

**Company registration no. 04656315**

**Just Eat.co.uk Ltd**  
**Report and Financial Statements**  
**Year ended 31 December 2018**



## Contents

|   | <b>Page</b> |
|---|-------------|
| Corporate information   | 2           |
| Strategic report  | 3           |
| Directors' report   | 5           |
| Independent auditor's report to the members of Just Eat.co.uk Ltd | 8           |
| Profit and loss account   | 11          |
| Balance sheet   | 12          |
| Statement of changes in equity                                    | 13          |
| Notes to the financial statements                                 | 14          |

## **Corporate information**

### **Directors**

G. Corfield  
P. Harrison  
J. Sporle  
A. Kenny

### **Registered Office**

Fleet Place House  
2 Fleet Place  
London  
EC4M 7RF

### **Auditor**

Deloitte LLP  
London  
United Kingdom

## Strategic report

The Directors present their strategic report for the year ended 31 December 2018.

### Business model

Just Eat.co.uk Ltd ("the Company", "we", "our") operates the UK's largest online marketplace for takeaway delivery and is part of the wider Just Eat plc Group (the "Group"). By enabling an easy and secure way to order takeaway food (food for delivery or collection) from local restaurant partners, the Company seeks to fulfil its vision, which is to create the world's greatest food community. Our websites and mobile apps enable consumers to find an extensive array of local restaurant partners and place orders directly through the Just Eat.co.uk platform.

We encourage consumers to shift from telephone based takeaway ordering to its online platform by offering breadth of choice, ratings and reviews, ease of use and a more efficient consumer experience when ordering from local restaurant partners.

We provide restaurant partners with a cost effective channel for consumer acquisition as well as a robust technology platform that can enhance both restaurant productivity during peak ordering hours and kitchen utilisation during off-peak ordering hours.

### Business review

Our key performance indicators during the year were as follows:

|                                 |         | 2018   | 2017   | Change % |
|---------------------------------|---------|--------|--------|----------|
| Revenue (continuing operations) | £m      | 377.3  | 304.0  | 24%      |
| Operating profit                | £m      | 163.6  | 129.9  | 26%      |
| Profit for the year             | £m      | 144.0  | 122.4  | 18%      |
| Orders                          | Million | 122.8  | 105.0  | 18%      |
| Active customers                | Million | 12.2   | 10.5   | 16%      |
| Average revenue per order       | £       | 2.94   | 2.70   | 9%       |
| Number of restaurants           | Number  | 30,979 | 28,475 | 9%       |

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. 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.

On 31 January 2018 we purchased the Hungryhouse companies and on 30 April 2018 transferred this business into the Company, which gave rise to a goodwill balance of £193.8 million.

Revenue increased 24% to £377.3 million driven by strong marketplace order growth and accelerating growth of delivery orders.

Operating profit increased by 26% to £163.6 million with a margin of 43.5% (2017: 42.7%).

Profit for the year, after taxation, is £144.0 million (2017: £122.4 million). No dividend was paid out during the year ending 31 December 2018 (2017: £162.0 million).

### Future developments

It is anticipated that we will continue to generate greater revenues and profits in 2019 by continuing to grow our active customer base through continuous service improvements, including the targeted roll-out of delivery in key zones, which will allow us to increase our overall customer base and serve even more brilliant food moments.

## **Strategic report** *continued*

### **Principal risks and uncertainties**

Principal risks and uncertainties are discussed in detail on pages 20 to 28 of the consolidated financial statements of Just Eat plc, the ultimate parent of the Company, which are available from Fleet Place House, 2 Fleet Place, London, EC4M 7RF, or at [www.justeatplc.com/investors/results-reports](http://www.justeatplc.com/investors/results-reports). The principal risks and uncertainties that apply to the UK operations are: EU referendum; competition; changing service experience; social, regulatory and legislative change; brand; cyber security and data protection; technology resilience; growth, people and culture; and supplier resilience.

Our activities expose us to a number of financial risks including market risk, credit risk and liquidity risk. We do not use derivative financial instruments to manage these risks, as they are managed by the Just Eat Group. Just Eat Group monitors risks of the Company on a case by case basis to ensure effective action is taken to mitigate risk where necessary. Further details are provided below, together with our consideration of the risks identified as well as uncertainty around significant economic/political events.

#### *Market risk*

Our activities do not significantly expose us to the financial risks of changes in foreign currency exchange rates as most transactions are denominated in Pounds Sterling, the Company's functional currency.

#### *Credit risk*

Our principal financial assets are bank balances and receivables. Exposures with major counterparties and their credit ratings are continuously monitored.

Trade receivables consist of amounts due from Restaurant Partners. Ongoing evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

The credit risk on bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

#### *Liquidity risk*

Ultimate responsibility for liquidity risk management rests with the Directors, who have established an appropriate liquidity risk management framework for the management of the Company's 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 matching the maturity profiles of financial assets and liabilities.

#### *Significant economic/political events*

Economic and political factors have the potential to represent both risk and opportunities. For example, Brexit may have adverse implications on immigration, access to talent and food price inflation, impacting the Company and Restaurant Partners. The opportunity of customers' "trade down" behaviours, which could adversely impact revenue and underlying profitability. When events such as the Brexit referendum occur, we conduct analysis to understand possible impacts and to mobilise action plans as necessary. We restrict investments of liquid resources to AAA-rate money market funds and lodge deposits with approved counterparties. We conduct rigorous financial planning to manage and monitor cost versus revenue performance.

By order of the Board,



**Paul Harrison**  
Director

30 September 2019

## Directors' report

The Directors present their Annual Report and the Financial Statements for the year ended 31 December 2018. The accounting standards applied were FRS 101: "*Reduced Disclosure Framework*".

### Directors of the Company

The names of the persons who were Directors during the year are set out below. Except where indicated, they served as Directors for the entire year:

Mr Graham Corfield

Mr Paul Harrison

Mr James Sporle (appointed 19 March 2018)

Qualifying third-party indemnity provisions have been made for the benefit of Directors in relation to certain losses and liabilities that they may incur in the course as acting as Directors of the Company, or subsidiaries, which remain in force at the date of this report. No Director had a material interest in any contract of significance with the Company or any subsidiary at any time during the year. Interests were held in shares and in share awards of Just Eat plc.

### Research and development

We do not undertake any research or development activities.

### Dividends

No dividends were paid during the year ended 31 December 2018 (2017: £162.0 million).

### Going concern

The Directors have a reasonable expectation that the Company will be able to operate within the level of available facilities and cash for the foreseeable future and accordingly believe that it is appropriate to prepare the financial statements on a going concern basis. The Company is in a net current liability position as at 31 December 2018 and as such the Directors have obtained a letter of support from Just Eat Holdings Limited, which states that they will provide such financial support to the Company as required to meet its liabilities as they fall due. The Directors have made appropriate enquiries and considered the business plans which provide financial projections for the foreseeable future. For the purposes of this review, the period considered is to 31 December 2021. The Directors have also reviewed the principal risks referenced the strategic report set out on the previous pages. Based on the Group's forecasts and the ability of Just Eat Holdings Limited to provide the necessary support, the Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on the going concern basis.

### Sustainability

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".

Our involvement in social matters is discussed in detail in the Annual Report and Accounts of Just Eat plc on pages 34 to 37.

## Directors' report *continued*

### Employees

Our employment policies are designed to ensure that we are able to attract the highest calibre of employees from all sectors of the communities in which we operate. This helps ensure that we compete at the highest level with comparable companies. We value diversity in the workplace and are committed to providing equality of opportunity to all employees and potential employees. We actively encourage continuous training and skill development in all departments.

Our personnel practices ensure that every employee, wherever they work, whatever their role, are treated equally, fairly and respectfully at all times. Adherence to health and safety standards ensures that our people are properly protected and cared for, wherever they operate. We maintain consistent and transparent diversity policies. We firmly believe that career opportunity, recognition and reward should be determined by a person's capabilities and achievement, not their age, sex, race, religion or nationality.

Our policy for the employment of disabled persons is to provide equal opportunities with other employees to train for and attain any position, having regard to the maintenance of a safe working environment and the constraints of their disabilities.

To support our commitment to open communication with employees, discussions are held with employees, through briefings and an internal portal, matters likely to affect employees' interests. Information on matters of concern to employees is given through notices, meetings and reports, including information to help employees achieve a common awareness of the factors affecting our performance.

### Overseas branches

There are no branches outside the UK.

### Political donations

No political donations were made during the year ended 31 December 2018 (2017: £nil).

### Events after the balance sheet date

The Directors confirm that there have been no material events since the balance sheet date.

### Auditor

Deloitte LLP, the Company's auditor has indicated its willingness to continue in office and, on recommendation of the Audit Committee and in accordance with s489 of the Companies Act 2006, a resolution to reappoint the auditor will be put to the 2019 Annual General Meeting.

### Directors' statement as to disclosure of information to auditors

Each of the Directors of the Company at the time when this report was approved confirm that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- he/she has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

## **Directors' report** *continued*

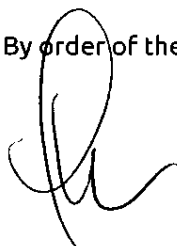
### **Directors' responsibilities statement**

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under 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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board,



**Paul Harrison**  
Director

30 September 2019



# **Independent auditor's report to the members of Just Eat.co.uk Limited**

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion the financial statements of Just Eat.co.uk Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

### **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 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 (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

### **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. 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

## **Independent auditor's report to the members of Just Eat.co.uk Ltd** *continued*

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.

We have nothing to report in respect of these matters.

### **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 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 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by 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 the light of the knowledge and understanding of the company and its 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**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

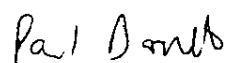
We have nothing to report in respect of these matters.

## **Independent auditor's report to the members of Just Eat.co.uk Ltd** *continued*

### **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.



Paul Barnett FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP

Statutory Auditor  
London, UK

30 September 2019

**Just Eat.co.uk Ltd**  
**Profit and loss account**

**Year ended 31 December 2018**

|                            | <b>Notes</b> | <b>2018<br/>£m</b> | <b>2017<br/>£m</b> |
|----------------------------|--------------|--------------------|--------------------|
| <b>Revenue</b>             | <b>3</b>     | 377.3              | 304.0              |
| Cost of sales              |              | <u>(107.8)</u>     | <u>(94.5)</u>      |
| <b>Gross profit</b>        |              | 269.5              | 209.5              |
| Administrative expenses    |              | <u>(105.9)</u>     | <u>(79.6)</u>      |
| <b>Operating profit</b>    | <b>4</b>     | <u>163.6</u>       | <u>129.9</u>       |
| Finance income             | <b>7</b>     | <u>3.4</u>         | <u>14.4</u>        |
| <b>Profit before tax</b>   |              | 167.0              | 144.3              |
| Taxation                   | <b>8</b>     | <u>(23.0)</u>      | <u>(21.9)</u>      |
| <b>Profit for the year</b> |              | <u>144.0</u>       | <u>122.4</u>       |

All operations are classed as continuing.

There are no items of other comprehensive income for the year. Accordingly, no separate statement of comprehensive income is presented for the current and prior year.

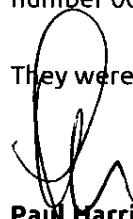
# Just Eat.co.uk Ltd

## Balance sheet As at 31 December 2018

|  | Notes | 2018<br>£m     | 2017<br>£m    |
|--|-------|----------------|---------------|
| <b>Non-current assets</b>  |       |                |               |
| Goodwill   | 9     | 193.8          | -             |
| Other Intangible assets  | 10    | 0.1            | -             |
| Property, plant and equipment  | 11    | 5.5            | 3.7           |
| Investments  | 12    | 2.4            | -             |
| Trade and other receivables  | 13    | 186.2          | 116.7         |
| Deferred tax asset   | 8     | 6.2            | 1.7           |
|  |       | <u>394.2</u>   | <u>122.1</u>  |
| <b>Current assets</b>  |       |                |               |
| Cash and cash equivalents  |       | 47.9           | 42.2          |
| Inventories  |       | 0.3            | 0.2           |
| Trade and other receivables  | 13    | 7.7            | 58.2          |
|  |       | <u>55.9</u>    | <u>100.6</u>  |
| <b>Current liabilities</b>   |       |                |               |
| Trade and other payables: amounts falling due within one year          | 14    | (216.6)        | (95.2)        |
| Provisions of liabilities  | 15    | -              | (0.5)         |
|  |       | <u>(216.6)</u> | <u>(95.7)</u> |
| <b>Net current (liabilities)/assets</b>                                |       | <u>(160.7)</u> | <u>4.9</u>    |
| <b>Non-current liabilities</b>   |       |                |               |
| Trade and other payables: amounts falling due after more than one year | 14    | (3.8)          | (0.6)         |
| <b>Net assets</b>  |       | <u>229.7</u>   | <u>126.4</u>  |
| <b>Equity</b>  |       |                |               |
| Share capital  | 17    | -              | -             |
| Capital contribution   |       | 3.5            | 2.7           |
| Retained earnings  |       | 226.2          | 123.7         |
| <b>Total equity</b>  |       | <u>229.7</u>   | <u>126.4</u>  |

The financial statements were approved by the Board of Directors of Just Eat.co.uk Ltd, registration number 004656315 and authorised for issue on 30 September 2019.

They were signed on its behalf by:



**Paul Harrison**  
Director

## Just Eat.co.uk Ltd

### Statement of changes in equity Year ended 31 December 2018

|   | Share capital | Capital<br>contribution<br>reserve | Retained<br>earnings | Total   |
|---|---------------|------------------------------------|----------------------|---------|
|   | £m            | £m                                 | £m                   | £m      |
| At 1 January 2017                         | -             | 1.6                                | 162.9                | 164.5   |
| Profit for the year                       | -             | -                                  | 122.4                | 122.4   |
| Share based payment expense               | -             | 0.9                                | -                    | 0.9     |
| Dividends paid                            | -             | -                                  | (162.0)              | (162.0) |
| Tax on share options                      | -             | -                                  | 0.4                  | 0.4     |
| Group relief claim                        | -             | 0.2                                | -                    | 0.2     |
| <b>At 31 December 2017</b>                | -             | 2.7                                | 123.7                | 126.4   |
| Profit for the year                       | -             | -                                  | 144.0                | 144.4   |
| Share based payment expense               | -             | 0.8                                | -                    | 0.8     |
| Tax on share options                      | -             | -                                  | (0.2)                | (0.2)   |
| HungryHouse merger accounting<br>(Note 9) | -             | -                                  | (41.3)               | (41.3)  |
| <b>At 31 December 2018</b>                | -             | 3.5                                | 226.2                | 230.1   |

# Just Eat.co.uk Ltd

## Notes to the financial statements Year ended 31 December 2018

### 1. General information

We operate a leading global marketplace for online food. This is a private limited company incorporated and domiciled in England and Wales, with a registered address at Fleet Place House, 2 Fleet Place, London, EC4M 7RF.

### 2. Accounting policies

#### 2.1 Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and in accordance with applicable accounting standards.

These financial statements have been prepared on the historical cost basis and are presented in Pounds Sterling. The financial statements are also prepared on a going concern basis, further detail of which is provided in the Directors' report on page 3.

We have taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare consolidated accounts. The Company is a wholly owned subsidiary of Just Eat plc and the results of the Company are included in the consolidated financial statements of Just Eat plc, which are available from Fleet Place House, 2 Fleet Place, London, EC4M 7RF.

The accounting policies which follow set out those policies which have been applied in preparing the financial statements for the year ended 31 December 2018.

We have taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of paragraphs 45(b) and 46-52 of IFRS 2: "*Share based Payment*", because the share-based payment arrangement concerns the instruments of another group entity;
- (b) the requirements of paragraph B66 of IFRS 3 "*Business Combinations*";
- (c) the requirements of IFRS 7: "*Financial Instruments: Disclosures*";
- (d) the requirements of paragraphs 91-99 of IFRS 13: "*Fair value measurements*";
- (e) the requirement in paragraph 38 of IAS 1: "*Presentation of Financial Statements*" to present comparative information in respect of:
  - i) paragraph 79(a)(iv) of IAS 1: "*Presentation of Financial Statements*";
  - ii) paragraph 118(e) of IAS 38 "*Intangible Assets*"; and
  - iii) paragraph 73(e) of IAS 16: "*Property, Plant and Equipment*".
- (f) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1: "*Presentation of Financial Statements*";
- (g) the requirements of IAS 7: "*Statement of Cash Flows*";
- (h) the requirements of paragraphs 30 and 31 of IAS 8: "*Accounting Policies, Changes in Accounting Estimates and Errors*";
- (i) the requirements of paragraph 17 and 18A of IAS 24: "*Related Party Disclosures*"; and
- (j) the requirements in IAS 24: "*Related Party Disclosures*" to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

## Just Eat.co.uk Ltd

### Notes to the financial statements Year ended 31 December 2018

#### 2. Accounting policies *continued*

##### 2.2 Significant accounting policies

###### *(a) Revenue recognition*

###### *General revenue recognition*

Revenue is earned through the contracts held with Restaurant Partners and through the arrangements entered into with customers via the Just Eat ordering platforms.

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.



## Just Eat.co.uk Ltd

### Notes to the financial statements Year ended 31 December 2018

#### 2. Accounting policies *continued*

##### 2.2 Significant accounting policies *continued*

###### *(a) Revenue recognition continued*

###### *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 our technology platform, any remaining deferred income balances are recognised in revenue at the point there is evidence supporting the end of the relationship.

###### *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.

###### *(b) Operating profit or loss*

Operating profit or loss is profit for the year before other gains and losses, finance income, finance costs and income taxes.

###### *(c) Retirement benefit costs*

Payments to defined contribution retirement benefit schemes are charged as an expense when due.

###### *(d) Share-based payments*

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. All share-based payments relate to shares in the Group's ultimate parent company, Just Eat plc.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis 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 the share-based payment reserve.

**Notes to the financial statements**  
**Year ended 31 December 2018**

**2. Accounting policies** *continued*

**2.2 Significant accounting policies** *continued*

*(e) Leasing*

Rentals payable under operating leases are charged to profit or loss on a straight-line basis 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.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Company did not have any finance leases in either 2018 or 2017.

*(f) Taxation*

The income tax expense comprises both current and deferred tax. Income tax is recognised in the profit and loss account, 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 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 liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and interests in joint ventures, except where the Company is 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 generally 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 the Company intends to settle its current tax assets and liabilities on a net basis.

## Just Eat.co.uk Ltd

### Notes to the financial statements Year ended 31 December 2018

#### 2. Accounting policies *continued*

##### 2.2 Significant accounting policies *continued*

###### *(f) Taxation continued*

###### *Tax deductions on the exercise of share options*

Under IAS 12 “Income Taxes”, 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 payment”, 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.

###### *(g) Financial instruments*

Financial assets and financial liabilities are recognised in our balance sheet 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.

The carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate to their fair values.

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

###### *(h) Goodwill*

Goodwill arises in situations of hive ups 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.

###### *(i) Asset impairment*

The carrying amounts of tangible and intangible assets (including goodwill) 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.

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 Cash Generating Unit (“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.

## **Notes to the financial statements**

### **Year ended 31 December 2018**

#### **2. Accounting policies *continued***

##### **2.2 Significant accounting policies *continued***

###### *(i) Asset impairment continued*

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.

###### *(j) Intangible assets*

###### *Patents, licences and intellectual property ("IP")*

Patents, licences and IP generally relate to separately acquired software licenses. Patents, licences and IP are included at cost and amortised in equal annual instalments over their useful economic life, which is typically two to three years depending on the period over which benefits are expected to be realised from the asset. Provision is made for any impairment.

###### *(k) Property, plant and equipment*

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all property, plant and equipment, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

|                        |   |
|------------------------|---|
| Fixtures and fittings  | 33% per annum                                   |
| Equipment              | 33% per annum                                   |
| Leasehold improvements | 20% per annum or period of the lease if shorter |

###### *(l) 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. All cash and cash equivalents, including the cash to be paid to Restaurant Partners, is available for use at the balance sheet date.

##### **2.3 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.

##### **2.4 Key sources of estimation uncertainty**

At the balance sheet date, key assumptions regarding the future and other key sources of estimation uncertainty may be made. A significant risk may exist where changes to these assumptions causes a material adjustment to the carrying value of assets and liabilities within the next financial year. No such matters existed in the current year.

## Just Eat.co.uk Ltd

### Notes to the financial statements Year ended 31 December 2018

#### 2. Accounting policies *continued*

##### 2.5 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 therefore no restatement of the comparative figures has been required.

##### 2.6 New and amended standards 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.

##### 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 all such 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, 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 £0.5 million and £1.0 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 £0.1 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 £0.1 million and £0.8 million would be recognised as a non-current asset, along with a lease liability in the same range.

## Just Eat.co.uk Ltd

### Notes to the financial statements Year ended 31 December 2018

#### 2. Accounting policies *continued*

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.

#### 3. Revenue

|  | 2018<br>£m   | 2017<br>£m   |
|--|--------------|--------------|
| Order driven revenue (commission, administration and delivery fees, offset by discounts) | 351.6        | 283.2        |
| Sign-up fees   | 1.5          | 3.5          |
| Top Placement fees   | 22.4         | 16.6         |
| Other revenue  | 1.8          | 0.7          |
| <b>Total revenue</b>   | <b>377.3</b> | <b>304.0</b> |

#### 4. Operating profit

|   | 2018<br>£m | 2017<br>£m |
|---|------------|------------|
| <b>Operating profit is stated after charging/(crediting):</b> |            |            |
| Depreciation of property, plant & equipment                   | 3.3        | 2.4        |
| Amortisation of intangible assets                             | 0.0        | 0.5        |
| Operating lease charge  | 0.7        | 0.7        |
| Net foreign currency exchange gains                           | (0.5)      | -          |
| Loss on disposal of property, plant & equipment               | 0.7        | 0.3        |
| Impairment of intangible assets                               | 5.0        | -          |

#### 5. Auditor's remuneration

The Company paid the following amounts to its auditor in respect of the audit of the financial statements and for other services provided to the Company.

|                                   | 2018<br>£m | 2017<br>£m |
|-----------------------------------|------------|------------|
| Audit of the financial statements | 0.1        | 0.1        |

In accordance with regulation 6 (2) of the Companies (Disclosure of Auditor Remuneration and Liability Limitations Agreements) Regulations 2008 (Statutory Instrument 2008/489) as amended, the Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the Group accounts of its ultimate parent, Just Eat plc.

## Just Eat.co.uk Ltd

### Notes to the financial statements Year ended 31 December 2018

#### 6. Staff and directors' remuneration

##### (a) Staff costs

|                                     | 2018<br>£m  | 2017<br>£m  |
|-------------------------------------|-------------|-------------|
| Wages and salaries                  | 16.0        | 15.0        |
| Social security costs               | 1.9         | 1.7         |
| Other benefits                      | 0.4         | 0.3         |
| Pensions                            | 0.4         | 0.3         |
| Equity-settled share-based payments | 0.8         | 0.9         |
|                                     | <u>19.5</u> | <u>18.2</u> |

The average monthly number of employees during the year (including Directors) was made up as follows:

|                               | 2018<br>Number | 2017<br>Number |
|-------------------------------|----------------|----------------|
| Operations                    | 202            | 280            |
| Sales                         | 126            | 77             |
| Marketing                     | 42             | 31             |
| Management and administration | 32             | 27             |
|                               | <u>402</u>     | <u>415</u>     |

##### (b) Share based payments

Certain employees of the Company participate in a number of Just Eat plc group share option schemes. Options are forfeited if the employee leaves the Group before the options vest. A description of the various schemes are set out below:

##### *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 Earnings per Share ("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.

##### *Savesave 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.

## **Just Eat.co.uk Ltd**

### **Notes to the financial statements Year ended 31 December 2018**

#### **6. Staff and directors' remuneration *continued***

##### *(b) 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").

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.co.uk Ltd

### Notes to the financial statements Year ended 31 December 2018

#### 6. Staff and directors' remuneration *continued*

##### *(b) Share based payments continued*

##### *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).

##### *(c) Directors' remuneration*

|  | 2018<br>£m | 2017<br>£m |
|--|------------|------------|
| Directors' remuneration  | 0.6        | 0.5        |
| Amounts receivable under long term incentive plans                       | 0.2        | 0.1        |
| Number of Directors accruing benefits under defined contribution schemes | 1          | 1          |
|  | 2018<br>£m | 2017<br>£m |
| In respect of the highest paid Director:<br>Aggregate remuneration       | 0.6        | 0.5        |
| Pension costs  | -          | -          |

The highest paid Director exercised share options during the year and also received shares under the Group's long-term incentive scheme.

Two of the Directors (2017: two) are also executives of the Parent company, Just Eat plc, who paid them remuneration of £1.8million (2017: £1.5 million).

## Just Eat.co.uk Ltd

### Notes to the financial statements Year ended 31 December 2018

The number of Directors who exercised share options during the year was nil (2017: two).

#### 7. Finance income

|   | 2018<br>£m | 2017<br>£m  |
|---|------------|-------------|
| Bank interest receivable                    | -          | 0.1         |
| Interest receivable from Group undertakings | 3.4        | 14.3        |
| <b>Total finance income</b>                 | <b>3.4</b> | <b>14.4</b> |

#### 8. Taxation

The tax charge for the year was £23.0 million (2017: £21.9 million). There was no tax expense in relation to other comprehensive income (2017: £nil). The tax charge comprises:

|   | 2018<br>£m  | 2017<br>£m   |
|---|-------------|--------------|
| <b>Current tax</b>                                |             |              |
| UK corporation tax                                | 21.2        | 22.6         |
| Prior year adjustment                             | -           | (0.4)        |
| <b>Total current tax</b>                          | <b>21.2</b> | <b>22.2</b>  |
| <b>Deferred tax</b>                               |             |              |
| Origination and reversal of timing differences    | 1.7         | (0.3)        |
| Adjustments in respect of prior years             | 0.1         | -            |
| Rate change                                       | -           | -            |
| <b>Total deferred tax</b>                         | <b>1.8</b>  | <b>(0.3)</b> |
| <b>Total tax on profit on ordinary activities</b> | <b>23.0</b> | <b>21.9</b>  |

The tax charge for the year was lower than the standard rate of corporation tax in the UK of 19.00%. The differences are reconciled below:

|  | 2018<br>£m  | 2017<br>£m  |
|--|-------------|-------------|
| Accounting profit before income tax  | 167.0       | 144.3       |
| Tax calculated at UK standard rate of corporation tax of 19.00% (2017: 19.25%) | 31.7        | 27.8        |
| <i>Effects of:</i>   |             |             |
| Expense not deductible for tax purposes  | 0.4         | 0.1         |
| Share based payments   | -           | -           |
| Group relief received for nil consideration                                    | (9.0)       | (5.6)       |
| Prior year adjustment  | 0.1         | (0.4)       |
| Effect of current tax rate on deferred tax recognised                          | (0.2)       | -           |
| <b>Total tax charge for the period</b>   | <b>23.0</b> | <b>21.9</b> |

Changes in the UK corporation tax rates were announced in the 2016 Budget on 16 March 2016. The change announced, and substantially enacted on 6 September 2016, is to reduce the main rate to 17% from 1 April 2020. This represents an additional 1% cut on top of the previously announced corporation

## Just Eat.co.uk Ltd

### Notes to the financial statements Year ended 31 December 2018

tax rates, being a reduction in the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 which had been substantially enacted on 26 October 2015.

#### 8. Taxation *continued*

|   | 2018<br>£m | 2017<br>£m |
|---|------------|------------|
| <b>Movement on deferred taxation balance in the year:</b> |            |            |
| Opening asset as at 1 January                             | 1.7        | 1.2        |
| Credit to the profit and loss account                     | (1.7)      | 0.3        |
| Credited to equity  | (0.2)      | 0.2        |
| Credited to goodwill                                      | 6.6        | -          |
| Prior year adjustment                                     | (0.2)      | -          |
| <b>Closing asset as at 31 December</b>                    | <b>6.2</b> | <b>1.7</b> |
| <b>Deferred tax analysis</b>                              |            |            |
| Accelerated capital allowances                            | 0.8        | 0.7        |
| Short term timing differences                             | 0.2        | 0.3        |
| Unrelieved trading losses                                 | 4.6        | -          |
| Share based payment                                       | 0.6        | 0.7        |
| <b>Total deferred tax</b>                                 | <b>6.2</b> | <b>1.7</b> |

A deferred tax asset has been recognised in the current and prior year due to suitable taxable profits being earned this year and envisaged to be earned in future years.

#### 9. Goodwill

##### Carrying value of goodwill

|                        | 2018<br>£m   | 2017<br>£m |
|------------------------|--------------|------------|
| At 1 January           | -            | -          |
| Arising on acquisition | 193.8        | -          |
| <b>At 31 December</b>  | <b>193.8</b> | <b>-</b>   |

Following the acquisition of the HungryHouse business by the Company on 31 January 2018, the trade and assets were purchased from the acquired trading company (HungryHouse.com Limited) through a hive-up transaction on 30 April 2018.

As the hive-up is a common control transaction, the hybrid methodology of merger accounting group reconstructions has been applied. This resulted in the recognition of goodwill in these financial statements, rather than the creation of an investment balance on the purchase of the business.

## Just Eat.co.uk Ltd

### Notes to the financial statements Year ended 31 December 2018

#### 10. Intangible assets

|                            | Patents, licences and<br>IP<br>£m |
|----------------------------|-----------------------------------|
| <i>Cost</i>                |                                   |
| At 1 January 2017          | 1.4                               |
| Additions                  | 0.1                               |
| Disposals                  | (1.0)                             |
| At 31 December 2017        | 0.5                               |
| Additions                  | 5.1                               |
| <b>At 31 December 2018</b> | <b>5.6</b>                        |
| <i>Amortisation</i>        |                                   |
| At 1 January 2017          | 1.0                               |
| Charged during the year    | 0.5                               |
| Disposals                  | (1.0)                             |
| At 31 December 2017        | 0.5                               |
| Impairment                 | 5.0                               |
| <b>At 31 December 2018</b> | <b>5.5</b>                        |
| <i>Carrying amount</i>     |                                   |
| <b>At 31 December 2018</b> | <b>0.1</b>                        |
| At 31 December 2017        | -                                 |

At 31 December 2018, the Company had not entered into any significant contractual commitments for the acquisition of Intangible assets (2017: £nil).

## Just Eat.co.uk Ltd

### Notes to the financial statements Year ended 31 December 2018

#### 11. Property, plant and equipment

|                            | Fixtures and fittings<br>£m | Equipment<br>£m | Leasehold improvements<br>£m | Total<br>£m |
|----------------------------|-----------------------------|-----------------|------------------------------|-------------|
| <i>Cost</i>                |                             |                 |                              |             |
| At 1 January 2017          | 1.1                         | 6.6             | 1.1                          | 8.8         |
| Additions                  | 0.0                         | 2.7             | -                            | 2.7         |
| Disposals                  | -                           | (1.5)           | -                            | (1.5)       |
| At 31 December 2017        | 1.1                         | 7.8             | 1.1                          | 10.0        |
| Additions                  | -                           | 5.8             | -                            | 5.8         |
| Disposals                  | -                           | (3.1)           | -                            | (3.1)       |
| <b>At 31 December 2018</b> | <b>1.1</b>                  | <b>10.5</b>     | <b>1.1</b>                   | <b>12.7</b> |
| <i>Depreciation</i>        |                             |                 |                              |             |
| At 1 January 2017          | 0.9                         | 3.6             | 0.6                          | 5.1         |
| Charged during the year    | 0.1                         | 2.0             | 0.3                          | 2.4         |
| Disposals                  | -                           | (1.2)           | -                            | (1.2)       |
| At 31 December 2017        | 1.0                         | 4.4             | 0.9                          | 6.3         |
| Charged during the year    | -                           | 3.1             | 0.2                          | 3.3         |
| Disposals                  | -                           | (2.4)           | -                            | (2.4)       |
| <b>At 31 December 2018</b> | <b>1.0</b>                  | <b>5.1</b>      | <b>1.1</b>                   | <b>7.2</b>  |
| <i>Carrying amount</i>     |                             |                 |                              |             |
| <b>at 31 December 2018</b> | <b>0.1</b>                  | <b>5.4</b>      | <b>-</b>                     | <b>5.5</b>  |
| at 31 December 2017        | 0.1                         | 3.4             | 0.2                          | 3.7         |

At 31 December 2018, the Company had not entered into any significant contractual commitments for the acquisition of Property, plant and equipment (2017: £nil).

#### 12. Investments

|                                       | £m         |
|---------------------------------------|------------|
| Carrying value as at 31 December 2018 | <u>2.4</u> |

The investment balance of £2.4 million relates to the net assets of HungryHouse Holdings Limited as at 31 December 2018.

##### *Other investments*

Details of the investments in which the Company holds 20% or more of the nominal value of any class of share capital at 31 December 2017 and 2018 are as follows:

## Just Eat.co.uk Ltd

### Notes to the financial statements Year ended 31 December 2018

#### 12. Investments (continued)

| Investments in subsidiaries* | Nature of Business     | 2018 | 2017 |
|------------------------------|------------------------|------|------|
| Orogo Limited                | Online takeaway portal | 100% | 100% |
| HungryHouse Limited          | Holding Company        | 100% | 100% |
| HungryHouse.com Ltd          | Online takeaway portal | 100% | 100% |
| HungryHouse GmbH             | Holding Company        | 100% | 100% |
| Nifty Nosh Limited           | Dissolved              | -    | 100% |
| FillMyBelly Limited          | Dissolved              | -    | 100% |
| Urbanbite Holdings Limited   | Dissolved              | -    | 100% |
| EatStudent Limited           | Dissolved              | -    | 100% |

\* The class of shares held in all subsidiaries are ordinary shares.

All subsidiaries have a registered office of: Fleet Place House, 2 Fleet Place, London, EC4M 7RF with exception of HungryHouse GmbH which is registered at Schreiberhauer Strasse 30, 10317 Berlin.

#### 13. Trade and other receivables

|   | 2018       | 2017        |
|---|------------|-------------|
|   | £m         | £m          |
| <b>Amounts falling due within one year</b>          |            |             |
| Trade receivables                                   | 2.9        | 0.8         |
| Other receivables                                   | 0.3        | -           |
| Prepayments and accrued income                      | 0.9        | 1.6         |
| HungryHouse deposit                                 | -          | 6.0         |
| HungryHouse transaction costs                       | -          | 7.5         |
| Amounts owed by Group undertakings                  | 3.6        | 42.3        |
|   | <u>7.7</u> | <u>58.2</u> |
| <b>Amounts falling due after more than one year</b> |            |             |
| Amounts owed by Group undertakings                  | 186.2      | 116.7       |

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 for the foreseeable future.

## Just Eat.co.uk Ltd

### Notes to the financial statements Year ended 31 December 2018

#### 14. Trade and other payables

|   | 2018<br>£m   | 2017<br>£m  |
|---|--------------|-------------|
| <b>Amounts falling due within one year</b>          |              |             |
| Trade payables                                      | 38.9         | 24.8        |
| Accruals and deferred income                        | 19.8         | 22.8        |
| Amounts owed to Group undertakings                  | 107.0        | 22.5        |
| Other taxation and social security                  | 0.2          | 0.5         |
| VAT payable   | 19.7         | 12.9        |
| Corporation tax payable                             | 5.7          | 10.7        |
| Other payables                                      | 25.3         | 1.0         |
|   | <u>216.6</u> | <u>95.2</u> |
| <b>Amounts falling due after more than one year</b> |              |             |
| Accruals and deferred income                        | <u>3.8</u>   | <u>0.6</u>  |

Amounts owed to Group undertakings falling due within one year are interest free and repayable on demand.

#### 15. Provisions

|   | 2018<br>£m | 2017<br>£m |
|---|------------|------------|
| As at 1 January                             | 0.5        | 5.0        |
| Additional provision during year            | -          | 1.2        |
| Utilised during year                        | -          | (2.4)      |
| Transferred to Accruals and deferred income | -          | (3.3)      |
| Released during year                        | (0.5)      | -          |
| <b>As at 31 December 2018</b>               | <u>-</u>   | <u>0.5</u> |
| <i>Analysed as:</i>                         |            |            |
| Current                                     | -          | 0.5        |
| Non-current                                 | -          | -          |
|   | <u>-</u>   | <u>0.5</u> |

At 31 December 2017, other provisions included £0.5 million for transaction costs in respect of this acquisition. On 31 January 2018, the acquisition of HungryHouse completed and £0.5 million was released.

#### 16. Obligations under leases

As at 31 December, future minimum rentals payable under non-cancellable operating leases are as follows:

|  | 2018<br>£m | 2017<br>£m |
|--|------------|------------|
| Within one year                        | 0.4        | 1.0        |
| In the second to fifth years inclusive | 0.1        | 0.3        |
| Over five years                        | -          | -          |
|  | <u>0.5</u> | <u>1.3</u> |

## Just Eat.co.uk Ltd

### Notes to the financial statements Year ended 31 December 2018

#### 17. Share capital

|   | 2018<br>Number | 2017<br>Number | 2018<br>£m | 2017<br>£m |
|---|----------------|----------------|------------|------------|
| <b>Authorised</b>                         |                |                |            |            |
| 1,000 ordinary shares of £1 each          | 1,000          | 1,000          | -          | -          |
| <b>Allotted, called up and fully paid</b> |                |                |            |            |
| Ordinary shares of £1 each                | 100            | 100            | -          | -          |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

#### 18. Dividends

|                | 2018<br>£m | 2017<br>£m |
|----------------|------------|------------|
| Dividends paid | -          | 162.0      |

The Company did not pay dividends during the year (2017: £162.0 million, or £1.6 million per share). No dividends remained unpaid at the balance sheet date, 31 December 2018.

#### 19. Related party transactions

The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with its wholly owned subsidiaries and parent undertakings. No other transactions were entered into with other related parties. The Company has not provided or benefited from any guarantees for any related party receivables or payables. During the year ended 31 December 2018, the Company had not made any provision for doubtful debts relating to amounts owed by related parties.

#### 20. Ultimate Controlling party

The ultimate parent company is Just Eat plc, a company incorporated in England and Wales. The registered address of Just Eat plc Fleet Place House, 2 Fleet Place, London, EC4M 7RF. Just Eat plc does not have a majority shareholder.

Just Eat plc is the largest and smallest group of which the Company is a member and for which group accounts are compiled. Copies of the financial statements for Just Eat plc are publicly available from Companies House, United Kingdom.