JUST EAT

2019 Half Year Results

31 July 2019

This announcement contains information that, prior to its publication, is inside information.

Executing at pace, on track to meet full year guidance

Just Eat plc (LSE: JE.), a leading global hybrid marketplace for online food delivery, today updates the market on its performance over the six months to 30 June 2019.

	H1 2019	H1 2018 (restated[2])	YoY %
Revenue (£m)	**464.5**	358.4	30%
Underlying EBITDA[1,2] (excluding Mexico) (£m)	**72.4**	86.0	(16)%
Profit before tax (£m)	**0.8**	48.1	(98)%
Adjusted Basic EPS[2,3] (p)	**5.7**	8.9	(36)%
Basic EPS (p)	**(0.8)**	5.5	(115)%
Net cash generated by operations (£m)	**65.9**	77.2	(15)%

Financial Highlights

- Orders up 21%[4] to 123.8 million (H1 2018: 102.5 million), with 2 million net new customers joining Just Eat in H1
- Revenue up 30% to £464.5 million (H1 2018: £358.4 million), ahead of orders, given the greater weighting of delivery
- uEBITDA[1,2] (excluding Mexico) down 16% to £72.4 million (H1 2018: £86.0 million), reflecting the accelerated rollout of delivery
- Profit before tax down 98% to £0.8 million (H1 2018: £48.1 million), reflecting planned investments in delivery and iFood
- Adjusted EPS[3] down 36% to 5.7p (H1 2018 restated: 8.9p)
- Net cash generated by operations down by 15% to £65.9 million (H1 2018: £77.2 million)
- Full year guidance maintained

Key Highlights

- Leading consumer brand for online food delivery, with over 27m customers now ordering an average of 8.7x a year compared to 8.1x in H1 2018
- As expected, recovery in UK order growth to 11.2% in Q2 - May and June stronger - giving 9.3% order growth in H1
- Accelerated delivery rollout - 5,200 UK and 5,700 Australian delivery restaurants at the end of June. Our delivery service covers in excess of 50% of the addressable population in both countries
- Australia returned to revenue and order growth in Q2, gross profitability for delivery achieved from April
- Canada profitable in H1 2019, with continuing positive order momentum
- European markets showing good growth, with strong order performances in Italy and Switzerland
- Strong performance at iFood, with triple digit year-on-year order growth. £73.2 million of cash invested in H1
- First food platform to launch hygiene ratings in-app across the 34,000-strong UK restaurant estate
- Updated app with personalisation and ongoing Customer Relationship Management (CRM) enhancements
- New partnerships with Greggs and Asda in the UK, Domino's in France and Burger King in Denmark & Ireland
- Acquisitions of Practi in April and City Pantry in July, post period end

Outlook

The Board is confident in the current performance of the Group and is reconfirming its guidance for full year 2019 revenue in the range of £1.0 billion to £1.1 billion and uEBITDA in the range of £185 million to £205 million (both excluding Brazil and Mexico). We expect the recent acquisitions of Flyt, Practi and City Pantry to impact uEBITDA by £10-12 million in 2019 but, despite this, we are reconfirming our uEBITDA guidance range.

The Board also continues to expect 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 for full year 2019.

Peter Duffy, Interim Chief Executive Officer, commented:

"We've been working at pace and made good progress in the first half of the year to become the preferred food delivery app for our customers, with a broader choice of restaurants, a better user experience and a more personalised and impactful approach to communication. Performance in our UK business strengthened in Q2, our Canadian and European businesses are performing well and Australia has returned to top line growth with our delivery operations achieving gross profitability. These are strong foundations for Just Eat to build on, as the business continues to drive forward."

Notes to the summary financial results table

1. Our performance is monitored internally using a variety of statutory and alternative performance measures (APMs). APMs are not defined within IFRS and are used to assess underlying operational performance. As such, these APMs should be considered alongside IFRS measures. The main measure of profitability used internally to assess the performance of the business is Underlying EBITDA (uEBITDA). uEBITDA is defined as earnings before finance income and costs, taxation, depreciation and amortisation (EBITDA), and additionally excludes the results of associates, long-term employee incentive costs, foreign exchange and other gains and losses. Further to this, we now provide uEBITDA excluding Mexico, to clearly disclose the performance of the business under our direct management, given the delegation of operational performance of the Mexican business to iFood, our Brazilian partner. For full definitions and reconciliations of APMs, please refer to the dedicated section at the end of this document.
2. As previously flagged, we have changed our policy to exclude the results of our associates from both operating profit and uEBITDA. Operating profit and uEBITDA for 2018, as previously reported, included the results of associates. The financial performance of these associates (primarily iFood Brazil) is not directly within the control of the Group and therefore does not reflect our operational performance. uEBITDA for the six months ended 30 June 2018 increased by £0.7 million as a result of this restatement. As noted above, the results of Mexico are also excluded from uEBITDA. Adjusted Basic EPS has been impacted by excluding the results of associates and the losses of our Mexican business, increasing by 0.3 pence for the six months ended 30 June 2018.
3. Adjusted basic earnings per share is the main measure of earnings per share used by the business and is calculated using an underlying profit measure attributable to the equity shareholders. It is defined as profit attributable to the equity shareholders before the results of associates, long-term employee incentive costs, foreign exchange gains and losses, other gains and losses, amortisation of acquired intangible assets and excluding the consolidated results of Mexico. The tax impact of these adjusting items is also taken into consideration. A full reconciliation is provided in the APM section at the end of this document.
4. Order growth year-on-year including Mexico was 23%.

Enquiries

Just Eat

Peter Duffy, Interim CEO	+44 (0)20 3667 6948
Paul Harrison, CFO	
Chris Dyett, Natalia Dyett, Investor Relations	
Ralph Charlton, Joanna De Koning, Corporate Communications	

Brunswick Group LLP

Sarah West, David Litterick, James Baker	+44 (0)20 7404 5959

Cautionary statement

This Interim Management Report ("IMR") has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. The IMR should not be relied on by any other party or for any other purpose. The IMR contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report but such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

Forward–Looking Statements

This announcement includes statements that are, or may be deemed to be, "forward-looking statements". Forward-looking statements are statements that are not historical facts and may be identified by words such as "intend", "aim", "project", "anticipate", "estimate", "plan", "believes", "expects", "may", "envisage", "should", "will", "target", "continues", "set to", or similar expressions. These forward-looking statements involve substantial known and unknown risks, uncertainties, assumptions, estimates and other factors which may be beyond the control of Just Eat plc ("Just Eat") and its subsidiaries (together, the "Group"). Actual results and developments may differ materially from those expressed or implied by these statements and depend on a variety of factors. These statements are made in respect of Just Eat's intentions or future beliefs and current expectations at the time made concerning, among other things, Just Eat's results of operations, financial condition, liquidity, prospects, growth and strategies. In light of these risks, uncertainties and assumptions, actual results could be materially different from projected future results expressed or implied by these forward-looking statements which speak only as to the date of this announcement. The Group cannot guarantee that its forward-looking statements will not differ materially from actual results. Just Eat disclaims any obligation to update any forward-looking statements in this announcement that may occur due to any change in its expectations or to reflect events or circumstances after the date of this announcement. Undue reliance should not be placed on any forward-looking statement.

Save as required by law or by the Listing Rules of the UK Listing Authority, we undertake no obligation to publicly revise any forward looking statements in this announcement following any change in its expectations or to reflect subsequent events or circumstances following the date of this announcement.

H1 2019 Performance Review

Overview

Just Eat delivered a solid first half performance, with order growth in the UK business improving significantly in the latter half of the period supported by strong progress in Canada, Switzerland and Italy. Revenue increased 30% to £464.5 million while, as expected, uEBITDA (excluding Mexico) was down 16% to £72.4 million, driven by our focus on the accelerated and targeted rollout of delivery.

Over 27 million active customers continued to choose Just Eat as a preferred destination for online food delivery. Over 2 million of these joined us in the first half of 2019, while our average order frequency across the Group on an annualised basis improved to 8.7 times (H1 2018: 8.1, FY 2018: 8.5). We extended our reach and scale of restaurant relationships and augmented our offer with an even larger estate of branded restaurants. As a result, we ended the period with 107k Restaurant Partners on our platform[1], which received 123.8 million orders, up 21% on the comparable period last year. For all of our UK Restaurant Partners we have recently added food hygiene ratings to the app and we are the first company in the industry to do so.

The business remained highly cash generative with good cash conversion and £65.9 million net cash generated by operations. As expected, this was lower than the prior year due to the cost associated with rolling out delivery. As at 30 June 2019, Just Eat had net debt of £117.6 million (excluding IFRS16 lease liabilities), which reflects the acquisition of Practi, prior year deferred consideration (as disclosed in our 2018 Annual Report) and the planned investment into iFood. The Group has substantial headroom against its banking covenants. Net debt is defined in the APM section at the end of this document.

Creating a leading hybrid marketplace

We continue to execute against our clearly defined objectives which we introduced last year: (i) Enhancing our unrivalled marketplace foundation; (ii) Targeted world-class delivery to complement our marketplace; and leveraging our (iii) Highly experienced team, empowering our extraordinary local customer experts. Our ambition is to capture an even bigger share of the £57 billion global takeaway market across all of our territories (£83 billion including LATAM) for online food delivery, as we create a leading hybrid offering and continue winning in a competitive market. We progressed the rollout of our hybrid marketplace model at pace, enabling our customers to choose between a wider array of restaurants and dishes, from a greater choice of self delivery restaurants, complemented by a growing estate of branded Restaurant Partners in the markets where we operate. Our progress is documented below.

(i) Enhancing our unrivalled marketplace foundation

Our marketplace business generated 92.7 million orders (H1 2018: 89.3 million) and £287.9 million worth of revenue (H1 2018: £275.5 million constant currency) during the first half of the year. We have continued to invest in marketing our offer and brands to drive greater consumer awareness. Our first global creative platform, “Did Somebody Say Just Eat” was launched in May and has been well received. Group marketing spend over the first half was £83.8 million, up 21% on the comparable period (H1 2018: £68.8 million).

Enhancing customer and Restaurant Partner experience remained another important priority and we spent £56.6 million in the period (H1 2018: £46.7 million). As part of this, we have improved the look and feel of the Just Eat apps, updating the design and introducing personalised content designed to drive customer conversion. Our marketing and data toolset was further enhanced through CRM tools as we introduced curation and personalisation elements into select markets. Total orders via the App increased to 62% in the period (H1 2018: 53%).

We continued to deepen relationships with our Restaurant Partners to reach more customers, grow their business and improve standards in the industry. Our aim is to become an indispensable partner by providing a range of targeted services, which includes on-and-offline transaction systems, inventory management, preferred purchasing, industry and regulatory advice and marketing support. We already have an unparalleled offering and we are aiming to augment this further to strengthen our competitive advantage. For instance, since our preliminary results in March, we continued to invest in Restaurant Partner technology. To complement our offering to restaurants, in April 2019, we acquired Practi, a software service that provides independent and small chains with tablet-based Point of Sale (PoS) and restaurant management systems. Practi enables Just Eat to strengthen its support to restaurants, providing both PoS and software through which all online and offline transactions can be handled. Placing Just Eat’s technology at the heart of restaurants’ offline operations

[1] We have excluded Mexico’s restaurant partners from the total estate - this amounted to circa 10k partners at year-end 2018 and 16.5k at half year 2019.

will help to facilitate a deep integration of online businesses and customer promotions, and build on Just Eat's support that has historically been available only for online operations. An initial cash consideration of £6.2 million was paid using existing resources. A further cash consideration may also be payable, subject to certain commercial criteria.

(ii) Targeted world-class delivery to complement our marketplace

First half delivery orders grew 136% to 31.1 million (H1 2018: 13.2 million), achieving revenue of £178.6 million (H1 2018: £84.2 million constant currency). We continued to invest in the targeted roll-out of Skip-enabled delivery in key zones across the UK and Australia, enabling us to increase our overall customer base and drive more orders to our Restaurant Partners. We are pleased with our progress, which is in line with our expectations.

During the six month period we doubled our investment in marketing compared to H1 2018 as we continued to drive growth in Canada. This enabled us to launch 19 new zones in the Canadian market, bringing the Restaurant Partner estate to 20,500, as the business continued to deliver strong growth, against increasingly tough comparatives. We are now focused on optimising our network, driven by technological and operational improvements.

We launched 25 new delivery zones in our Australian business, with delivery now covering over 70% of the addressable population. We made over 2 million deliveries, only 13 months after launch and signed-up over 4,500 new restaurants to the platform in the first half. Encouragingly, the Australian delivery business was gross profit positive in the six month period.

We ended the period working with around 5,200 Restaurants Partners that previously did not have a delivery capability in the UK, across 301 delivery zones, covering c.53% of the addressable population. We continue working with a third party courier, while our independent courier-model using SkipTheDishes' technology was extended to cover 64 cities by the end of H1, from three at the end of last year. We continue to see encouraging trends in the delivery economics, reaching breakeven on a gross profit basis in our more mature zones.

(iii) Highly experienced team, empowering our extraordinary local customer experts

We continued to transition teams to a more singular Just Eat way of working and knowledge sharing, given our focus on building a global hybrid marketplace proposition. In the first six months of the year, we have further built out our team, bringing our technology, operations and marketing teams under a single global centre of excellence, adding a new dimension to these key business functions as we continue to share and deploy local insights across our markets. The new structure is intended to enable teams to share knowledge and collaborate centrally, while retaining local and national know-how. These operational realignment and efficiency actions have generated meaningful cost savings and these have been reinvested into accelerating our delivery roll-out and marketing.

We have further built out the Global Delivery Fulfillment team in Canada to provide support to our delivery enabled markets.

Post period end developments

The Group continues to explore new and complementary revenue streams. As part of this initiative, in July 2019, we acquired City Pantry, a leading B2B catering marketplace linking caterers and restaurants with corporate customers. City Pantry's leading position will help Just Eat expand into the UK corporate market, estimated to be worth £10 billion per year, by leveraging its brand, technology and B2B expertise to provide corporate customers with a wide range of high-quality food for delivery and Restaurant Partners with access to pre-scheduled, high-value corporate orders. The business was acquired for an initial cash consideration of £16 million, with a further cash consideration potentially payable, subject to certain operational and financial criteria being met over the next three years. The contingent consideration is currently estimated at £10 million.

Segmental overview

Six months ended 30 June 2019	Active customers m	Orders m	Average Order Value £	Revenue £m	uEBITDA[1] £m
United Kingdom	**12.7**	**64.8**	**19.24**	**205.8**	**72.5**
Canada	**4.4**	**23.3**	**17.47**	**133.4**	**0.9**
Australia & New Zealand	**2.6**	**6.4**	**23.03**	**27.3**	**(2.1)**
Europe	**7.8**	**29.3**	**19.99**	**100.0**	**13.1**
Total segment	**27.5**	**123.8**	**19.28**	**466.5**	**84.4**
Head office	**-**	**-**	**-**	**-**	**(12.0)**
Total excluding Mexico	**27.5**	**123.8**	**19.28**	**466.5**	**72.4**
Mexico	**1.1**	**4.1**	**5.64**	**(2.0)**	**(10.3)**
Total	**28.6**	**127.9**	**18.84**	**464.5**	**62.1**

Six months ended 30 June 2018[2]	Active customers m	Orders m	Average Order Value £	Revenue £m	uEBITDA[1] £m
United Kingdom	11.3	59.3	18.54	182.7	89.4
Canada	3.0	12.7	18.12	73.0	(8.5)
Australia & New Zealand	2.9	6.5	24.13	21.6	4.4
Europe	6.3	24.0	20.03	81.7	8.4
Total segment	23.5	102.5	19.18	359.0	93.7
Head office	-	-	-	-	(7.7)
Total excluding Mexico	23.5	102.5	19.18	359.0	86.0
Mexico	0.5	1.9	6.87	(0.6)	(4.0)
Total	24.0	104.4	18.99	358.4	82.0

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). uEBITDA is defined as earnings before finance income and costs, taxation, depreciation and amortisation (EBITDA), and additionally excludes the results of associates, long-term employee incentive costs, foreign exchange and other gains and losses. For full definitions and reconciliations of APMs, please refer to the dedicated section at the end of this document.
2. The results provided in the table for the six months ended 30 June 2018 represent the values at the reported currency. The results on a constant currency basis are provided in the APM section at the end of this document.

United Kingdom

Following a slower start to the year, as expected, we saw an improvement in order growth in the second quarter, resulting in overall UK first half order growth of 9.3% to 64.8 million (H1 2018: 59.3 million). Revenue was up by 13% to £205.8 million (H1 2018: £182.7 million). Key milestones during the period included:

- Over a million delivery orders fulfilled per month through our own delivery channel
- Expansion of marketplace “feet on the street” presence by over 40% in H1 2019, offering dedicated account management support to the majority of our independent Restaurant Partners
- First mover in the sector to launch food hygiene ratings on our app across our 34,000 restaurant estate
- New partnership with Greggs
- Grocery and pizza delivery trials with Asda

We ended the half with 12.7 million active customers (FY 2018: 12.2 million, H1 2018: 11.3 million). Average Order Value (AOV) increased by 3.8% year-on-year to £19.24 (FY 2018: £18.79, H1 2018: £18.54). uEBITDA decreased by 19% to £72.5 million with a margin of 35% (H1 2018: 49%), reflecting planned investment in the roll-out of delivery in key zones.

Canada

SkipTheDishes, our market-leading Canadian food delivery business, has shown strong momentum in order growth, despite increasingly tough comparatives. Active customers increased 47% to 4.4 million generating 23.3 million orders, up 83% from the first half of 2018 (H1 2018: 12.7 million). We continued to build strong partnerships across all the key branded restaurants, ending the period with 29 relationships, over half of which are exclusive. We have also observed higher frequency among customers who have been on the Skip platform for the past 12 months.

AOV decreased by 5.4% year-on-year to £17.47 (FY 2018: £18.79, H1 2018: £18.46, both at constant currency) as we added a greater range of occasions to the platform with a greater focus on breakfast.

Revenue increased 79% on a constant currency basis to £133.4 million or at 83% at reported rates. SkipTheDishes uEBITDA of £0.9 million, represents the first half year period of profits (H1 2018: loss of £8.6 million at constant currency). The margin was 0.7% compared with -11.5% at constant currency in H1 2018.

Australia & New Zealand

Following the successful integration of SkipTheDishes' world-class delivery platform with Menulog's marketplace in Australia and New Zealand, we continued to scale our delivery business, building our presence to over 50 zones, extending our reach beyond Sydney, Melbourne and Perth to Adelaide, Brisbane and Canberra. At the period end, we had a total of around 13,000 Restaurant Partners, up 28% year-on-year, which included seven of the nine international chains operating in Australia. Active customers decreased by 10% to 2.6 million year on year due to our smaller EatNow platform. This will be closed later this year. Orders of 6.4 million were also lower (H1 2018: 6.5 million). The Menulog platform saw orders grow over 10% in the first half year-on-year.

Effective action taken by our teams in a period of transition resulted in significantly improved performance in the first half of the year and has seen us reclaim market share. Australia & New Zealand revenue increased 29% on a constant currency basis to £27.3 million in the first half, with orders returning to growth in Q2 2019. Australia & New Zealand uEBITDA generated a loss of £2.1 million in the first half (H1 2018: profit of £4.3 million constant currency) due to the cost of rolling out our delivery proposition. AOV was down 2.0% during the first half of the year to £23.03 (£24.22 at FY 2018, H1 2018: £23.49, both at constant currency).

Europe

Our Europe operations cover seven countries – Denmark, France, Ireland, Italy, Norway, Spain and Switzerland. Orders grew by 22% to 29.3 million in Europe, with a particularly strong performance in Italy and Switzerland. We signed a number of agreements with global branded restaurant groups in the period as we continued to leverage our position, including nationwide agreements with Burger King in Denmark and Ireland, as well as a partnership with Domino's in France, also scheduled for a national rollout. We continued to make good progress in tier-2 and tier-3 cities in France, with Paris remaining highly competitive. We are preparing for the targeted rollout of delivery in select markets and the first European market to use SkipTheDishes technology will be launched in the third quarter. Our delivery service in Denmark and Switzerland remains profitable. Overall, our European markets generated revenues of £100.0 million (H1 2018: £81.3 million at constant currency), with an uEBITDA of £13.1 million, up 60% on a constant currency basis. Active customers in Europe increased by 24% to 7.8 million (H1 2018: 6.3 million), with an AOV of £19.99 (FY2018: £20.18, H1 2018: £19.95, both at constant currency).

LATAM

Just Eat owns a 33% stake in iFood, the leading hybrid marketplace for takeaway food delivery in Brazil. The Group also owns 67% of Mexico. As we reported at our 2018 year end results presentation in March, we do not directly manage operational performance of the Mexican business and therefore we have removed it from our underlying results. Just Eat has Board representation for both Mexico and iFood and is an active participant in the strategic decision making process.

iFood (Brazil and Columbia)

iFood remains around 17 times the size of its nearest competitor in Brazil and is processing nearly 19 million orders in June 2019 (in December 2018: 13.6 million). In H1 2019 the business processed 100 million orders. Since the start of the year, we have invested £73.2 million of the cash committed for this funding round, maintaining our percentage shareholding, as we continue to support iFood in capturing the significant growth opportunity in Brazil. In Columbia iFood now operates in 11 cities.

Mexico

Mexico remained a smaller part of the LATAM business but saw orders grow triple digits year-on-year. The business saw increased EBITDA losses as investment increased particularly in marketing. Revenue is negative due to discounts exceeding commission earned.

Operating costs

Operating costs excluding Mexico increased to £394.1 million (H1 2018: £273.0 million) comprising Cost of Sales of £172.3 million (H1 2018: £92.3 million), Staff costs of £105.2 million (H1 2018: £84.8 million), Marketing costs of £83.8 million (H1 2018: £68.8 million) and Overhead costs of £32.8 million (H1 2018: £27.1 million). Overhead costs include property, software and administrative costs.

Marketing costs were broadly flat as a percentage of revenue at 18% (H1 2018: 19%), as we continued to invest significantly in building the brand and driving customer loyalty.

Items outside of uEBITDA

Adjusting items from uEBITDA to operating profit of £48.7 million in the period (H1 2018 restated: £40.3 million) primarily comprised £10.3 million (£4.0 million) of Mexico losses, depreciation and amortisation of other intangible assets of £19.7 million (H1 2018: £10.0 million), amortisation of intangible assets arising on acquisitions of £12.0 million (H1 2018: £11.6 million) and acquisition transaction and integration costs of £0.9 million (H1 2018: £11.1 million). Depreciation included a charge of £3.5 million in respect of right of use lease assets, relating to the leasing standard new for 2019 (IFRS16). A full reconciliation between uEBITDA and operating profit is provided in the section dedicated to APMs at the end of this document.

Excluded from both uEBITDA and operating profit is our share of the results of associates, which represented a loss in the period of £23.6 million (H1 2018: loss of £0.1 million).

Taxation

The income tax expense was recognised based on our best estimate of the annual income tax rate expected for each jurisdiction for the full financial year applied to profit before tax for the interim period, jurisdiction by jurisdiction. On this basis, the Group's tax charge was £9.6 million (H1 2018: £11.9 million). The adjusted effective tax rate, after removing the results of associates, long-term employee incentive costs, foreign exchange gains and losses, other gains and losses, amortisation of acquired intangible assets and excluding the consolidated results of Mexico was 22.7% (H1 2018 restated: 20.4%).

Loss for the period

The statutory loss for the period was £8.8 million (H1 2018: profit of £36.2 million). The change in profitability comes from an increase in our share of associates' losses of £23.5 million, the £13.6 million decline in uEBITDA covered above, together with an increase in the uEBITDA losses of our Mexican operations of £6.3 million.

Earnings per share

Adjusted EPS was 5.7 pence (H1 2018: 8.9 pence), down 36% on last year and tracking the decrease in uEBITDA and an increase in depreciation charges covered above. Statutory basic EPS was a loss per share of 0.8 pence (H1 2018: profit per share of 5.5 pence).

The APM appendix to the financial statements includes a reconciliation between statutory and adjusted EPS.

Balance sheet

In the first half of 2019, non-current assets increased by £106.7 million to £1,124.7 million, primarily as a result of the investment made in iFood with cash payments of £73.2 million offset by losses of £23.6 million. At the end of the period, our interest in associates was £105.7 million (31 December 2018: £54.6 million). Over the course of the period, £19.4 million (H1 2018: £9.8 million) of development costs were capitalised, including £13.5 million spent on the core platform, £5.0 million in Canada on the Skip platform and £0.6 million was capitalised at our new acquisition, Flyt. The increased spend reflects our commitment to building and maintaining leading edge platforms across a number of markets while offering a greater range of services to our Restaurant Partners.

Non-current assets also increased by £33.6 million due to the recognition of a new right of use asset on implementation of the new leasing standard (IFRS16) and the acquisition of Practi increased goodwill by £12.1 million.

Non-current liabilities increased in the period by £131.3 million to £279.0 million due to a new draw down on our revolving credit facility of £103.0 million and the recognition of a new IFRS16 non-current lease liability of £26.9 million (in addition to the current portion of £6.0 million).

Reductions in working capital in the first half of 2019 led to a reduction of net current liabilities of £33.1 million to £35.3 million.

Cash flow and net debt

In the first half of the year, net cash from operating activities (including payments for tax and interest) was £39.2 million (H1 2018: £55.5 million).

The business spent £154.2 million in investing activities during the half year (H1 2018: £270.6 million). The outflow predominantly related to funding provided to iFood of £73.2 million, cash spent on acquisitions of £49.5 million (including deferred consideration) and capital expenditure of £34.7 million (including development costs). The amounts spent on acquisitions included £43.3 million on the historical acquisitions of Hungryhouse and SkipTheDishes and £6.2 million for Practi.

As at 30 June 2019, the business had operating cash balances of £88.3 million (H1 2018: £98.9 million; 31 December 2018: £106.2 million). Excluding cash remitted to restaurants following the end of the period and the IFRS16 lease liabilities, net debt was £117.6 million (H1 2018: £6.8 million net debt; 31 December 2018: £3.5 million net cash). This form of net debt is the measure used in the Group's banking covenant calculations and is therefore our internally monitored measure.

Outlook

The Board is confident in the current performance of the Group and is reconfirming its full guidance for full year 2019 revenue in the range of £1.0 billion to £1.1 billion and uEBITDA in the range of £185 million to £205 million (both excluding Brazil and Mexico).

Principal risks and uncertainties

The principal risks and uncertainties set out in the last annual report remain valid at the date of this report and are expected to for the remaining six months of the financial year. In summary, these include:

- An inability to counter the increased scale, service experience, choice and funding of our competitors over the short to medium term
- 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
- Increased social pressures or changes in laws and regulations adversely impact the business, or we fail to obtain required regulatory approvals or licences
- 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
- We sustain a major security breach or lose control of sensitive systems and data
- 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
- Widespread and/or prolonged outage of critical platforms and infrastructure that support our services to customers and Restaurant Partners
- 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
- Any of our key suppliers suffer significant and prolonged loss of their services, disrupting our business operations
- 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

A detailed explanation of these principal risks and uncertainties is provided on pages 20 to 28 of our Annual Report and Accounts 2018. In addition to the principal risks and uncertainties listed above, there may be additional risks unknown to us and other risks, currently believed to be immaterial, which could turn out to be material. These risks, whether they materialise individually or simultaneously, could significantly affect our business and financial results.

Directors’ responsibility statement

We confirm that, to the best of our knowledge:

- the Interim Financial Statements, which have been prepared in accordance with IAS 34 *Interim Financial Reporting*, give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer, or the undertakings included in the consolidation as a whole as required by DTR 4.2.4R;
- the interim management report includes a fair review of the information required by the DTR 4.2.7R, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
- the interim management report includes a fair review of the information required by DTR 4.2.8R, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.
- Neither Just Eat nor the directors accept any liability to any person in relation to the half-yearly financial report except to the extent that such liability could arise under English law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with Section 90A and Schedule 10A of the Financial Services and Markets Act 2000.

Peter Duffy

Interim Chief Executive Officer
Just Eat plc
30 July 2019

Paul Harrison

Chief Financial Officer
Just Eat plc
30 July 2019

Consolidated income statement

	Notes	**Six months ended 30 June 2019 £m**	Six months ended 30 June 2018 (restated[1]) £m	Year ended 31 December 2018 £m
Continuing operations				
Revenue	3	**464.5**	358.4	779.5
Cost of sales		**(175.4)**	(93.1)	(216.9)
Gross profit		**289.1**	265.3	562.6
Administrative expenses		**(265.4)**	(219.6)	(452.3)
Operating profit[1]		**23.7**	45.7	110.3
Share of results of associates	11	**(23.6)**	(0.1)	(6.7)
Other gains and losses	5	**3.0**	2.8	0.8
Investment revenue		**0.4**	0.2	0.4
Finance costs		**(2.7)**	(0.5)	(3.1).
Profit before tax		**0.8**	48.1	101.7
Taxation	6	**(9.6)**	(11.9)	(21.8)
(Loss)/profit for the period		**(8.8)**	36.2	79.9
Attributable to:				
Equity shareholders		**(5.6)**	37.2	82.7
Non-controlling interests		**(3.2)**	(1.0)	(2.8)
		(8.8)	36.2	79.9
Earnings per ordinary share (pence)				
Basic	7	**(0.8)**	5.5	12.1
Diluted	7	**(0.8)**	5.4	12.1

1. The definition of operating profit was changed in the second half of 2018 to exclude the results of associated undertakings. The financial performance of these businesses (primarily iFood Brazil) is not within the control of the Group and therefore does not reflect our operational performance Operating profit for H1 2018 has therefore increased from £45.6 million as previously stated to £45.7 million.

Following adoption of IFRS16 *Leases* on 1 January 2019, the prior year periods have not been restated.

Consolidated statement of other comprehensive income

	Six months ended 30 June 2019 £m	Six months ended 30 June 2018 £m	Year ended 31 December 2018 £m
(Loss)/profit for the period	**(8.8)**	36.2	79.9
Items that may be reclassified subsequently to the income statement:			
Exchange differences on translation of foreign operations	**8.1**	(14.2)	(17.3)
Other comprehensive income/(loss) for the period	**8.1**	(14.2)	(17.3)
Total comprehensive (loss)/income for the period	**(0.7)**	22.0	62.6
Attributable to:			
Equity shareholders	**2.9**	23.0	65.2
Non-controlling interests	**(3.6)**	(1.0)	(2.6)
Total comprehensive (loss)/income for the period	**(0.7)**	22.0	62.6

Consolidated balance sheet

	Notes	**As at 30 June 2019 £m**	As at 30 June 2018 £m	As at 31 December 2018 £m
Non-current assets				
Goodwill	8	**785.9**	735.3	770.7
Other intangible assets	9	**140.8**	126.8	136.9
Property, plant and equipment	10	**31.0**	20.8	25.9
Right-of-use lease asset		**33.6**	-	-
Investments in associates	11	**105.7**	53.2	54.6
Available-for-sale investments		**0.2**	4.2	1.0
Deferred tax assets		**27.5**	23.1	28.9
		1,124.7	963.4	1,018.0
Current assets				
Operating cash		**88.3**	98.9	106.2
Cash to be paid to Restaurant Partners		**86.0**	57.8	79.7
Cash and cash equivalents		**174.3**	156.7	185.9
Inventories		**5.9**	4.4	5.5
Trade and other receivables		**16.3**	24.7	24.2
Derivative financial instruments		**-**	0.3	-
Current tax assets		**0.7**	1.0	0.1
		197.2	187.1	215.7
Total assets		**1,321.9**	1,150.5	1,233.7
Current liabilities				
Trade and other payables		**(195.2)**	(220.8)	(240.1)
Derivative financial instruments		**-**	-	(0.3)
Current tax liabilities		**(14.7)**	(28.3)	(28.8)
Deferred revenue		**(4.0)**	(3.3)	(3.1)
Provisions for liabilities	12	**(12.3)**	(13.0)	(11.5)
Lease liabilities		**(6.0)**	-	-
Borrowings	14	**(0.3)**	(0.4)	(0.3)
		(232.5)	(265.8)	(284.1)
Net current liabilities		**(35.3)**	(78.7)	(68.4)
Non-current liabilities				
Deferred tax liabilities		**(17.9)**	(21.6)	(20.6)
Deferred revenue		**(2.7)**	(3.8)	(3.9)
Provisions for liabilities	12	**(25.9)**	-	(20.8)
Lease liabilities		**(26.9)**	-	-
Borrowings	14	**(205.6)**	(105.3)	(102.4)
		(279.0)	(130.7)	(147.7)
Total liabilities		**(511.5)**	(396.5)	(431.8)
Net assets		**810.4**	754.0	801.9
Equity				
Share capital		**6.8**	6.8	6.8
Share premium		**563.4**	562.8	563.4
Retained earnings		**157.0**	106.2	155.9
Translation reserve		**79.3**	74.1	70.8
Other reserves		**(6.0)**	(5.0)	(6.0)
Equity attributable to shareholders of the Company		**800.5**	744.9	790.9
Non-controlling interests		**9.9**	9.1	11.0
Total equity		**810.4**	754.0	801.9

On adoption of IFRS16 *Leases* on 1 January 2019, the prior year periods have not been restated.

Consolidated statement of changes in equity

	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
As at 1 January 2018	6.8	562.7	65.9	88.3	(5.2)	718.5	8.2	726.7
Profit for the period	-	-	37.2	-	-	37.2	(1.0)	36.2
Other comprehensive loss	-	-	-	(14.2)	-	(14.2)	-	(14.2)
Total comprehensive income	-	-	37.2	(14.2)	-	23.0	(1.0)	22.0
Exercise of share options	-	0.1	-	-	-	0.1	-	0.1
Share based payment charge	-	-	2.7	-	-	2.7	-	2.7
Exercise of share awards	-	-	-	-	0.2	0.2	-	0.2
Tax on share options	-	-	0.4	-	-	0.4	-	0.4
Funding received from NCI	-	-	-	-	-	-	1.9	1.9
As at 30 June 2018	6.8	562.8	106.2	74.1	(5.0)	744.9	9.1	754.0
Profit for the period	-	-	45.5	-	-	45.5	(1.8)	43.7
Other comprehensive loss	-	-	-	(3.3)	-	(3.3)	0.2	(3.1)
Total comprehensive income	-	-	45.5	(3.3)	-	42.2	(1.6)	40.6
Exercise of share options	-	0.4	-	-	-	0.4	-	0.4
Share based payment charge	-	-	4.6	-	-	4.6	-	4.6
Exercise of share awards	-	0.2	0.6	-	(1.0)	(0.2)	-	(0.2)
Tax on share options	-	-	(1.0)	-	-	(1.0)	-	(1.0)
Funding received from NCI	-	-	-	-	-	-	3.5	3.5
As at 31 December 2018	**6.8**	**563.4**	**155.9**	**70.8**	**(6.0)**	**790.9**	**11.0**	**801.9**
Loss for the period	**-**	**-**	**(5.6)**	**-**	**-**	**(5.6)**	**(3.2)**	**(8.8)**
Other comprehensive income	**-**	**-**	**-**	**8.5**	**-**	**8.5**	**(0.4)**	**8.1**
Total comprehensive (loss)/income	**-**	**-**	**(5.6)**	**8.5**	**-**	**2.9**	**(3.6)**	**(0.7)**
Impact of adoption of IFRS16	**-**	**-**	**1.5**	**-**	**-**	**1.5**	**-**	**1.5**
Share based payment charge	**-**	**-**	**4.6**	**-**	**-**	**4.6**	**-**	**4.6**
Tax on share options	**-**	**-**	**0.6**	**-**	**-**	**0.6**	**-**	**0.6**
Funding received from NCI	**-**	**-**	**-**	**-**	**-**	**-**	**2.5**	**2.5**
As at 30 June 2019	**6.8**	**563.4**	**157.0**	**79.3**	**(6.0)**	**800.5**	**9.9**	**810.4**

Consolidated cash flow statement

	Six months ended 30 June 2019 £m	Six months ended 30 June 2018 (restated[1]) £m	Year ended 31 December 2018 £m
Operating profit[1]	**23.7**	45.7	110.3
Adjustments for:			
Amortisation of intangible assets	**21.1**	16.7	37.2
Depreciation of right-of-use lease asset	**3.5**	-	-
Depreciation of property, plant and equipment	**7.1**	4.9	12.0
Loss on disposal of property, plant and equipment and intangible assets	**0.3**	0.7	1.9
Decrease in provisions	**-**	(0.2)	(0.8)
Share based payment charges, including social security costs	**5.5**	3.1	8.0
	61.2	70.9	168.6
(Increase)/decrease in inventories	**(0.3)**	0.1	(2.8)
Decrease/(increase) in receivables	**7.5**	(5.2)	(8.3)
Increase in cash to be paid to Restaurant Partners	**6.3**	6.3	28.2
(Decrease)/increase in payables, excluding cash to be paid to Restaurant Partners	**(8.4)**	2.3	9.2
(Decrease)/increase in deferred revenue	**(0.4)**	2.8	2.7
Net cash generated by operations	**65.9**	77.2	197.6
Interest paid	**(1.3)**	(0.2)	(1.5)
Facility fees paid	**(0.2)**	(0.2)	(1.3)
Income taxes paid	**(25.2)**	(21.3)	(37.5)
Net cash from operating activities	**39.2**	55.5	157.3
Investing activities			
Interest received	**0.4**	0.2	0.4
Cash received on exit of US business	**2.8**	-	-
Acquisition of subsidiary businesses	**(49.5)**	(230.7)	(252.5)
Acquisition of interests in associates	**-**	(17.0)	(12.4)
Funding provided to associates	**(73.2)**	(3.1)	(30.6)
Purchase of intangible assets	**(23.6)**	(12.9)	(33.3)
Purchase of property, plant and equipment	**(11.1)**	(7.1)	(20.3)
Net cash used in investing activities	**(154.2)**	(270.6)	(348.7)
Financing activities			
Cash payments on IFRS16 leases[3]	**(2.8)**	-	-
Proceeds from exercise of options and awards	**-**	0.6	1.1
Cash inflow on borrowings	**143.0**	145.0	185.0
Repayment of borrowings	**(40.0)**	(40.0)	(80.0)
Funding received from NCI	**1.9**	1.9	5.4
Net cash generated from financing activities	**102.1**	107.5	111.5
Net decrease in cash and cash equivalents	**(12.9)**	(107.6)	(79.9)
Cash and cash equivalents at beginning of the period[2]	**185.9**	265.1	265.1
Effect of changes in foreign exchange rates	**1.3**	(0.8)	0.7
Cash and cash equivalents at end of the period[2]	**174.3**	156.7	185.9

1. The definition of operating profit was restated in the second half of 2018 to exclude the results of associated undertakings. Operating profit therefore increased from £45.6 million as previously stated to £45.7 million.
2. Includes £86.0 million (30 June 2018: £57.8 million; 31 December 2018: £79.7 million) of Restaurant Partner cash.
3. Includes £4.3 million of cash payments for lease rentals and £1.5 million cash receipts for historical rent free periods.

Notes to the consolidated financial statements

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. 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 Fleet Place House, 2 Fleet Place, London, EC4M 7RF, United Kingdom.

The Interim Financial Statements have been reviewed, but not audited, by Deloitte LLP and were approved by the Board of Directors on 30 July 2019.

The information for the period ended 30 June 2019 does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The Interim Financial Statements should be read in conjunction with the Annual Report and Financial Statements for the year ended 31 December 2018, which were prepared 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. The Annual Report and Financial Statements for the year ended 31 December 2018 were approved by the Board of Directors on 5 March 2019 and delivered to the Registrar of Companies. The auditor's report on those financial statements was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498(2) or (3) of the Companies Act 2006.

2. Basis of preparation

We have prepared the Interim Financial Statements in accordance with IAS 34 *Interim Financial Reporting* as endorsed by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

These Interim 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 Directors have a reasonable expectation that the Company and the Group 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 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 as listed in the principal risks and uncertainties section of this half year announcement, included within the H1 2019 Strategic Performance Review. 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.

The policies have been consistently applied to all years presented with the exception of the change in segmental disclosures explained in Note 4 and the adoption of IFRS16 *Leases* on 1 January 2019. The impact of IFRS16 has been disclosed below.

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 Interim Financial Statements. No such judgements were made by us in the current period.

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 causes 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 potential impairment of the goodwill of certain cash-generating units (CGUs) under reasonably possible scenarios as noted in our financial statements for the year ended 31 December 2018.

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.

For the six months ended 30 June 2019 we have reviewed the key assumptions of the annual assessment of goodwill impairment performed in the final quarter of 2018, taking into consideration whether any of the material inputs have changed since that assessment date.

The key assumptions used in the goodwill assessment are the discount rate and the anticipated future cash flows. 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 drive 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.

We have concluded that there has been no material deterioration in any of the key assumptions made during the last annual impairment review and therefore there are no indicators of any impairment of goodwill during the six months ended 30 June 2019.

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 6 for further details of the £20.8 million tax provision held at 30 June 2019, 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 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.

New and amended standards adopted

IFRS16 *Leases* and IFRIC23 *Uncertainty Over Income Tax Treatments* were adopted on 1 January 2019. Only IFRS16 has had a material impact on our financial position or performance.

IFRS16 replaced IAS17 *Leases*, with the key change being that lessee accounting will eliminate the IAS17 distinction between operating leases and finance leases, treating most leases in the same manner as finance leases under IAS17.

Where an arrangement meets the IFRS16 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. Due to the different methods of unwinding the asset and liability, over time, a difference will arise between the value of the lease liability and the corresponding lease asset.

Lease costs are now 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 IAS17. This has also impacted the classification of associated cash flows in the consolidated cash flow statement.

We have applied 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 was required. The impact of the change for the current period is provided below.

Income statement

Administrative expenses are broadly consistent, as a result of the lease expense being replaced by depreciation and the finance costs on leased assets.

Balance sheet

The adoption of IFRS16 had the impact of increasing net assets by £1.5 million at the commencement date, as a result of the release of deferred rent free period credits. This has been taken directly to reserves, as can be seen in the consolidated statement of changes in equity.

At 1 January 2019, a right-of-use asset of £37.3 million was recognised as a non-current asset, along with a lease liability of the same amount. As at 30 June 2019, the right-of-use asset was £33.6 million and the lease liability was £32.9 million.

Cash flow statement

Lease payments of £4.3 million have been reclassified from operating activities to financing activities. During the period, £1.5 million was received from landlords in respect of historical rent free periods.

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 2019 and have not been early adopted.

None of the accounting standards issued but not yet effective are expected to have a significant impact on our annual financial statements.

3. Revenue

Revenue by source

	Six months ended 30 June 2019		Six months ended 30 June 2018		Year ended 31 December 2018	
	£m	**%**	£m	%	£m	%
Commission revenue	**429.2**	**93**	308.2	86	680.3	87
Administration fees	**42.7**	**9**	40.0	11	81.8	11
Discounts	**(30.2)**	**(7)**	(14.3)	(4)	(32.8)	(4)
Order-driven revenue	**441.7**	**95**	333.9	93	729.3	94
Top-placement fees	**21.4**	**5**	20.4	6	42.3	5
Sign-up fees and other revenue	**1.4**	**-**	4.1	1	7.9	1
Ancillary revenue	**22.8**	**5**	24.5	7	50.2	6
Total revenue	**464.5**	**100**	358.4	100	779.5	100

4. Operating segments

IFRS8 *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 Underlying EBITDA (uEBITDA). uEBITDA is defined as earnings before finance income and costs, taxation, depreciation and amortisation (EBITDA), and additionally excludes the results of associates, long-term employee incentive costs, foreign exchange and other gains and losses. For full definitions and reconciliations of APMs, please refer to the dedicated section at the end of this document.

The CODM uses uEBITDA to assess internal performance, 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. Further details relating to the non-IFRS financial performance measures are provided at the end of this document.

To provide a clear and accurate understanding of the responsibilities for operational performance, during the year we have changed our reporting segments for internal and external reporting purposes to: United Kingdom; Canada; Australia & New Zealand (ANZ); Europe; and Latin America (LATAM). The comparative segmental disclosures below have been restated to reflect this change. Previously, the segments were: United Kingdom; Canada; Australia & New Zealand (ANZ); and International. The Europe segment consists of Denmark, France, Ireland, Italy, Norway, Spain and Switzerland. Each of the operations in the European segment have similar business models and are expected to have similar long-term uEBITDA margins and display similar economic characteristics. Although the Mexican business is within our control, operational performance has been delegated to iFood, the non-controlling partner and our Executive Team will no longer be assessed on the performance of the business. The only material associate in which we have an interest is also managed by iFood, and therefore the LATAM segment combines the businesses managed by iFood. LATAM revenue is negative due to discounts exceeding commission earned.

The CODM does not regularly review segment assets and liabilities and therefore no such details are provided below.

Six months ended 30 June 2019	United Kingdom £m	Canada £m	ANZ £m	Europe £m	Head office £m	Total excluding LATAM £m	LATAM £m	Total £m
Gross revenue	**205.8**	**133.4**	**27.3**	**100.0**	**8.6**	**475.1**	**(2.0)**	**473.1**
Inter-segment revenue	**-**	**-**	**-**	**-**	**(8.6)**	**(8.6)**	**-**	**(8.6)**
External revenue	**205.8**	**133.4**	**27.3**	**100.0**	**-**	**466.5**	**(2.0)**	**464.5**
uEBITDA	**72.5**	**0.9**	**(2.1)**	**13.1**	**(12.0)**	**72.4**	**(10.3)**	**62.1**
Share based payment charges, including social security costs						**(5.5)**	**-**	**(5.5)**
Acquisition transaction and integration costs						**(0.9)**	**-**	**(0.9)**
Net foreign exchange losses						**(0.2)**	**(0.1)**	**(0.3)**
Depreciation						**(10.4)**	**(0.2)**	**(10.6)**
Amortisation – acquired intangible assets						**(12.0)**	**-**	**(12.0)**
Amortisation – other intangible assets						**(9.1)**	**-**	**(9.1)**
Operating profit/(loss)						**34.3**	**(10.6)**	**23.7**
Share of results of associates						**-**	**(23.6)**	**(23.6)**
Other gains and losses						**3.0**	**-**	**3.0**
Investment revenue						**0.4**	**-**	**0.4**
Finance costs						**(2.7)**	**-**	**(2.7)**
Profit/(loss) before tax						**35.0**	**(34.2)**	**0.8**

Six months ended 30 June 2018 (restated[1,2,3])	United Kingdom £m	Canada £m	ANZ £m	Europe[3] £m	Head office £m	Total excluding LATAM £m	LATAM[3] £m	Total £m
Gross revenue	182.7	73.0	21.6	81.7	-	359.0	(0.6)	358.4
Inter-segment revenue	-	-	-	-	-	-	-	-
External revenue	182.7	73.0	21.6	81.7	-	359.0	(0.6)	358.4
uEBITDA[2]	89.4	(8.5)	4.4	8.4	(7.7)	86.0	(4.0)	82.0
Share based payment charges, including social security costs						(3.1)	-	(3.1)
Acquisition transaction and integration costs						(11.1)	-	(11.1)
Net foreign exchange losses						(0.5)	-	(0.5)
Depreciation						(4.8)	(0.1)	(4.9)
Amortisation – acquired intangible assets						(11.6)	-	(11.6)
Amortisation – other intangible assets						(5.1)	-	(5.1)
Operating profit/(loss)[1]						49.8	(4.1)	45.7
Share of results of associates						-	(0.1)	(0.1)
Other gains and losses						2.8	-	2.8
Investment revenue						0.2	-	0.2
Finance costs						(0.5)	-	(0.5)
Profit/(loss) before tax						52.3	(4.2)	48.1

1. The definition of operating profit was restated in the second half of 2018 to exclude the results of associated undertakings.
2. The definition of uEBITDA has been amended to exclude the results of associated undertakings, resulting in the restatement of comparative periods.
3. The LATAM business has been removed from the former International segment to create two new segments, Europe and LATAM.

Year ended 31 December 2018 (restated[1,2])	United Kingdom £m	Canada £m	ANZ £m	Europe[2] £m	Head office £m	Total excluding LATAM £m	LATAM[2] £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
uEBITDA[1]	189.5	(11.5)	6.5	25.0	(19.1)	190.4	(10.8)	179.6
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						2.5	0.2	2.7
Depreciation						(11.8)	(0.2)	(12.0)
Amortisation – acquired intangible assets						(23.9)	-	(23.9)
Amortisation – other intangible assets						(13.3)	-	(13.3)
Operating profit/(loss)						121.1	(10.8)	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)
Profit/(loss) before tax						119.2	(17.5)	101.7

1. The definition of uEBITDA has been amended to exclude the results of associated undertakings, resulting in the restatement of comparative periods.
2. The LATAM business has been removed from the former International segment to create two new segments, Europe and LATAM.

5. Other gains and losses

	Six months ended 30 June 2019 £m	Six months ended 30 June 2018 £m	Year ended 31 December 2018 £m
Decrease in minority shareholders' buy-out provision	**-**	-	0.3
Gain on derivative financial instruments	**0.1**	0.3	0.3
Fair value gain on stepped acquisition of Flyt Limited	**-**	-	0.7
(Increase)/decrease in contingent consideration liability	**(0.3)**	2.5	(0.5)
Profit on exit of US business	**3.2**	-	-
Total other gains and losses	**3.0**	2.8	0.8

During the six months ended 30 June 2019 we entered into an agreement to sell certain assets to Grubhub Holdings Inc., which effectively ended all trading in the US.

6. Taxation

	Six months ended 30 June 2019 £m	Six months ended 30 June 2018 £m	Year ended 31 December 2018 £m
Current tax charge			
Current period	**11.1**	13.2	31.4
Adjustment for prior years	**(0.2)**	-	(0.2)
	10.9	13.2	31.2
Deferred Taxation			
Temporary timing differences	**(1.3)**	(1.3)	(9.3)
Adjustment in respect of prior years	**-**	-	(0.1)
	(1.3)	(1.3)	(9.4)
Total tax charge for the period	**9.6**	11.9	21.8

UK corporation tax was calculated at 19% (H1 2018: 19%) of the taxable profit for the period. 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.

The total tax charge of £9.6 million (H1 2018: £11.9 million) is made up of: a current tax charge of £10.9 million (H1 2018: £13.2 million), primarily consisting of corporate tax arising in the UK, Denmark, France, Ireland and Switzerland; and a deferred tax credit of £1.3 million (H1 2018: £1.3 million) resulting from the unwind of deferred tax liabilities arising on acquired intangibles and the recognition of an additional deferred tax asset on losses in Canada, following the amalgamation of the two businesses in Canada in January 2019.

Largely due to the fact that our share of the losses of associates cannot be relieved against profits in other jurisdictions, the tax charge of £9.6 million compares with a profit before tax of £0.8 million and therefore the effective tax rate has not been given (H1 2018: 24.7%). Underlying ETR is provided in the Alternative Performance Measures appendix to these Interim Financial Statements.

Taxation on items taken directly to equity in respect of share options was a net credit of £0.6m (H1 2018: £0.4m), which comprised of a credit of £0.5 million relating to current tax and a credit of £0.1 million relating to deferred tax.

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 £20.8 million at 30 June 2019 (H1 2018: £17.6 million).

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.

7. 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 these financial statements.

Basic and diluted earnings per share

	Six months ended 30 June 2019 Number of shares ('000)	Six months ended 30 June 2018 Number of shares ('000)	Year ended 31 December 2018 Number of shares ('000)
Weighted average number of Ordinary shares for basic earnings per share	**680,692**	677,973	681,042
Effect of dilution:			
Share options and awards	**5,830**	5,211	4,389
Unvested JSOP shares		153	-
Weighted average number of Ordinary shares adjusted for the effect of dilution	**686,522**	683,337	685,431

	Six months ended 30 June 2019 Pence	Six months ended 30 June 2018 Pence	Year ended 31 December 2018 Pence
Earnings per ordinary share			
Basic	**(0.8)**	5.5	12.1
Diluted	**(0.8)**	5.4	12.1

8. Goodwill

	Six months ended 30 June 2019 £m	Six months ended 30 June 2018 £m	Year ended 31 December 2018 £m
As at beginning of period	**770.7**	544.9	544.9
Arising on acquisition	**12.1**	201.0	236.6
Foreign exchange movements	**4.5**	(10.6)	(10.8)
Fair value adjustments	**(1.4)**	-	-
As at end of period	**785.9**	**735.3**	**770.7**

CGU	Acquisitions	As at 31 December 2018 £m	Arising on acquisition £m	Foreign exchange £m	Fair value adjustments £m	**As at 30 June 2019 £m**
ANZ	Menulog Group Limited (MGL)	259.7	-	(0.1)	-	**259.6**
UK	Hungryhouse Holdings Limited, Flyt Limited, Meal 2 Order.com Limited, Nifty Nosh Limited and others	240.9	12.1	-	(1.4)	**251.6**
Canada (CA)	SkipTheDishes Restaurant Services Inc., Orderit.ca	95.6	-	4.3	-	**99.9**
Spain (ES)	SinDelantal Internet, S.L., La Nevera Roja	59.0	-	(0.2)	-	**58.8**
Italy (IT)	Click Eat, Jeb S.r.l, Clicca e Mangia, PizzaBo	43.1	-	(0.1)	-	**43.0**
France (FR)	FBA Invest SaS	44.5	-	(0.1)	-	**44.4**
Mexico (MX)	SinDelantal Mexico SA de C.V., hellofood Mexico	20.8	-	0.6	-	**21.4**
Other CGUs[1]		7.1	-	0.1	-	**7.2**
Total goodwill		770.7	12.1	4.5	(1.4)	**785.9**

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..

During the year we completed the acquisition of Simbambili Ltd (trading as Practi), resulting in the provisional recognition of £12.1 million of goodwill. Further details are provided in Note 15.

The 2018 Flyt acquisition is currently held at provisional value and is due to be finalised in the second half of 2019. During the six months ended 30 June 2019 £1.4 million of adjustments were made to the Flyt acquisition.

During the preparation of these financial statements, we reviewed all cash generating units (CGUs) for indicators of goodwill impairment. We did not find any such indicators based on our current strategy and financial projections. As in previous years, we will undertake a full annual impairment review in Q4.

Note 12 to our financial statements for the year ended 31 December 2018 disclosed that while no CGUs were impaired, following sensitivity analysis we concluded that it was reasonably possible that an impairment charge could arise in the ANZ, ES and IT CGUs, but in none of the others. We continue to believe this to be the case.

9. Other intangible assets

	Patents, licences and IP £m	Restaurant contracts £m	Brands £m	Development costs £m	Total £m
Cost					
As at 1 January 2018	23.1	80.0	24.1	26.9	154.1
Additions	1.7	-	-	9.8	11.5
Arising on acquisition	-	39.4	-	-	39.4
Transfers	5.6	-	-	(5.6)	-
Disposals	(0.6)	-	-	(0.2)	(0.8)
Foreign exchange movements	(0.2)	(1.9)	(0.5)	-	(2.6)
As at 30 June 2018	29.6	117.5	23.6	30.9	201.6
Additions	3.2	-	-	17.5	20.7
Arising on acquisition	-	-	-	10.8	10.8
Disposals	-	-	-	(1.1)	(1.1)
Foreign exchange movements	-	(0.4)	(0.1)	-	(0.5)
As at 31 December 2018	**32.8**	**117.1**	**23.5**	**58.1**	**231.5**
Additions	**4.2**	**-**	**-**	**19.4**	**23.6**
Arising on acquisition	**-**	**-**	**-**	**1.2**	**1.2**
Disposals	**-**	**-**	**-**	**(1.5)**	**(1.5)**
Foreign exchange movements	**0.1**	**0.5**	**0.2**	**0.5**	**1.3**
As at 30 June 2019	**37.1**	**117.6**	**23.7**	**77.7**	**256.1**
Amortisation					
As at 1 January 2018	12.1	30.6	13.3	3.6	59.6
Charge for the period	3.0	10.1	1.1	2.5	16.7
Disposals	(0.5)	-	-	(0.1)	(0.6)
Foreign exchange movements	(0.1)	(0.5)	(0.3)	-	(0.9)
As at 30 June 2018	14.5	40.2	14.1	6.0	74.8
Charge for the period	3.1	11.0	1.1	5.3	20.5
Disposals	-	-	-	(0.4)	(0.4)
Foreign exchange movements	(0.1)	(0.2)	-	-	(0.3)
As at 31 December 2018	**17.5**	**51.0**	**15.2**	**10.9**	**94.6**
Charge for the period	**2.8**	**10.4**	**1.1**	**6.8**	**21.1**
Foreign exchange movements	**0.1**	**0.3**	**0.1**	**(0.9)**	**(0.4)**
As at 30 June 2019	**20.4**	**61.7**	**16.4**	**16.8**	**115.3**
Carrying amount					
As at 30 June 2019	**16.7**	**55.9**	**7.3**	**60.9**	**140.8**
As at 30 June 2018	15.1	77.3	9.5	24.9	126.8
As at 31 December 2018	15.3	66.1	8.3	47.2	136.9

10. Property, plant and equipment

	Fixtures and fittings £m	Equipment £m	Leasehold improvements £m	Total £m
Cost				
As at 1 January 2018	6.2	20.3	9.8	36.3
Additions	0.5	5.8	0.9	7.2
Disposals	(0.2)	(2.5)	(0.2)	(2.9)
Foreign exchange movements	-	(0.1)	-	(0.1)
As at 30 June 2018	6.5	23.5	10.5	40.5
Additions	0.7	11.4	0.7	12.8
Disposals	-	(2.2)	-	(2.2)
Foreign exchange movements	0.1	0.1	0.1	0.3
As at 31 December 2018	**7.3**	**32.8**	**11.3**	**51.4**
Additions	**0.2**	**8.7**	**2.2**	**11.1**
Disposals	**(1.2)**	**(1.8)**	**(0.1)**	**(3.1)**
Foreign exchange movements	**0.1**	**0.1**	**0.1**	**0.3**
As at 30 June 2019	**6.4**	**39.8**	**13.5**	**59.7**
Accumulated depreciation				
As at 1 January 2018	4.3	10.0	3.0	17.3
Charge for the period	0.6	3.2	1.1	4.9
Disposals	(0.1)	(2.2)	(0.2)	(2.5)
As at 30 June 2018	4.8	11.0	3.9	19.7
Charge for the period	0.6	5.4	1.1	7.1
Disposals	(0.1)	(1.4)	-	(1.5)
Foreign exchange movements	0.1	-	0.1	0.2
As at 31 December 2018	**5.4**	**15.0**	**5.1**	**25.5**
Charge for the period	**0.6**	**5.2**	**1.3**	**7.1**
Disposals	**(1.1)**	**(2.9)**	**-**	**(4.0)**
Foreign exchange movements	**-**	**0.1**	**-**	**0.1**
As at 30 June 2019	**4.9**	**17.4**	**6.4**	**28.7**
Carrying amount				
As at 30 June 2019	**1.5**	**22.4**	**7.1**	**31.0**
As at 30 June 2018	1.7	12.5	6.6	20.8
As at 31 December 2018	1.9	17.8	6.2	25.9

11. Investments in associates

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 Interim 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.

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 current and comparative periods, no dividends have been received from associated undertakings.

	Six months ended 30 June 2019			Six months ended 30 June 2018		
	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	**73.9**	**-**	**73.9**	52.7	-	**52.7**
uEBITDA	**(67.3)**	**-**	**(67.3)**	2.1	-	**2.1**
Loss after tax	**(70.9)**	**-**	**(70.9)**	0.2	(0.1)	**0.1**
Our share of the results of the business						
uEBITDA	**(22.4)**	**-**	**(22.4)**	-	-	**-**
Losses after tax[1, 2]	**(23.6)**	**-**	**(23.6)**	-	-	**-**
Total comprehensive loss[1, 2]	**(23.6)**	**-**	**(23.6)**	-	-	**-**
100% of the net assets of the business						
Non-current assets	**45.3**	**12.6**	**57.9**	30.7	3.1	**33.8**
Current assets	**133.4**	**0.2**	**133.6**	38.8	0.1	**38.9**
Non-current liabilities	**(11.7)**	**-**	**(11.7)**	(3.3)	-	**(3.3)**
Current liabilities	**(103.1)**	**(0.2)**	**(103.3)**	(35.3)	0.4	**(34.9)**
Net assets and total equity	**63.9**	**12.6**	**76.5**	30.9	3.6	**34.5**
Our share of interest in associated undertaking's net assets	**21.3**	**4.2**	**25.5**	10.3	1.2	**11.5**
Goodwill on acquisition of interest in associate	**80.2**	**-**	**80.2**	39.2	2.5	**41.7**
Carrying value of interest in associated undertaking	**101.5**	**4.2**	**105.7**	49.5	3.7	**53.2**

1. Our share of losses after tax and total comprehensive loss include 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.

12. Provisions for liabilities

	Contingent consideration £m	Other provisions £m	**Total £m**
At 1 January	30.0	12.8	42.8
Additional provisions in the period	-	0.9	0.9
Utilised in the period	-	(0.4)	(0.4)
Released to the income statement	(0.6)	(0.3)	(0.9)
Transferred to trade and other payables	(28.0)	-	(28.0)
Unwinding of discount	0.2	-	0.2
Foreign exchange movements	(1.6)	-	(1.6)
As at 30 June 2018	-	13.0	13.0
Arising on acquisition	20.8	0.2	21.0
Utilised in the period	-	(0.1)	(0.1)
Released to the income statement	-	(1.7)	(1.7)
Foreign exchange movements	-	0.1	0.1
As at 31 December 2018	**20.8**	**11.5**	**32.3**
Arising on acquisition	**5.1**	**-**	**5.1**
Additional provisions in the period	**-**	**1.0**	**1.0**
Utilised in the period	**-**	**(0.1)**	**(0.1)**
Released to the income statement	**-**	**(0.1)**	**(0.1)**
As at 30 June 2019	**25.9**	**12.3**	**38.2**

	As at 30 June 2019 £m	As at 30 June 2018 £m	As at 31 December 2018 £m
Current	**12.3**	13.0	11.5
Non-current	**25.9**	-	20.8
Total provisions for liabilities	**38.2**	13.0	32.3

Contingent consideration as at 31 December 2018 relates to the acquisition of Flyt in 2018, which is expected to be utilised in December 2021. Contingent consideration arising on acquisition in the period relates to Practi, which is expected to be utilised through to April 2022.

As at 30 June 2019, other provisions included £9.8 million (30 June 2018 and 31 December 2018: £9.8 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. As the requirement to pay the obligation has passed, the amount is treated as current. The timing of when the matter will be settled 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.

13. Contingent liabilities

Possible gig economy class action

In July 2018, a courier on the Skip network filed a statement of claim in Manitoba alleging that all couriers providing services on the Skip network in Canada are employees and not independent contractors. The relevant court has not yet determined if the claim will be accepted as a class action and, if so, which couriers would be included in any such class.

An arbitration clause exists within our courier agreement which, if enforceable could exclude the majority of the class in favour of arbitration, thereby significantly reducing the size of any class action and the related risks.

Whilst it is difficult to assess the merits or potential quantum with certainty, our current assessment is that a successful claim against us is unlikely. Were the claim to be successful, the range of outcomes is wide, estimated at £nil to £80 million. The upper end of the range is considered to be highly unlikely.

EU state aid

In October 2017, the European Commission announced it was 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. On 25 April 2019, the EC published its final decision following the conclusion of their investigation. The final decision confirmed they believed the Financing Exemption did constitute illegal State Aid if certain criteria were met (specifically to the extent the financing income was derived from UK activities).

Similar to other UK based international companies, we may be impacted by the final outcome of this investigation and are currently working with our advisers to assess the EC's decision on Just Eat's position. Whilst there is considerable uncertainty with regards to both the final outcome and any corresponding liability (since the EC's decision is likely to be challenged), the maximum potential liability has been calculated to be £14.4 million (excluding any associated interest). 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.

14. Liabilities arising from financing activities and net debt

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.

	As at 31 December 2018 £m	Cash flows £m	Foreign exchange movements £m	Arising on acquisition £m	IFRS16 lease impact £m	**As at 30 June 2019 £m**
Non-current						
Revolving credit facility	(102.4)	(103.0)	-	-	-	**(205.4)**
Lease liability	-	-	-	-	(26.9)	**(26.9)**
Other borrowings	-	-	-	(0.2)	-	**(0.2)**
Non-current borrowings	(102.4)	(103.0)	-	(0.2)	(26.9)	**(232.5)**
Current						
Lease liability	-	(2.2)	-	-	(3.8)	**(6.0)**
Other borrowings	(0.3)	-	-	-	-	**(0.3)**
Liabilities arising from financing activities	(102.7)	(105.2)	-	(0.2)	(30.7)	**(238.8)**
Add operating cash	106.2	(19.2)	1.3	-	-	**88.3**
Net (debt)/cash including IFRS16 leases	3.5	(124.4)	1.3	(0.2)	(30.7)	**(150.5)**
Remove lease liabilities	-	2.2	-	-	30.7	**32.9**
Net (debt)/cash excluding IFRS16 leases	3.5	(122.2)	1.3	(0.2)	-	**(117.6)**

Our definition of net debt is provided in the APM section of this document.

15. Acquisitions

Acquisition of Practi

On 5 April 2019, the Group acquired 100% of the share capital of Simbambili Ltd (Practi) for an initial cash outlay of £6.2 million. Deferred consideration is payable to the founders and previous owners three years following the acquisition, with a provisional estimate of £5.1 million. The provision value of net liabilities acquired was £0.8 million.

Practi is a holistic, tablet based software as a service (SaaS) retail solution for small to medium sized restaurant chains. This allows the user to control many aspects of running a business through one software package which can be used across multiple devices, allowing for front and back of house (kitchen) connectivity to the system. The SaaS services that Practi provides include: Point of Sale (POS); payment handling (including credit card payments); CRM; table management;

inventory management; kitchen operations; and employee management. Practi predominantly serves customers in the UK and Israel, including all restaurants operating within Camden Market and a 29-strong café chain in Israel.

Practi's software will be incorporated into the next generation of Orderpad hardware, significantly expanding the Orderpad's functionality and engagement with our Restaurant Partners. Practi will play a significant part in transforming the role we play within restaurant operations. Through Practi, we can start to bridge restaurants' on-line and off-line operations, replace cash tills with an electronic POS system and provide the software tools for restaurant partners to optimise their business. It will also be an enabler for Restaurant Partner driven dynamic pricing and promotions.

Accounting for the acquisition of Practi is being done on a provisional basis and will be finalised in our annual financial statements for the year ended 31 December 2019. Further disclosures under IFRS3 *Business Combinations*, are not required on grounds of materiality, given the small size of the transaction.

Historical acquisitions

On 22 December 2018, we acquired 92% of the share capital of Flyt Limited, taking our holding to 100%. The acquisition accounting applied in the year ended 31 December 2018 was considered provisional, and remains as such as at 30 June 2019. The final position will be determined prior to the end of 2019.

16. Related party transactions

Key management personnel's long term incentives
Amounts recognised as long-term incentive costs during the period in respect of key management personnel were £1.5 million (H1 2018: £0.9 million).

Other transactions with related parties
Funding to our associates totalled £73.2 million in the period (H1 2018: £3.1 million).

The only related party transactions in the period other than the employment of key management personnel were for management services provided by IF-JE to SinDelantal Mexico. The total charge incurred for the period ended 30 June 2019 was £1.6 million (H1 2018: £1.2 million), all of which were accrued on the balance sheet on their respective period ends.

With the exception of amounts owed to key management personnel and £1.6 million (31 December 2018: £1.1 million) accrued for IF-JE management services, no amounts were owed by and to related parties at the balance sheet date.

17. Events after the balance sheet date

In July 2019 we acquired 100% of the share capital of City Pantry for £16 million. City Pantry is Europe's leading business-to-business catering marketplace, linking caterers and restaurants with corporate customers providing food for their employees or clients. The business currently helps feed more than 120,000 people at 1,000 corporate customers every month. It works with hundreds of suppliers, including branded restaurant groups such as Itsu, Leon and Bill's to provide meals for corporate events or business meetings.

The initial cash consideration of £16 million was paid using existing resources. Further cash consideration may also be payable subject to certain operational and financial criteria being met over the next three years. This is estimated to be approximately £10 million. The initial accounting for this transaction was not completed by the date these financial statements were authorised for issue, and further disclosures under IFRS3 *Business Combinations* have not been provided due to the lack of sufficient time.

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.

• 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 tables reconcile internally used profit measures to the statutory results.

Six months ended 30 June	**Adjusted results 2019 £m**	**Adjusting items 2019 £m**	**Reported results 2019 £m**	Adjusted results 2018 (restated[2]) £m	Adjusting items 2018 (restated[2]) £m	Reported results 2018 (restated[2]) £m
Continuing operations						
Revenue	**466.5**	**(2.0)**	**464.5**	359.0	(0.6)	358.4
Cost of sales	**(172.3)**	**(3.1)**	**(175.4)**	(92.3)	(0.8)	(93.1)
Gross profit	**294.2**	**(5.1)**	**289.1**	266.7	(1.4)	265.3
Administrative expenses	**(241.5)**	**(23.9)**	**(265.4)**	(190.7)	(28.9)	(219.6)
Operating profit[2]	**52.7**	**(29.0)**	**23.7**	76.0	(30.3)	45.7
Share of results of associates	**-**	**(23.6)**	**(23.6)**	-	(0.1)	(0.1)
Other gains and losses	**-**	**3.0**	**3.0**	-	2.8	2.8
Investment revenue	**0.4**	**-**	**0.4**	0.2	-	0.2
Finance costs	**(2.7)**	**-**	**(2.7)**	(0.5)	-	(0.5)
Profit before tax	**50.4**	**(49.6)**	**0.8**	75.7	(27.6)	48.1
Taxation	**(11.5)**	**1.9**	**(9.6)**	(15.4)	3.5	(11.9)
Profit/(loss) for the period	**38.9**	**(47.7)**	**(8.8)**	60.3	(24.1)	36.2
Attributable to:						
Equity shareholders	**38.9**	**(44.5)**	**(5.6)**	60.3	(23.1)	37.2
Non-controlling interests	**-**	**(3.2)**	**(3.2)**	-	(1.0)	(1.0)
	38.9	**(47.7)**	**(8.8)**	60.3	(24.1)	36.2
Earnings per ordinary share (pence)						
Basic	**5.7**	**(6.5)**	**(0.8)**	8.9	(3.4)	5.5
Diluted	**5.7**	**(6.5)**	**(0.8)**	8.8	(3.4)	5.4

Six months ended 30 June	Adjusted results 2019 £m	Adjusting items 2019 £m	Reported results 2019 £m	Adjusted results 2018 (restated[2]) £m	Adjusting items 2018 (restated[2]) £m	Reported results 2018 (restated[2]) £m
Reconciliation of operating profit to EBITDA						
Operating profit	**52.7**	**(29.0)**	**23.7**	76.0	(30.3)	45.7
Include: Other gains and losses	**-**	**3.0**	**3.0**	-	2.8	2.8
Remove: Depreciation of property, plant & equipment	**10.6**	**-**	**10.6**	4.9	-	4.9
Remove: Acquisition related intangible asset amortisation	**-**	**12.0**	**12.0**	-	11.6	11.6
Remove: Amortisation of non-acquisition related intangible assets	**9.1**	**-**	**9.1**	5.1	-	5.1
EBITDA[1]	**72.4**	**(14.0)**	**58.4**	86.0	(15.9)	70.1

1. EBITDA before adjusting items equals uEBITDA excluding the results of LATAM. A full definition of uEBITDA and Adjusted EPS is provided below.
2. The definition of operating profit was restated in the second half of 2018 to exclude the results of associated undertakings. Operating profit therefore increased from £45.6 million as previously stated to £45.7 million.

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. Executive Team performance measures are based on uEBITDA excluding the results of our LATAM interests.

uEBITDA margin is calculated as uEBITDA divided by revenue.

uEBITDA is calculated as follows:

	Six months ended 30 June 2019 £m	Six months ended 30 June 2018 £m
United Kingdom	**72.5**	89.4
Canada	**0.9**	(8.5)
ANZ	**(2.1)**	4.4
Europe	**13.1**	8.4
Head office	**(12.0)**	(7.7)
uEBITDA excluding Mexico	**72.4**	86.0
Mexico	**(10.3)**	(4.0)
uEBITDA	**62.1**	82.0

A reconciliation of uEBITDA excluding Mexico to operating profit, together with further details of the component elements of these adjustments, is set out below.

	Six months ended 30 June 2019 £m	Six months ended 30 June 2018 (restated) £m
Add back of Mexican subsidiary uEBITDA loss	**10.3**	4.0
Share based payment charges, including related social security costs	**5.5**	3.1
Impairment charges and acquisition related intangible asset amortisation	**12.0**	11.6
Acquisition transaction and integration costs	**0.9**	11.1
Net foreign exchange gains	**0.3**	0.5
Operating profit adjusting items	**29.0**	30.3
Depreciation and amortisation of other intangible assets	**19.7**	10.0
uEBITDA adjusting items	**48.7**	40.3
Operating profit	**23.7**	45.7
uEBITDA excluding Mexico	**72.4**	86.0

Share based payment charges, including related social security costs

	Six months ended 30 June 2019 £m	Six months ended 30 June 2018 £m
Share based incentive charge, as recognised in the Consolidated Statement of Changes in Equity	**4.6**	2.7
Employer's social security costs on the exercise of options	**0.9**	0.4
Total	**5.5**	3.1

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.

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

	Six months ended 30 June 2019 £m	Six months ended 30 June 2018 £m
Impairment charges	**-**	-
Acquisition related intangible asset amortisation	**12.0**	11.6
Total	**12.0**	11.6

No impairment charges were incurred in the current or comparative period.

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

	Six months ended 30 June 2019 £m	Six months ended 30 June 2018 £m
M&A transaction costs	**-**	1.6
Acquisition integration costs	**0.9**	9.5
Total	**0.9**	11.1

M&A transaction costs relate to legal, due diligence and other costs incurred as a result of our acquisitions (see Note 15) and aborted acquisitions.

Acquisition integration costs relate to the integration of recently acquired businesses. In the comparative period, £8.1 million related to the integration of Hungryhouse, which included the costs of running two offices and platforms during employee consultation processes, redundancy costs, lease termination costs and related advisers' fees, with a further £1.4 million accrued in respect of SkipTheDishes.

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 & equipment and non-acquisition related intangible assets

	Six months ended 30 June 2019 £m	Six months ended 30 June 2018 £m
Depreciation of property, plant & equipment	**7.1**	4.9
Depreciation of right of use lease asset	**3.5**	-
Amortisation of other intangible assets, excluding acquisition related assets	**9.1**	5.1
Total	**19.7**	10.0

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.

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 excludes the results of the LATAM businesses included in our statutory measures, as the Executive Team's performance assessment metrics exclude these results.

	Six months ended 30 June 2019 £m	Six months ended 30 June 2019 Pence per share, basic	Six months ended 30 June 2018 £m (restated[1])	Six months ended 30 June 2018 Pence per share, basic (restated[1])
(Loss)/profit for the period attributable to equity shareholders	**(5.6)**	**(0.8)**	37.2	5.5
Share based payment charges, including social security costs	**5.5**	**0.8**	3.1	0.5
Impairment charges and acquisition related intangible asset amortisation	**12.0**	**1.8**	11.6	1.7
Acquisition transaction and integration costs	**0.9**	**0.1**	11.1	1.6
Net foreign exchange gains	**0.3**	**-**	0.5	0.1
Mexican subsidiary consolidated loss	**10.3**	**1.5**	4.0	0.6
Less NCI portion of Mexican subsidiary loss	**(3.2)**	**(0.5)**	(1.0)	(0.1)
Share of associates' losses	**23.6**	**3.5**	0.1	-
Other gains and losses	**(3.0)**	**(0.4)**	(2.8)	(0.5)
Taxation on adjusting items	**(1.9)**	**(0.3)**	(3.5)	(0.5)
Adjusted earnings	**38.9**	**5.7**	60.3	8.9

1. Adjusted Basic EPS has been restated to exclude the results of associates and the losses of our Mexican business, increasing by 0.3 pence for H1 2018.

	Six months ended 30 June 2019 Number of shares ('000)	Six months ended 30 June 2018 Number of shares ('000)
Weighted average number of Ordinary shares for basic earnings per share	**680,692**	677,973
Effect of dilution:		
Share options and awards	**5,830**	5,211
Unvested JSOP shares	**-**	153
Weighted average number of Ordinary shares adjusted for the effect of dilution	**686,522**	683,337

	Six months ended 30 June 2019 Pence	Six months ended 30 June 2018 Pence (restated[1])
Earnings per ordinary share		
Basic	**(0.8)**	5.5
Diluted	**(0.8)**	5.4
Adjusted earnings (excluding LATAM) per ordinary share		
Basic	**5.7**	8.9
Diluted	**5.7**	8.8

1. Adjusted Basic EPS and Adjusted Diluted EPS have been restated to exclude the results of associates and the losses of our Mexican business, both increasing by 0.3 pence for H1 2018.

Underlying Effective Tax Rate (Underlying ETR)

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 period ended 30 June 2019 was 22.7% (H1 2018 restated: 20.4%). Underlying profit is defined as profit attributable to the equity shareholders before the results of associates, long-term employee incentive costs, foreign exchange gains and losses, other gains and losses, amortisation of acquired intangible assets and excluding the consolidated results of Mexico. The recognition of a deferred tax asset relating to the cumulative tax losses in Just Eat Canada Inc (following the amalgamation with SkipTheDishes) of £0.9 million 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.

	Six months ended 30 June 2019			Six months ended 30 June 2018		
	Total excluding LATAM	**LATAM**	**Total**	Total excluding LATAM	LATAM	Total
Revenue (£m)	**466.5**	**(2.0)**	**464.5**	359.0	(0.6)	358.4
Sign-up fees, top placement income and other revenue (£m)	**(22.8)**	**-**	**(22.8)**	(24.5)	-	(24.5)
Order driven revenue (£m)	**443.7**	**(2.0)**	**441.7**	334.5	(0.6)	333.9
Total orders (millions)	**123.8**	**4.1**	**127.9**	102.5	1.9	104.4
ARPO (£)	**3.6**	**(0.5)**	**3.5**	3.3	(0.3)	3.2

Comparative results at constant currency

For the purpose of providing foreign exchange neutral growth analysis, we recalculate the results of comparative periods based on the average exchange rates experienced in the current period. These are provided below:

Six months ended 30 June 2018 constant currency basis	**Active customers m**	**Orders m**	**Average Order Value £**	**Revenue £m**	**uEBITDA[1] £m**
United Kingdom	11.3	59.3	18.54	182.7	89.4
Canada	3.0	12.7	18.46	74.6	(8.6)
Australia & New Zealand	2.9	6.5	23.49	21.1	4.3
Europe	6.3	24.0	19.95	81.3	8.2
Total segment	23.5	102.5	19.17	359.7	93.3
Head office	-	-	-	-	(7.7)
Total excluding Mexico	23.5	102.5	19.17	359.7	85.6
Mexico	0.5	1.9	7.27	(0.6)	(3.5)
Total	24.0	104.4	18.95	359.1	82.1

Net debt

Net debt is calculated and monitored for the purpose of ensuring compliance with our banking covenant leverage ratio. Our banking covenants define net debt as; total borrowings excluding the lease liabilities which arise as a result of IFRS16, less cash balances excluding amounts owed to Restaurant Partners.

The reconciliation of net debt and net debt excluding the IFRS16 lease liabilities is provided in Note 14 to the financial statements.

Non-financial APMs

All non-financial APMs exclude any results in respect of LATAM.

APM	Definition and calculation	Purpose
Orders	Number of successful orders placed.	The number of orders processed for our Restaurants Partners, across all Just Eat platforms, 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.