HungryHouse £m	Flyt £m	Total £m
Net cash outflow	208.1	21.8	229.9
Cash payments made in prior periods	(6.0)	—	(6.0)
	202.1	21.8	223.9
Deferred consideration payments made in respect of SkipTheDishes			28.6
			252.5

26. Related party transactions

During the year, we entered into transactions in the ordinary course of business with related parties. Further details are provided in this Note.

Compensation of key management personnel

Key management personnel comprises members of the Board and the Executive Team. Key management personnel compensation is shown in the table below:

	2018 £m	2017 £m
Short-term employee benefits	8.2	5.4
Post-employment pension	0.1	0.1
Termination benefits	1.0	—
Share based compensation	2.7	2.0
Total compensation of key management personnel	12.0	7.5

The amounts disclosed in the table above are the amounts recognised as an expense during the reporting period related to key management personnel, which are disclosed in more detail in Note 7. Further information concerning Directors' remuneration, shareholdings, pension entitlements, share options and long-term incentives, as required by the Act, is shown in the Annual Report on Remuneration on pages 69 to 85.

On 24 March 2014, prior to the IPO, the Company called all the unpaid subscription amounts, totalling £13.2 million, in respect of certain shares issued under the JSOP. In order to facilitate this, the Company made loans to participants of the JSOP and Estera Trust (Jersey) Limited totalling £5.3 million and £7.9 million, respectively. The loans provided to the participants of the JSOP included loans to key management personnel totalling £4.9 million. As at 31 December 2018, the amount due from key management personnel in respect of these loans was £nil (2017: £0.2 million).

Key management personnel's interests in the PSP, the JSOP and the EMI scheme

The outstanding share options and awards held by key management personnel are summarised below:

Year of issue	2018 Number ('000)	2017 Number ('000)	Vesting date	Weighted average threshold/ exercise price (pence)
2011	—	1	Up to April 2012	—
2013	408	926	Up to July 2016	49.9
2015	159	321	Up to May 2018	—
2016	463	658	Up to December 2019	—
2017	647	573	Up to September 2020	—
2018	833	—	Up to September 2021	—
	2,510	2,479		

Refer to Note 7 for further details about the PSP, JSOP and EMI schemes.

Amounts owed by or to related parties

With the exception of key management personnel and £1.1 million (2017: £0.6 million) accrued for IF-JE management services, no amounts were owed by and to related parties at the balance sheet date.

Other transactions with related parties

As explained in Note 15, funding transactions took place with companies in which a non-controlling interest is held by us.

Company balance sheet

As at 31 December 2018

	Notes	2018 £m	2017 £m
Non-current assets			
Investments in subsidiaries	28	594.2	587.5
Current assets			
Cash and cash equivalents		0.4	0.1
Trade and other receivables	29	11.4	16.1
		11.8	16.2
Total assets		606.0	603.7
Current liabilities			
Trade and other payables		—	(0.2)
Net current assets		11.8	16.0
Net assets		606.0	603.5
Equity			
Share capital	23	6.8	6.8
Share premium	23	563.4	562.7
Retained earnings		35.8	34.0
Total equity		606.0	603.5

The Company's reported loss for the year ended 31 December 2018 was £5.6 million (2017: £6.6 million).

The distributable reserves of Just Eat plc approximate to the balance of the Company's retained earnings of £35.8 million as at 31 December 2018.

The Company's financial statements on pages 134 to 137 were authorised for issue by the Board of Directors and signed on its behalf by:



Peter Duffy
Interim Chief Executive Officer
Just Eat plc
5 March 2019



Paul Harrison
Chief Financial Officer
Company registration number
06947854 (England and Wales)

Company statement of changes in equity

Year ended 31 December 2018

	Share capital £m	Share premium account £m	Retained earnings £m	Total equity £m
At 1 January 2017	6.8	562.2	34.6	603.6
Loss for the year	—	—	(6.6)	(6.6)
Total comprehensive loss for the year	—	—	(6.6)	(6.6)
Exercise of share options	—	0.5	—	0.5
Share based payment charge	—	—	6.1	6.1
Tax on share options	—	—	(0.1)	(0.1)
At 31 December 2017	6.8	562.7	34.0	603.5
Loss for the year	—	—	(5.6)	(5.6)
Total comprehensive loss for the year	—	—	(5.6)	(5.6)
Exercise of share options	—	0.7	—	0.7
Share based payment charge	—	—	7.3	7.3
Tax on share options	—	—	0.1	0.1
At 31 December 2018	6.8	563.4	35.8	606.0

Company cash flow statement

Year ended 31 December 2018

	2018 £m	2017 £m
Operating loss for the year	(3.9)	(4.4)
<i>Adjustments for:</i>		
Facility fees and interest paid	(1.5)	(2.8)
Non-cash share based payment charges, including social security costs	0.6	0.3
Decrease in receivables	4.5	3.7
Decrease in payables	—	(0.1)
Net cash generated from operating activities	(0.3)	(3.3)
Investing activities		
Interest received	0.1	0.2
Net cash used in investing activities	0.1	0.2
Financing activities		
Proceeds from exercise of options and awards	0.5	3.1
Net cash generated from financing activities	0.5	3.1
Net increase in cash and cash equivalents	0.3	—
Cash and cash equivalents at beginning of year	0.1	0.1
Cash and cash equivalents at end of year	0.4	0.1

Notes to the Company financial statements

Year ended 31 December 2018

27. Significant accounting policies

Basis of accounting

These separate Company financial statements have been prepared in accordance with IFRS, and with those parts of the Act applicable to companies reporting under IFRS, and therefore comply with Article 4 of the IAS Regulation and IFRS as issued by the International Accounting Standards Board.

The financial statements have been prepared on the historical cost basis, except for certain financial instruments which have been measured at fair value. The financial statements are prepared on a going concern basis, further detail of which is provided in the principal risks and uncertainties section of the strategic report on page 21. In accordance with the exemption allowed under section 408(3) of the Act, we have not presented the Company-only income statement and statement of comprehensive income. The same accounting policies have been applied as those applied to the Group. These policies have been consistently applied to all years presented.

The risk management policies relating to market risk, credit risk and liquidity risk are detailed in Note 20.

There are no critical accounting judgements or key sources of estimation uncertainty in the periods presented here.

Share based payments

We operate a number of share based compensation plans settled with the Company's equity. The share based incentive charge is not recharged to the entity the employee is employed by; therefore, any such amounts are treated as capital contributions from the Company to the relevant entity. The capital contribution is treated as an increase in the investment balance in the Company. The total Group share based payment charge was £7.3 million (2017: £6.1 million), of which £0.6 million (2017: £0.6 million) relates to the Company's own employees and £6.7 million (2017: £5.5 million) to other entities.

28. Investments in subsidiaries

Accounting policies

The carrying amounts of investments are reviewed for each reporting period, together with any other assets under the scope of IAS 36 Impairment of Assets, in order to assess whether there is any indication that those assets have suffered an impairment loss. The policy applied is consistent with that applied to the consolidated financial statements; see Note 2.

	2018 £m	2017 £m
At 1 January	587.5	581.8
Additions	6.7	5.7
At 31 December	594.2	587.5

The Company's operating subsidiaries, directly owned by the Company, are disclosed in Note 26. The investments in subsidiaries are all stated at cost less cumulative impairment charges.

29. Trade and other receivables

	2018 £m	2017 £m
Amounts owed by subsidiary undertakings	0.8	6.1
Other receivables	10.6	10.0
Total trade and other receivables	11.4	16.1

At 31 December 2018, other receivables of £10.6 million (2017: £10.0 million) included amounts due from the EBT Trustee of £7.8 million (2017: £7.0 million) and the carrying amounts of these assets approximate their fair value.

Amounts owed by Group undertakings falling due within one year are interest free and repayable on demand. Amounts owed by Group undertakings falling due after more than one year are interest bearing at 7% (2017: 7%) and are not repayable within the next 12 months.

30. Related party transactions

Compensation of key management personnel of the Company

	2018 £m	2017 £m
Short-term employee benefits	3.3	2.2
Post-employment pension	—	—
Share based compensation	0.6	0.6
Total compensation of key management personnel	3.9	2.8

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period relating to key management personnel of the Company, which are disclosed in more detail in Note 7.

Key management personnel are members of the Board. At 31 December 2018, the two Executive members of the Board were the only employees of the Company (2017: two). Further information on the remuneration of the Directors and Directors' interests in Ordinary shares of the Company are disclosed in the Annual Report on Remuneration on pages 69 to 85.

On 24 March 2014, prior to the IPO, the Company called all the unpaid subscription amounts, totalling £13.2 million, in respect of certain shares issued under the JSOP. In order to facilitate this, the Company made loans to participants of the JSOP and Estera Trust (Jersey) Limited totalling £5.3 million and £7.9 million respectively. The loans provided to the participants of the JSOP included loans to key management personnel totalling £3.0 million. As at 31 December 2018, the loans had been repaid (2017: £0.2 million remained unpaid).

Key management personnel's interests in the share schemes

The outstanding share options and awards held by key management personnel are summarised below:

Year of issue	2018 Number ('000)	2017 Number ('000)	Vesting date	Weighted average threshold/ exercise price (pence)
2013	153	422	Up to July 2016	74.0
2015	72	72	Up to April 2018	—
2016	216	215	Up to December 2019	—
2017	170	170	Up to September 2020	—
2018	293	—	Up to September 2021	—
	904	879		

Refer to Note 7 for further details about our share options and award schemes.

Directors' report

The Directors have pleasure in presenting their Annual Report and audited financial statements of the Company and the Group for the year ended 31 December 2018.

The Directors' Report contains certain statutory, regulatory and other information and incorporates, by reference, the Strategic Report and the Corporate Governance Report included earlier in this document.

Strategic Report

A fair review of the Group's performance during the period and of its position at the period end, including commentary on its likely future development and prospects, is set out in the Strategic Report on pages 02 to 37, whilst information on principal risks and uncertainties and key performance indicators is given on pages 20 to 28 and page 19, respectively. All of this information should be read in conjunction with this report. The Corporate Governance Report, including the Directors' Remuneration Report, on pages 38 to 85, summarises the Company's governance and Directors' remuneration arrangements. The Our People and Sustainability sections on pages 29 to 37 summarise the Group's approach to diversity, health and safety, environmental matters and community matters. All of these sections form part of this Directors' Report, into which they are incorporated by reference.

Results and dividends

The audited financial statements of the Group and of the Company for the period under review are set out on pages 94 to 133 and pages 134 to 137, respectively. The Company intends to retain its earnings to expand the growth and development of its business and, therefore, the Directors do not anticipate paying ordinary dividends in the foreseeable future.

2019 Annual General Meeting ("AGM")

An explanation of the resolutions to be proposed at the AGM, and the recommendation of Directors in relation to these, is included in the circular to shareholders accompanying this Annual Report. Resolutions regarding the authority to issue shares are commented upon later in this report under share capital.

The Company's AGM will be held at The Lincoln Centre, 18 Lincoln's Inn Fields, London WC2A 3ED at 9.30am on 1 May 2019.

Research and development

We continue to dedicate resources to improve the customer experience and enhance our offering to Restaurant Partners. The Company and the Group do not perform basic research. Development costs incurred are capitalised when it is probable that future economic benefits will be attributable to the asset and that these costs can be measured reliably (see Note 5).

Change of control

In the event of a takeover, a scheme of arrangement (other than a scheme of arrangement for the purposes of creating a new holding company) or certain other events, unvested Executive Director and employee share awards may, in certain circumstances, become exercisable. Such circumstances may, although do not necessarily, depend on the achievement of performance conditions or the discretion of the Remuneration Committee. The Company does not have any agreements with any Director or officer of the Company that would provide compensation for loss of office or employment resulting from a takeover.

The Company has a committed Revolving Credit Facility in place which provides its lenders with certain rights under a change of control. Under a change of control each lender has the option to make its outstanding loans immediately due and payable and cancel its facility commitment.

Save as otherwise disclosed above, there are no other significant agreements to which the Company is a party to that take effect, alter or terminate upon a change of control following a takeover bid.

Financial instruments

Our risk management policies relating to capital risk and financial risk (which includes market risk, credit risk and liquidity risk) are detailed within Note 20 of the notes to the financial statements on pages 124 to 128. In addition, the overall risk framework and strategy for the Group is included within the Strategic Report on pages 02 to 37.

Employment of disabled persons

Our policy in respect of the employment of disabled persons is set out in the Our People section on page 29.

Employee consultation

Details of employee consultation are set out in the Our People section on page 32.

Substantial shareholdings

At 5 March 2019, the Company had been notified in accordance with the Disclosure and Transparency Rules of the FCA, or was aware, that the following held, or were beneficially interested in, 3% or more of the voting rights in the Company's shares at that date:

	Number of Ordinary shares	% of voting rights ¹
The Sara Marron Discretionary Settlement (the "SM Trust") ²	91,472,442	13.43
Capital Group Companies, Inc. ³	72,436,528	10.63
Massachusetts Financial Services Company	59,073,500	8.67
Baillie Gifford & Co Ltd	34,185,882	5.02
FIL Limited ³	28,827,929	4.23

1. Total voting rights attached to the issued share capital of the Company comprising 681,172,878 Ordinary shares each of £0.01 nominal value, being the 681,172,878 Ordinary shares in issue at 5 March 2019.

2. STM Fidecs Trust Company Limited is the holder of the registered legal title to the Ordinary shares beneficially owned by the SM Trust.

3. As at 31 December 2018:

- Capital Group Companies, Inc. held 65,249,160 shares representing 9.58% of the voting rights in the Company at that time; and
- FIL Limited held 34,429,681 shares representing 5.06% of the voting rights in the Company at that time.

The Company received no notifications of interests indicating a different whole percentage holding at 31 December 2018, other than as shown in the footnotes to the table above.

Directors

The Directors of the Company who served throughout the period and up to the date of signing this Annual Report (except where noted) were:

- Mike Evans (Chair) (appointed 6 March 2018);
- Peter Duffy (Interim Chief Executive Officer) (appointed 21 January 2019);
- Paul Harrison (Chief Financial Officer);
- Gwyn Burr;
- Frederic Coorevits;
- Alistair Cox;
- Roisin Donnelly;
- Andrew Griffith (Senior Independent Director);
- Diego Oliva;
- Helen Weir (appointed 1 December 2018);
- Peter Plumb (stepped down on 21 January 2019); and
- David Buttress (stepped down on 26 April 2018).

Certain key matters in connection with the Directors are shown below:

- The business of the Company is managed by its Directors, who may exercise all powers of the Company subject to the Articles of Association and UK legislation. Directors of the Company are appointed either by the Board or by shareholders under the Company's Articles of Association and may resign or be removed in a similar manner.
- Biographical details of the current Directors are set out on pages 40 and 41. The Directors' interests in the Ordinary share capital of the Company and any interests known to the Company of their connected persons are set out in the Report of the Remuneration Committee commencing on page 64.
- The Company has made qualifying third party indemnity provisions for the benefit of its Directors in relation to certain losses and liabilities that they may incur in the course of acting as Directors of the Company, its subsidiaries or associates, which remain in force at the date of this report. No member of the Board had a material interest in any contract of significance with the Company or any of its subsidiaries at any time during the year, except for their interests in shares and in share awards and under their service agreements and letters of appointment disclosed in the Report of the Remuneration Committee commencing on page 64.

Directors' report continued

Share capital

Certain key information relating to the Company's shares is shown below:

- The Company's shares at the year end comprised entirely Ordinary shares of £0.01 each, which rank equally in all respects.
- The rights attached to the shares, in addition to those conferred on their holders by law, are set out in the Company's Articles of Association. The Company's Articles of Association may only be amended by a special resolution of the shareholders.
- There are no restrictions on the transfer of shares or on the exercise of voting rights attached to them, except: (i) where the Company has exercised its right to suspend their voting rights or to prohibit their transfer following the omission of their holder, or any person interested in them, to provide the Company with information requested by it in accordance with Part 22 of the Act; or (ii) where their holder is precluded from exercising voting rights by the FCA's Listing Rules or the City Code on Takeovers and Mergers.
- The Group operates employee share plans as set out in the Report of the Remuneration Committee commencing on page 64 and in Note 7 of the financial statements.
- Shares held by the Employee Benefit Trusts ("EBTs") abstain from voting by agreement with the Company.
- Save as described above, shares acquired through the Company's employee share plans rank *pari passu* with shares in issue and have no special rights.
- At the year end, the Company had authority exercisable by the Directors to issue up to 452,594,396 shares subject to certain restrictions. The Company will seek to renew its authority to issue shares at the 2019 AGM.
- At the AGM on 26 April 2018, shareholders granted the Company limited authority to make market purchases of up to 10% of the Company's issued share capital. This is a standard authority which many listed companies maintain and which the Company has no current intention of utilising; however, it will seek to renew this authority again at the 2019 AGM.
- Save as described under the Board Representation Agreement described below, the Company is not aware of any agreements or control rights between shareholders that may result in restrictions on the transfer of securities or on voting rights.

Further information regarding the Company's share capital, including the changes to this during the year, is set out in Note 23 of the financial statements.

Board Representation Agreement

At the time of the Company's IPO, the SM Trust (the "Shareholder Party") entered into an agreement (the "Agreement") with the Company which entitles the Shareholder Party to appoint one Director to the Board of the Company. Frederic Coorevits, who is the nominated appointee on behalf of SM Trust, will remain on the Board until he steps down or the Agreement lapses in the event of the Shareholder Party ceasing to hold at least 10% of the Ordinary shares.

The Shareholder Party has also agreed not to propose the appointment of a further Board representative or vote against the election or re-election of a person the Board has put forward for election or re-election as a Director of the Company.

Corporate governance

The Company is committed to achieving the highest standards of corporate governance. Its application of the principles of good governance in respect of the UK Corporate Governance Code for the period under review is described in the Corporate Governance Report on pages 38 to 39.

The Directors' Responsibility Statement in respect of this Annual Report and the financial statements appears on page 142.

Tax governance

The Company is committed to high standards of tax governance. In complying with paragraph 16(2) and paragraph 25(1), Schedule 19 of the UK Finance Act 2016, the Group's tax strategy, as approved by the Board, is published on the corporate website.

Going concern, viability and risk management

The Company's statement with regard to the going concern basis for preparing the financial statements is included in the principal risks and uncertainties section on page 21.

The Directors carried out a robust assessment of the principal risks facing the Group. This included those that could threaten its business model, future performance, solvency or liquidity. Details of how we manage and mitigate these are set out in the Report of the Audit Committee on pages 54 to 56.

The Group's viability statement is included in the Principal risks and uncertainties section, please see page 21.

Political donations

The Company did not make any political donations during the current or prior year.

Greenhouse gas emissions (unaudited)

This section has been prepared in accordance with our regulatory obligation to report greenhouse gas emissions pursuant to section 7 of the Act (Strategic Report and Directors' Report) Regulations 2013.

The table below shows our emissions performance for the years ended 31 December 2016, 2017 and 2018. Our 2017 and 2018 emissions disclosures have both been independently verified by Carbon Credentials against the ISO 14064-3 standard.

	2018	2017	2016
Scope 1 combustion of fuel and operation of facilities (tCO ₂)	884	1,118	1,088
Scope 2 (location based) – electricity (tCO ₂)	874	615	802
Scope 2 (market based) – electricity (tCO ₂)	1,025	636	910
Scope 3 business travel (tCO ₂)	3,664	2,625	2,306
Total Scope 1, 2 and 3 emissions (location based)	5,422	4,358	4,196
tCO ₂ e per £m Scope 1, 2 & 3 emissions (location based)	7.0	8.0	11.2

Scope 1 comprises vehicle emissions in relation to operational visits to restaurants.

Scope 2 comprises our energy consumption in buildings.

Scope 3 comprises other business travel.

Data notes:

- We quantify and report our organisational greenhouse gas emissions in alignment with the World Resources Institute's Greenhouse Gas ("GHG") Protocol Corporate Accounting and Reporting Standard.
- Emissions from the consumption of electricity outside of the UK are reported in tCO₂ rather than tCO₂e since the International Energy Agency emission factors for electricity currently account for carbon dioxide emissions only.
- Scope 2 emissions have been calculated using the location based and market based methods. Under the location based method, we have utilised the UK Government and the International Energy Agency country-specific emission factors for electricity generation. Under the market based method, for our European operations, we have utilised the residual mix electricity emission factor published by RE-DISS as we have been unable to obtain tariff-specific emission factors from our suppliers, and for all non-European suppliers we have utilised the location based grid electricity emission factors as residual emission factors have yet to be calculated outside of Europe. This approach is in line with the data hierarchy outlined in the GHG Protocol Scope 2 Guidance.
- In line with previous years we have presented our total emissions in relation to revenue, in order to represent how our emissions are impacted by the growth in the business.

Performance

Emissions have increased by 24% in 2018 (2017: 4%). Emissions have increased at a greater rate in 2018 as a result of the continued growth of the business, M&A activity and accelerated delivery roll-out. Whilst Scope 1 emissions have decreased, Scope 3 emissions have increased as the growth of the Group's Canadian business, along with the launch of SkipTheDishes' delivery platform in the UK and Australia, has required more business travel for management.

Related party transactions with Directors

Please refer to Note 26 for details of transactions entered into with related parties.

Overseas branches

The Company has no branches outside the UK.

Events after the balance sheet date

The Directors confirm that there have been no material events since the balance sheet date. However, we note the departure of the Chief Executive Officer, Peter Plumb, in January 2019.

Directors' report continued

Directors' Responsibility Statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. UK company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Parent Company financial statements in accordance with IFRS, as adopted by the European Union. Under UK company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company, and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRS, as adopted by the European Union, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Act and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Directors, whose names and functions are listed on pages 40 to 41, confirm that, to the best of each person's knowledge and belief:

- the Company and Group financial statements, which have been prepared in accordance with IFRS, as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group and the Parent Company; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the Company and the Group, together with a description of the principal risks and uncertainties that they face.

The Board considers the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

Disclosure of information to the auditor

Each of the Directors of the Company at the time when this report was approved confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- he or she has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given in accordance with section 418(2) of the Act.

Auditor

Deloitte LLP, the Group's auditor, has indicated its willingness to continue in office and, on the recommendation of the Audit Committee and in accordance with section 489 of the Act, a resolution to reappoint it will be put to the 2019 AGM. The audit tender process undertaken during 2018 is summarised in the Report of the Audit Committee on page 58.

Approved by the Board of Directors and signed on its behalf



Tony Hunter
Company Secretary
5 March 2019

Listing of subsidiaries and associated undertakings

A list of the investments in subsidiaries and associated undertakings, including the name, registered address, proportion of voting rights held and country of incorporation, is given below.

Company name	Registered address	% holding (if not 100%)	Country of incorporation
Directly held subsidiary undertakings			
Just Eat Holding Limited	a		United Kingdom
Just Eat Central Holdings Limited ¹	a		United Kingdom
Indirectly held subsidiary undertakings			
Just Eat (Acquisitions) Holding Limited ¹	a		United Kingdom
Just Eat.co.uk Limited	a		United Kingdom
Just Eat Northern Holdings Limited	a		United Kingdom
Everyday Ventures Limited	a		United Kingdom
Flyt Limited	x		United Kingdom
HungryHouse Holdings Limited	a		United Kingdom
HungryHouse.com Ltd	a		United Kingdom
Orogo Limited ¹	a		United Kingdom
Just Eat (Acquisitions) Pty Limited	b		Australia
MenuLog Group Limited	b		Australia
MenuLog Pty Ltd	b		Australia
Eat Now Services Pty Ltd	b		Australia
Just Eat Canada Inc.	c		Canada
SkipTheDishes Restaurant Services Inc. ("SkipTheDishes")	d		Canada
Just Eat Denmark Holding ApS	e		Denmark
Just Eat.dk ApS	e		Denmark
Just Eat Host A/S	e		Denmark
FBA Invest SaS ²	f	80	France
Eat On Line SA	f	80	France
HungryHouse GmbH	g		Germany
Just Eat Ireland Limited	h		Ireland
Eatcity Limited	h		Ireland
Just-Eat Italy S.r.l.	i		Italy
Just-Eat.lu S.à.r.l.	j		Luxembourg
Digital Services LII (GP) S.à.r.l.	j		Luxembourg
Food Delivery Holding 31 S.à.r.l.	j		Luxembourg
SinDelantal Mexico SA de C.V. ("SinDelantal Mexico")	k	67	Mexico
Inversiones Hellofood S. de R.L. de C.V. ("hellofood Mexico")	k	67	Mexico
iFood Holdings B.V.	l		Netherlands
MenuLog Limited	m		New Zealand
Just Eat.no As	n		Norway
El Cocinero a Cuerda SL ("ECAC")	o	67	Spain
Just-Eat Spain S.L.	o		Spain
Eat.ch GmbH	p		Switzerland
SkipTheDishes Corporation	q		USA

1. For the year ended 31 December 2018, Orogo Limited (registered number: 08214903), Just Eat Central Holdings Limited (registered number: 09578919) and Just Eat (Acquisitions) Holding Limited (registered number: 09574725) were entitled to exemption from audit under section 479A of the Act relating to subsidiary companies. The members of these companies have not required them to obtain an audit of their financial statements for the year ended 31 December 2018.

2. Share capital consists of 99.6% Ordinary shares and 0.4% shares with no rights (voting or dividends).

Listing of subsidiaries and associated undertakings continued

Company name	Registered address	% holding (if not 100%)	Country of incorporation
Associated undertakings			
IF-JE Participações S.A. ("IF-JE")	r	32	Brazil
IF-JE Holdings B.V. ("IF-JE NL")	l	33	Netherlands
Subsidiaries of IF-JE			
M.I. Payments B.V.	l	2	Netherlands
JustEat Holding Participações Ltda.	s	32	Brazil
Movile Serviços em Tecnologia Ltda.	r	32	Brazil
WH Food Participações Ltda	s	32	Brazil
iFood.com Agência de Restaurantes Online S.A.	s	32	Brazil
Just Eat Brasil Serviços Online e Comércio Ltda.	s	32	Brazil
Central do Delivery Ltda.	s	32	Brazil
iCall Serviços de Atendimento Ltda.	s	32	Brazil
Just Eat Intermediação de Negócios Ltda.	t	32	Brazil
Come Ya S.A.s	u	32	Colombia
C&G Inversiones S.A.s	v	32	Colombia
Delivery Santa Fe S.r.l.	w	32	Argentina

Address key:

- a. Masters House, 107 Hammersmith Road, London W14 0QH.
- b. L23, 227 Elizabeth Street, Sydney, NSW 2000.
- c. 379 Adelaide Street West, Toronto, Ontario M5V 1S5.
- d. 136 Market Avenue, Winnipeg, Manitoba R3B 0P4.
- e. Lyngbyvej 20, 2100 København Ø.
- f. 2 ter rue Louis Armand, 75015, Paris.
- g. Schreiberhauer Strasse 30, 10317 Berlin.
- h. Suite 1, 1st Floor Nutley Building, Merrion Road, Dublin 4.
- i. Via Tiziano n.32, Milano.
- j. 20 rue des Peupliers L, 2328 Luxembourg.
- k. Rio Lerma 4–6th floor, Cuauhtemoc, 06500 Mexico City.
- l. Taurusavenue 105, 2132 LS Hoofddorp.
- m. PwC, Level 8, 188 Quay Street, Auckland 1010.
- n. Sandakerveien 116, 0484 Oslo.
- o. Calle Condesa de Venadito, n°1 Planta 2, 28027 Madrid.
- p. Werdstrasse 21, 8004 Zürich.
- q. The Corporation Trust Company, Corporation Trust Centre, 1209 Orange Street Wilmington, DE 19801.
- r. Avenida Coronel Silva Teles, N. 977 – 5º andar, Edifício Dahruj Tower, Cambui, Campinas, São Paulo 13024-001.
- s. Rua Coronel Boaventura Mendes Pereira, N. 293 – Mezanino B, Centro, Jundiaí, São Paulo 13201-801.
- t. Avenida Queiroz, N. 1700, sala 710, Vila Leopoldina, São Paulo 05319-000.
- u. Calle 77a, N. 57–103, Edificio Green Tower, Oficina 806, Barranquilla.
- v. Calle 55, N. 28–31, apto 1303, Conjunto Residencial Opus, Bucaramanga.
- w. San Martín 536 – Planta Baja – Buenos Aires.
- x. Elm Yard, 13–16 Elm Street, London WC1X 0BJ.

All entities are incorporated and have the same year-end reporting date, with the exception of our associates, IF-JE NL, IF-JE and its subsidiaries, which have a 31 March year end.

For all entities, the proportion of voting rights held equated to the proportion of ownership interests held.

With exception to FBA Invest SaS, the class of shares for all subsidiaries and associated undertakings of the Group are Ordinary shares.

Alternative Performance Measures

Overview

When assessing and discussing financial performance, certain alternative performance measures ("APMs") of historical or future financial performance, financial position or cash flows are used which are not defined or specified under IFRS. APMs are used to improve the comparability of information between reporting periods and operating segments.

APMs should be considered in addition to, not as a substitute for, or as superior to, measures reported in accordance with IFRS.

APMs are not uniformly defined by all companies. Accordingly, the APMs used may not be comparable with similarly titled measures and disclosures made by other companies.

Our APMs fall into two categories:

- **Financial APMs:** In most cases, these reflect financial measures that can be directly derived from the financial statements, although the tax impact of any adjusting items would not normally be provided. However, certain other financial APMs, such as the revenue per order information, cannot be derived from the financial statements as the component elements are not separately disclosed. The accounting policies applied when calculating APMs are the same as those set out in the consolidated financial statements.
- **Non-financial APMs:** These measures incorporate certain non-financial information that we believe is useful when assessing the performance of the business, such as the number of orders.

Financial APMs

The following table reconciles the Consolidated Income Statement to the key profit measures used internally to assess performance.

	Adjusted results 2018 £m	Adjusting items 2018 £m	Reported results 2018 £m	Adjusted results 2017 (restated¹) £m	Adjusting items 2017 (restated¹) £m	Reported results 2017 (restated¹) £m
Continuing operations						
Revenue	779.5	—	779.5	546.3	—	546.3
Cost of sales	(216.9)	—	(216.9)	(96.0)	—	(96.0)
Gross profit	562.6	—	562.6	450.3	—	450.3
Administrative expenses	(408.3)	(44.0)	(452.3)	(300.6)	(221.6)	(522.2)
Operating profit/(loss)¹	154.3	(44.0)	110.3	149.7	(221.6)	(71.9)
Share of results of associates	(5.7)	(1.0)	(6.7)	(0.2)	(0.4)	(0.6)
Other gains and losses	—	0.8	0.8	—	(2.0)	(2.0)
Investment revenue	0.4	—	0.4	0.7	—	0.7
Finance costs	(3.1)	—	(3.1)	(2.2)	—	(2.2)
Profit/(loss) before tax	145.9	(44.2)	101.7	148.0	(224.0)	(76.0)
Taxation	(32.7)	10.9	(21.8)	(35.1)	7.6	(27.5)
Profit/(loss) for the year	113.2	(33.3)	79.9	112.9	(216.4)	(103.5)
<i>Attributable to:</i>						
Equity shareholders	116.0	(33.3)	82.7	113.7	(216.4)	(102.7)
Non-controlling interests	(2.8)	—	(2.8)	(0.8)	—	(0.8)
	113.2	(33.3)	79.9	112.9	(216.4)	(103.5)
Earnings per Ordinary share (pence)						
Basic	17.0	(4.9)	12.1	16.8	(32.0)	(15.2)
Diluted	16.9	(4.8)	12.1	16.7	(31.9)	(15.2)
Reconciliation of Operating profit/(loss) to EBITDA						
Operating profit/(loss)¹	154.3	(44.0)	110.3	149.7	(221.6)	(71.9)
Include: Share of results of associates	(5.7)	(1.0)	(6.7)	(0.2)	(0.4)	(0.6)
Include: other gains and losses	—	0.8	0.8	—	(2.0)	(2.0)
Remove: impairment charges	—	—	—	—	180.4	180.4
Remove: depreciation of property, plant and equipment	12.0	—	12.0	7.3	—	7.3
Remove: acquisition-related intangible asset amortisation	—	23.9	23.9	—	24.4	24.4
Remove: amortisation of non-acquisition-related intangible assets	13.3	—	13.3	6.7	—	6.7
EBITDA²	173.9	(20.3)	153.6	163.5	(19.2)	144.3

1. The definition of operating profit has been restated in the year to exclude the results of associated undertakings. uEBITDA has not been restated.

2. EBITDA before adjusting items equals uEBITDA. A full definition of uEBITDA and Adjusted EPS is provided below.

Alternative Performance Measures continued

Underlying EBITDA ("uEBITDA")

The main measure of profitability used by the chief operating decision maker ("CODM") to assess the performance of our businesses is uEBITDA, in conjunction with uEBITDA margin. EBITDA is defined as earnings before investment revenue and costs, taxation, depreciation, amortisation and asset impairment charges. uEBITDA also excludes share based payment charges (including the related social security costs), acquisition transaction and integration costs, foreign exchange gains and losses, and other gains and losses. Included within uEBITDA is our share of uEBITDA losses from associates.

The CODM uses uEBITDA as it excludes items that are either non-cash, relate to investment, or do not reflect the day-to-day commercial performance of the business. As a result, uEBITDA provides a measure of the underlying performance of the business and is considered to enhance the comparability of profit or loss across segments. Accordingly, Executive Team incentives are partially based on uEBITDA results and, therefore, it is considered to be both useful and necessary to disclose this measure in our Annual Report and Accounts.

uEBITDA margin is calculated as uEBITDA divided by revenue.

Segmental uEBITDA is as follows:

	2018 £m	2017 £m
United Kingdom	189.5	155.4
Canada	(11.5)	(11.4)
ANZ	6.5	17.3
International	14.2	19.4
Total segment uEBITDA	198.7	180.7
Share of results from associates' uEBITDA	(5.7)	(0.2)
Head office	(19.1)	(17.0)
uEBITDA	173.9	163.5

A reconciliation of uEBITDA to operating profit, together with further details of the component elements of these adjustments, is set out below.

	2018 £m	2017 £m
Share based payment charges, including related social security costs	8.0	6.6
Impairment charges and acquisition-related intangible asset amortisation	23.9	204.8
Acquisition transaction and integration costs	14.8	10.7
Net foreign exchange gains	(2.7)	(0.5)
Operating profit adjusting items	44.0	221.6
Depreciation and amortisation of property, plant and equipment and other intangible assets	25.3	14.0
Share of associates' uEBITDA	(5.7)	(0.2)
uEBITDA adjusting items	63.6	235.4
Operating profit/(loss)	110.3	(71.9)
uEBITDA	173.9	163.5

Share based payment charges, including related social security costs

Share based payments arise as a result of our long-term incentive schemes and only the social security costs associated with these charges give rise to a cash outflow. Further details can be seen in Note 7.

As these charges are excluded from our internal performance measures for remuneration purposes, they are also excluded from externally reported uEBITDA.

Impairment charges and acquisition-related intangible asset amortisation

	Notes	2018 £m	2017 £m
Impairment charges	12	—	180.4
Acquisition-related intangible asset amortisation	13	23.9	24.4
Total		23.9	204.8

Underlying EBITDA ("uEBITDA") continued**Impairment charges and acquisition-related intangible asset amortisation continued**

During the year ended 31 December 2017, an impairment charge of £180.4 million was recorded in respect of the ANZ business. The charge was driven by lower projected cash flows in the business' plans resulting in a reassessment of expected future business performance in light of the recent trading environment.

The Australian market is unique within the Just Eat portfolio, with a substantial proportion of the population living in Sydney and Melbourne. This characteristic makes Australia an attractive market for competitors with the consequence that Australia is today one of our most competitive markets. Furthermore, success is partly dependent on our ability to add delivery capability to complement our marketplace business.

During the year, our Australian business commenced delivery operations by utilising the SkipTheDishes technology. Along with the additional security, scalability and stability that the new platform brings, this integration will be crucial to ensure the continued growth in the ANZ market through the addition of the logistics capability. The technology built by SkipTheDishes allows forecasting of customer demand, driver allocation and delivery times with very high levels of accuracy. Whilst it will take time to deploy, it is this technology that will place the business in a good position for solid future growth.

Impairment charges and acquisition-related intangible asset amortisation are non-cash charges and while they are linked to operational factors in the business, they are not reflective of the day-to-day commercial performance of the business. These charges are therefore excluded from our internal performance measures for remuneration purposes. As a result, they are excluded from uEBITDA.

Acquisition transaction and integration costs

	2018 £m	2017 £m
M&A transaction costs	3.0	1.7
Acquisition integration costs	11.8	9.0
Total	14.8	10.7

M&A transaction costs relate to legal, due diligence and other costs incurred as a result of our acquisitions (see Note 25) and aborted acquisitions. For the year ended 31 December 2018, they include £1.8 million (2017: £1.3 million) of costs in respect of the acquisition of HungryHouse.

Acquisition integration costs relate to the integration of recently acquired businesses. For the year ended 31 December 2018, £7.5 million relates to the integration of HungryHouse, which includes the costs of running two offices and platforms during employee consultation processes, redundancy costs, lease termination costs and related advisers' fees.

SkipTheDishes' management provided post-completion services amounting to £2.9 million (2017: £9.0 million) in the current year, which are also included in this category. These charges are separate to the acquisition consideration.

While acquisition-related costs are recurring, and are expected to be incurred in future periods, they do not represent ongoing costs of our commercial operations and are therefore excluded for performance management purposes.

Net foreign exchange gains

Movements in foreign exchange rates are outside of our control and as a result these charges or credits are excluded from our internal performance measures for remuneration purposes. They are therefore excluded from uEBITDA.

Depreciation and amortisation of property, plant and equipment and non-acquisition-related intangible assets

	Notes	2018 £m	2017 £m
Depreciation of property, plant and equipment	14	12.0	7.3
Amortisation of other intangible assets, excluding acquisition-related assets	13	13.3	6.7
Total		25.3	14.0

Depreciation of tangible and intangible fixed assets are non-cash charges. As these charges are excluded from internal performance measures for remuneration purposes, they are also excluded from uEBITDA as reported in these financial statements.

Share of associates' uEBITDA

Although the results of associated undertakings are not within our control and do not reflect the operational performance of our business, historically these have been included within internal profit measures and have been included in the key performance metric of uEBITDA. As explained further below, in 2019 the share of associates' uEBITDA will no longer form part of our total uEBITDA measure and management performance will not be assessed on it.

Alternative Performance Measures continued

Adjusted earnings per share

Adjusted earnings per share is calculated using an underlying profit measure attributable to the equity shareholders and is used in discussions within the investment analyst community. This APM is also used as a vesting condition in certain share based incentive schemes. It is defined as profit attributable to the equity shareholders, before share based payment charges (including the related social security costs), asset impairment charges, acquisition transaction and integration costs, other gains and losses, foreign exchange gains and losses, and amortisation in respect of acquired intangible assets. Similar to uEBITDA, adjusted earnings per share will exclude the associates' results in 2019 and beyond.

	2018 £m	2018 Pence per share, basic	2017 £m	2017 Pence per share, basic
Profit/(loss) for the year attributable to equity shareholders	82.7	12.1	(102.7)	(15.2)
Share based payment charges, including social security costs	8.0	1.2	6.6	1.0
Impairment charges and acquisition-related intangible asset amortisation	23.9	3.5	204.8	30.2
Acquisition transaction and integration costs	14.8	2.2	10.7	1.6
Net foreign exchange gains	(2.7)	(0.4)	(0.5)	(0.1)
Share of associates' losses below uEBITDA	1.0	0.1	0.4	0.1
Other gains and losses	(0.8)	(0.1)	2.0	0.3
Taxation on adjusting items (see below)	(10.9)	(1.6)	(7.6)	(1.1)
Adjusted earnings	116.0	17.0	113.7	16.8
			2018 Number of shares ('000)	2017 Number of shares ('000)
Weighted average number of Ordinary shares for basic earnings per share			681,042	676,844
<i>Effect of dilution:</i>				
Share options and awards			4,389	5,159
Unvested JSOP shares			—	943
Weighted average number of Ordinary shares adjusted for the effect of dilution			685,431	682,946
			2018 Pence	2017 Pence
Earnings per Ordinary share				
Basic			12.1	(15.2)
Diluted			12.1	(15.2)
Adjusted earnings per Ordinary share				
Basic			17.0	16.8
Diluted			16.9	16.6

Underlying effective tax rate ("Underlying ETR")

	2018			2017		
	Adjusted results 2018 £m	Adjusting items 2018 £m	Reported results 2018 £m	Adjusted results 2017 £m	Adjusting items 2017 £m	Reported results 2017 £m
Profit/(loss) before tax	145.9	(44.2)	101.7	148.0	(224.0)	(76.0)
UK rate of 19.00% (2017: 19.25%)	27.7	(8.4)	19.3	28.5	(43.1)	(14.6)
<i>Adjusted for the effects of:</i>						
Non-deductible expenditure	1.5	1.2	2.7	0.6	2.5	3.1
Non-taxable income	(0.8)	(0.2)	(1.0)	(5.9)	—	(5.9)
Share based payments	—	0.8	0.8	—	0.3	0.3
Impairment charges	—	—	—	—	34.7	34.7
Prior year adjustments	(0.3)	—	(0.3)	(0.5)	—	(0.5)
Unrecognised deferred tax asset changes	(0.3)	(1.2)	(1.5)	2.3	(0.7)	1.6
Overseas tax rates	1.1	(3.2)	(2.1)	(0.3)	(1.4)	(1.7)
Other overseas taxes	2.7	—	2.7	10.4	—	10.4
Associates results	1.1	0.1	1.2	—	0.1	0.1
Total tax charge for the year	32.7	(10.9)	21.8	35.1	(7.6)	27.5
Effective tax rate	22.4%		21.4%	23.7%		(36.2%)

Underlying effective tax rate ("Underlying ETR") continued

Underlying ETR is the effective tax rate on our adjusted results for the year and is prepared on a consistent basis with uEBITDA and is necessary to calculate adjusted earnings per share. Underlying ETR for the year ended 31 December 2018 was 22.4% (2017: 23.7%). Underlying profit is defined as profit before tax before share based payment charges, including social security costs, impairment charges, acquisition transaction and integration costs, other gains and losses, foreign exchange gains and losses, amortisation in respect of acquired intangible assets and share of results from associates below uEBITDA. The recognition of a deferred tax asset relating to the cumulative tax losses in SkipTheDishes in Canada has also been treated as an adjusting item.

Average revenue per order ("ARPO")

ARPO is calculated as the total of order-driven revenue, divided by total orders and is a key driver of revenue, along with the number of orders processed.

	2018 £m	2017 £m
Revenue (£m)	779.5	546.3
Sign-up fees, Top Placement income and other revenue (£m)	(50.2)	(42.3)
Order-driven revenue (£m)	729.3	504.0
Total orders (millions)	221.2	172.4
ARPO (£)	3.30	2.92

Non-financial APMs

APM	Definition and calculation	Purpose
Orders	Number of successful orders placed.	The number of orders the Group processes for our Restaurants Partners is a direct measure of performance.
Active customers	Number of customers who have placed at least one order within the last 12 months at the reporting date.	Increasing the number of active customers is one outcome used to measure the successful level of channel shift from offline to digital ordering.
Number of restaurants	The number of Restaurant Partners capable of taking orders across all Just Eat platforms at the reporting date.	One element of providing greater choice to customers is to enable access onto our platforms to a growing number of restaurants and cuisine types.

Future changes to APMs

Subsequent to the year end, we have changed our internal definition of uEBITDA to exclude both the results of associated undertakings and the results of our Mexican subsidiary, which together comprise our Latin America ("LATAM") business. A new measure of Adjusted uEBITDA is therefore total uEBITDA excluding LATAM. Although the Mexican business is within our control, operational performance has been delegated to iFood, the non-controlling partner and, as noted in our Annual report on remuneration, Just Eat management will no longer be assessed on the performance of that business. The results of our associated undertakings are now excluded from operating profit and therefore it is also appropriate to remove them from uEBITDA.

Alternative Performance Measures continued

Future changes to APMs continued

The tables below detail the segmental APMs under this new methodology.

2018	Active customers m	Orders m	Average order value £	Revenue £m	uEBITDA £m
United Kingdom	12.2	122.8	18.79	385.6	189.5
Canada	3.5	30.7	18.09	177.9	(11.5)
Australia and New Zealand	2.6	13.0	24.22	46.7	6.5
Europe	7.2	49.7	20.18	171.0	25.0
Total segment	25.5	216.2	19.34	781.2	209.5
Head office	—	—	—	—	(19.1)
Total excluding LATAM	25.5	216.2	19.34	781.2	190.4
Mexico	0.8	5.0	6.48	(1.7)	(10.8)
Brazil	—	—	—	—	(5.7)
Total including LATAM	26.3	221.2	19.05	779.5	173.9

2017 constant currency basis	Active customers m	Orders m	Average order value £	Revenue £m	uEBITDA £m
United Kingdom	10.5	105.0	17.73	303.8	155.4
Canada	2.0	11.6	18.85	62.3	(11.1)
Australia and New Zealand	3.0	15.2	23.63	46.8	16.2
Europe	5.6	38.1	20.17	128.1	23.3
Total segment	21.1	169.9	18.89	541.0	183.8
Head office	—	—	—	—	(17.1)
Total excluding LATAM	21.1	169.9	18.89	541.0	166.7
Mexico	0.4	2.5	8.10	0.9	(3.5)
Brazil	—	—	—	—	(0.2)
Total including LATAM	21.5	172.4	18.73	541.9	163.0

Future changes to APMs continued

The impact of the changes on the reported results would be as follows:

	As originally stated £m	Mexican subsidiary £m	Brazilian associate £m	As restated £m
Year ended 31 December 2018				
uEBITDA excluding LATAM ("Adjusted EBITDA")	173.9	10.8	5.7	190.4
Share based payment charges, including social security costs	(8.0)	—	—	(8.0)
Acquisition transaction and integration costs	(14.8)	—	—	(14.8)
Net foreign exchange gains	2.7	—	—	2.7
Share of results from associates	5.7	—	(5.7)	—
Operating losses of Mexican operations	—	(10.8)	—	(10.8)
Depreciation	(12.0)	—	—	(12.0)
Amortisation – acquired intangible assets	(23.9)	—	—	(23.9)
Amortisation – other intangible assets	(13.3)	—	—	(13.3)
Operating profit	110.3	—	—	110.3
Share of results of associates	(6.7)	—	—	(6.7)
Other gains and losses	0.8	—	—	0.8
Investment revenue	0.4	—	—	0.4
Finance costs	(3.1)	—	—	(3.1)
Loss before tax	101.7	—	—	101.7
Adjusted earnings attributable to shareholders	116.0	7.9	(1.0)	122.9
Adjusted earnings attributable to NCIs	(2.8)	2.8	—	—
	113.2	10.7	(1.0)	122.9
Year ended 31 December 2017				
uEBITDA excluding LATAM ("Adjusted EBITDA")	163.5	3.6	0.2	167.3
Share based payment charges, including social security costs	(6.6)	—	—	(6.6)
Impairment charges	(180.4)	—	—	(180.4)
Acquisition transaction and integration costs	(10.7)	—	—	(10.7)
Net foreign exchange gains	0.5	(0.1)	—	0.4
Share of results from associates below uEBITDA	(0.4)	—	0.4	—
Operating losses of Mexican operations	—	(3.6)	—	(3.6)
Depreciation	(7.3)	0.1	—	(7.2)
Amortisation – acquired intangible assets	(24.4)	—	—	(24.4)
Amortisation – other intangible assets	(6.7)	—	—	(6.7)
Operating loss¹	(72.5)	—	0.6	(71.9)
Share of results of associates	—	—	(0.6)	(0.6)
Other gains and losses	(2.0)	—	—	(2.0)
Investment revenue	0.7	—	—	0.7
Finance costs	(2.2)	—	—	(2.2)
Loss before tax	(76.0)	—	—	(76.0)
Adjusted earnings attributable to shareholders	113.7	2.8	0.2	116.7
Adjusted earnings attributable to NCIs	(0.8)	0.8	—	—
	112.9	3.6	0.2	116.7

1. In 2018 operating profit/(loss) was restated to remove the share of results from associates. The figures presented in this table are those originally reported, prior to the 2018 restatement.

Alternative Performance Measures continued

Future changes to APMs continued

Had these changes been applied in 2018 to the information provided to the CODM, the information disclosed in the segmental analysis in our consolidated financial statements would have been required to be restated as follows:

Segment revenue

Year ended 31 December 2018	United Kingdom £m	Canada £m	ANZ £m	Europe £m	Head office £m	Total excluding LATAM £m	LATAM £m	Total £m
Gross revenue	385.6	179.2	46.7	171.0	11.2	793.7	(1.7)	792.0
Inter-segment revenue	—	(1.3)	—	—	(11.2)	(12.5)	—	(12.5)
External revenue	385.6	177.9	46.7	171.0	—	781.2	(1.7)	779.5

Year ended 31 December 2017	United Kingdom £m	Canada £m	ANZ £m	Europe £m	Head office £m	Total excluding LATAM £m	LATAM £m	Total £m
Gross revenue	304.1	64.4	49.8	127.3	3.3	548.9	1.0	549.9
Inter-segment revenue	(0.3)	—	—	—	(3.3)	(3.6)	—	(3.6)
External revenue	303.8	64.4	49.8	127.3	—	545.3	1.0	546.3

Segment uEBITDA and results

	2018 £m	2017 (restated) ¹ £m
United Kingdom	189.5	155.4
Canada	(11.5)	(11.4)
ANZ	6.5	17.3
Europe	25.0	23.0
Head office	(19.1)	(17.0)
uEBITDA excluding LATAM ("Adjusted EBITDA")	190.4	167.3
LATAM	(10.8)	(3.6)
Total uEBITDA¹	179.6	163.7
Share based payment charges, including social security costs	(8.0)	(6.6)
Impairment charges	—	(180.4)
Acquisition transaction and integration costs	(14.8)	(10.7)
Net foreign exchange gains	2.7	0.5
Depreciation	(12.0)	(7.3)
Amortisation – acquired intangible assets	(23.9)	(24.4)
Amortisation – other intangible assets	(13.3)	(6.7)
Operating profit/(loss)¹	110.3	(71.9)
Share of results of associates	(6.7)	(0.6)
Other gains and losses	0.8	(2.0)
Investment revenue	0.4	0.7
Finance costs	(3.1)	(2.2)
Profit/(loss) before tax	101.7	(76.0)

1. The definition of operating profit and uEBITDA have been restated in the year to exclude the results of associated undertakings.

Glossary of terms

Active customers – those customers that have placed at least one order within the last 12 months.

Adjusted earnings per share – profit attributable to the equity shareholders, before share based payment charges, including social security costs, impairment charges, acquisition transaction and integration costs, other gains and losses, foreign exchange gains and losses, amortisation of acquired intangible assets, share of results from associates below uEBITDA, and the tax impact of these adjusting items, divided by the weighted average number of shares outstanding during the period.

Admission – the admission of the Ordinary shares to the High Growth Segment of the Main Market of the London Stock Exchange which occurred on 8 April 2014. On 6 May 2014, the Group transitioned to the Premium Listing Segment of the Official List of the UK Financial Conduct Authority.

AGM – the Annual General Meeting of the Company, which will be held on 1 May 2019 at 9.30am at The Lincoln Centre, 18 Lincoln's Inn Fields, London WC2A 3ED.

ANZ – our operations in Australia and New Zealand.

AOV – average order value.

APA – advanced pricing agreement.

APM – alternative performance measure.

Articles – the Articles of Association of the Company.

Average order frequency – the average number of orders placed by our customers within the last 12 months.

Average revenue per order ("ARPO") – calculated as order-driven revenue divided by the number of orders.

Benelux – our former operations in Belgium and the Netherlands (sold in August 2016).

BEPS – base erosion and profit shifting.

Board – the Board of Directors of Just Eat plc.

Cash conversion – net cash flow generated from operating activities, excluding those amounts held for Restaurant Partners, as a percentage of uEBITDA.

CFC – controlled foreign company.

CGU – cash-generating unit.

CMA – the UK Competition and Markets Authority.

CODM – the chief operating decision maker.

Company – Just Eat plc, a company incorporated in England and Wales with registered number 06947854, whose registered office is at Masters House, 107 Hammersmith Road, London W14 0QH.

Constant currency – applying the foreign exchange rates used in the current period to the results of the prior period.

Corporate website – www.justeatplc.com.

CSOP – the Just Eat Company Share Option Plan.

Customer – end users of the Just Eat websites and apps, who use them to place orders online.

DCF – discounted cash flow.

Directors – the Directors of the Company whose names are set out on pages 40 and 41.

Disclosure and Transparency Rules – the Disclosure and Transparency Rules made under Part VI of the Financial Services and Markets Act 2000 (as amended).

EBITDA – earnings before investment revenue and costs, taxation, depreciation and amortisation.

EBTs – the Employee Benefit Trusts, which are administered by Estera Trust (Jersey) Limited (formerly known as Appleby Trust (Jersey) Limited), Ocorian Limited, Equiniti Share Plan Trustees Limited and Link Trustees (Jersey) Limited.

ECAC – El Cocinero a Cuerda SL.

EMI Scheme – the Just Eat Enterprise Management Incentive Scheme.

EPS – earnings per share.

ETR – effective tax rate.

Executive Directors – Peter Duffy (appointed 21 January 2019), Peter Plumb (stepped down 21 January 2019) and Paul Harrison.

Glossary of terms continued

Executive Team – the Executive Directors, Graham Corfield (UK Managing Director), Fernando Fanton (Chief Product and Technology Officer), Jerome Gavin (International Managing Director), Mira Magecha (Interim Chief People Officer) and James Sporle (Group General Counsel).

FBAI – FBA Invest SaS.

FCA – the Financial Conduct Authority.

Flyt – Flyt Limited, acquired on 22 December 2018.

FRC – the Financial Reporting Council.

FTE – full-time equivalent.

FTSE – The Financial Times Stock Exchange Index.

FTSE (excluding IT) – FTSE excluding investment trusts.

Full-time equivalent ("FTE") – the number of employees after factoring in reduced hours worked by part time staff.

FVLCD – fair value less costs of disposal.

FVTPL – fair value through profit or loss.

GAAP – generally accepted accounting principles.

GDPR – General Data Protection Regulation, as defined by European Union Regulation 2016/679.

GHG – greenhouse gases.

Group – Just Eat plc and subsidiary undertakings (as defined by the Act).

hellofood Brazil – Hellofood Intermediacal de Negocios Ltd, which was acquired in February 2016 and immediately sold to IF-JE, an associated undertaking of the Group.

hellofood Mexico – Inversiones Hellofood S. de R.L. de C.V., which was acquired in February 2016.

HMRC – Her Majesty's Revenue & Customs.

HungryHouse – HungryHouse Holdings Limited, acquired on 31 January 2018.

IAS – International Accounting Standard(s).

IF-JE/iFood – IF-JE Participações S.A., our Latin American associated undertaking.

IF-JE NL – IF-JE Holdings B.V., our associated undertaking that holds a 49% stake in our Mexican business. This associate is 67% owned by Movile.

IFRS – International Financial Reporting Standard(s) as adopted for use in the European Union.

IP – intellectual property.

IPO – initial public offering of the Company's Ordinary shares immediately post-admission on 8 April 2014.

Just Connect Terminal ("JCT") – mobile network technology provided to Restaurant Partners, which enables them to receive orders from Just Eat.

Just Eat – the Group or Just Eat plc and subsidiary undertakings (as defined by the Act).

JSOP – the Just Eat Joint Share Ownership Plan.

KPI – key performance indicator.

La Nevera Roja – Grupo Yamm Comida a Domicilio S.L., which was acquired in April 2017 and subsequently merged with Just Eat Spain SLU.

LATAM – the results of associated undertakings and the results of our Mexican subsidiary, which together comprise our Latin America business.

LTIP – Long Term Incentive Plan.

MAP – mutual agreement procedure.

Marketplace models – a two-sided marketplace is the traditional marketplace model, consisting of the customer and the Restaurant Partner, who manages all food-related logistics, with Just Eat managing the payment processing. In a three-sided marketplace, a delivery partner is introduced into the above market to manage the delivery of food from the Restaurant Partner to the customer. Payment by the customer must be made online.

Menulog – Menulog Group Limited and its subsidiary undertakings, which include our operations in Australia and New Zealand.

MGL – Menulog Group Limited.

Mobile device – smartphones, tablets and any other handheld computing device.

Movile – Movile Internet Model S.A.

NCI – non-controlling interest, being the other shareholder(s) where we own a controlling shareholding in an entity, but not 100% of the total shareholding.

NIC – national insurance contribution.

Non-executive Directors – the Non-executive Directors of the Company designated as such on pages 40 and 41.

NPS – Net Promoter Score. Used for Customer, Restaurant and Employees NPS is calculated through surveys and is used to gauge the respondents satisfaction with a product or service and the respondents loyalty to a brand.

OECD – the Organisation for Economic Co-operation.

Operating profit – profits and losses from operations before our share of the results of associates, other gains and losses, investment revenue, finance costs and taxes.

Orderpad – internet connected Android tablet provided to Restaurant Partners, which enables them to receive orders and provide order tracking to customers.

Ordinary shares – the Ordinary shares with a nominal value of £0.01 each in the share capital of the Company.

Other gains and losses – the profits or losses arising on the disposal and deemed disposal of operations, gains and losses on financial assets classified as fair value through profit or loss, gains and losses on derivative financial instruments, and movements on provisions for contingent consideration or obligations to acquire minority interests.

Partner centre – the global support portal for Restaurant Partners, featuring restaurant and menu management tools, reviews and ratings, order history and invoicing.

People – all 3,600 of our Just Eaters who live and breathe our values of Make Happy, Razor Sharp and Big Hearted.

PizzaBo – Webs S.r.l, which was acquired in February 2016 and subsequently merged with Just Eat Italy S.r.l.

PSP – the Just Eat plc Performance Share Plan.

QSR – Quick Service Restaurant chains are restaurants that offer standardised, mostly counter-service "hand held" food at a mass-market price point. The ambiance is mostly functional for a high turnover environment – fixed seating and table tops, fluorescent lighting and the chain's branded graphics. The segment is dominated by global branded chains e.g. McDonald's, KFC, Subway and Burger King.

R&D – research and development.

RE-DISS – Reliable Disclosure Systems for Europe.

Restaurant Partner – any restaurant (or commonly owned group of restaurants) signed up to Just Eat, offering either delivery or collection services via the Just Eat websites or apps.

Restaurant Services – a programme that provides exclusive deals and discounts on key supplies to Restaurant Partners.

Shareholder – a holder, for the time being, of Ordinary shares of the Company.

SinDelantal – SinDelantal Mexico S.A. de C.V., our Mexican subsidiary.

SkipTheDishes – SkipTheDishes Restaurant Services Inc. and its subsidiaries.

SIP – the Just Eat Share Incentive Plan.

tCO₂e – metric tonnes of carbon dioxide equivalent.

The Act – the Companies Act 2006 (as amended).

The Code – UK Corporate Governance Code 2016.

TSR – total shareholder return, being the growth in value of a shareholding over a specified period, assuming that dividends are reinvested to purchase additional shares.

uEBITDA – the main measure of profitability used to assess the performance of our businesses is underlying EBITDA. It is defined as earnings before investment revenue and costs, taxation, depreciation and amortisation ("EBITDA"), and additionally excludes share based payment charges, including social security costs, impairment charges, acquisition transaction and integration costs, foreign exchange gains and losses, other gains and losses, and an adjustment for the element of the share of results from associates falling outside this definition.

VAT – UK value added taxation.

VIU – value in use.

Company information

Company secretary

Tony Hunter

Company number

06947854

Registered office

Masters House
107 Hammersmith Road
London
W14 0QH
United Kingdom

Website

www.justeatplc.com

Registrar

Equiniti Limited

Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA
United Kingdom

Twitter: @AskEquiniti

Phone: 0371 384 2030 (UK holders)

Phone: +44 121 415 7047 (international holders)

Website: www.shareview.co.uk

Auditor

Deloitte LLP

Corporate advisers

Brokers

Goldman Sachs International
UBS Limited

Solicitors

Linklaters LLP
Taylor Wessing LLP
Bird & Bird LLP

Five-year summary

The following tables set out a summary of selected audited key financial information for the Group.

Summary income and cash flow statements

	2018 £m	2017 £m	2016 £m	2015 £m	2014 £m
Revenue	779.5	546.3	375.7	247.6	157.0
uEBITDA	173.9	163.5	115.3	59.7	32.6
Profit/(loss) before tax	101.7	(76.0)	91.3	34.6	57.4
Profit/(loss) for the year	79.9	(103.5)	71.4	23.0	51.8
Adjusted basic earnings per share (pence)	17.0	16.8	12.2	6.6	4.2
Net cash generated from operating activities	157.3	166.7	97.0	74.2	38.1
Net cash outflow used in investing activities	(348.7)	(35.7)	(167.5)	(465.5)	(19.3)
Net cash generated from financing activities	111.5	2.7	2.3	425.1	84.2
Net (decrease)/increase in cash and cash equivalents	(79.9)	133.7	(68.2)	33.8	103.0

Summary balance sheet

	2018 £m	2017 £m	2016 £m	2015 £m	2014 £m
Net assets	801.9	726.7	825.7	625.9	183.8
Cash and cash equivalents	185.9	265.1	130.6	192.7	164.4

The following table sets out a summary of selected key performance indicators for the Group.

Key performance indicators (unaudited)

	2018	2017	2016	2015	2014
Orders (millions)	221.2	172.4	136.4	96.2	61.2
ARPO (£)	3.30	2.92	2.59	2.35	2.29
Active customers (millions)	26.3	21.5	17.6	13.4	8.1
Restaurant Partners ('000)	105.0	82.3	68.5	61.5	45.7



Just Eat plc's commitment to environmental issues is reflected in this Annual Report which has been printed on Splendorgel, an FSC® certified material.

This document was printed by Pureprint Group using their environmental print technology, which minimises the impact of printing on the environment and 99 per cent of dry waste is diverted from landfill. The printer is a CarbonNeutral® company.

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Produced by

designportfolio

JUST EAT

Fleet Place House
2 Fleet Place
London EC4M 7RF
United Kingdom

Tel: +44 (0) 20 3114 3333

Email: investor.relations@just-eat.com

www.justeatplc.com

Just Eat plc

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