William Hill PLC
Final results 2020

4 March 2021

Strong finish to a challenging year which we met head-on

Relentless focus on Customer, Team, Execution delivered solid results as technology and product improvements gained traction, alongside our continuing commitment to player safety

William Hill PLC (LSE: WMH) ('William Hill' or the 'Group') announces its final results for the 52 weeks ended 29 December 2020 (the 'period' or '2020'). Comparatives relate to the 52 weeks ended 31 December 2019.

	Statutory results[1]			Adjusted results[1]		
	52 weeks to 29 Dec 20 £m	52 weeks to 31 Dec 19 £m	Change %	52 weeks to 29 Dec 20 £m	52 weeks to 31 Dec 19 £m	Change %
Net revenue	1,324.3	1,581.7	-16%	1,324.3	1,581.7	-16%
Profit/(loss) before interest and tax[2]	80.3	12.9	>+100%	57.3	147.0	-61%
Profit/(loss) before tax[2]	51.0	(37.6)	-	9.1	96.5	-91%
Earnings/(loss) per share (EPS) (p)[3]	6.2	(3.1)	-	2.3	10.7	-79%
Dividend per share (p)[4]	-	2.66	-			

Strategic and operational highlights

- Strong finish to a challenging year with convincing momentum across our digital businesses
    - Strategic focus on **Customer, Team, Execution** materially improving competitiveness
    - Global diversification increased: 36% Group net revenue originated outside the UK (2019: 24%)
    - Net revenue fell 16%: Covid-19 pandemic led to disruption of live sporting events, closures and restrictions to Retail and casinos, partially offset by growth in online gaming
    - Online delivered 9% net revenue growth:
        - International grew net revenue 16% and expanded into new territories
        - Platform and product launches for UK Online benefitted the second half, generating record net revenue for the year of £503.2m
    - Retail responded to pandemic restrictions with agility and resilience; net revenue fell 51%, -30% on a like-for-like[5] basis
    - US expanded nationwide presence through market-leading partnerships, maintaining a robust market position and grew net revenue 32%
    - Adjusted operating profit[2] £57.3m fell 61%: impacted by disruption to sporting calendars, Retail and casino closures, partially offset by strong performance from digital channels
    - Statutory profit before tax of £51.0m: benefitted from the VAT receipt of £208.3m, more than offsetting the Retail non-cash impairment of £125.7m and costs of £70.4m associated with the cash offer from Caesars Entertainment, Inc. (Caesars)
- Balance sheet strengthened through actions to raise capital and preserve liquidity
    - Thoughtful cash preservation: final dividend and employee bonuses cancelled; covenants waived; disciplined cost management
    - Net debt/EBITDA[6] 0.8x: below the 1-2x target following an equity placing raising £218.6m net proceeds and successful VAT refund claim
- Regulation and customer protection
    - Regulatory risk remains ever-present in Europe and the UK; engaging stakeholders to promote fair and balanced regulatory ecosystems
    - Substantially enhanced player protection with increased guardrails and rapid digital compliance
- Recommended cash offer of 272p per share by Caesars (the 'Acquisition')
    - Reflects the attractive position of the William Hill brand and significant progress made by the Group over the last 18 months, together with its long-term growth opportunities
    - Valuing William Hill equity at c.£2.9 billion recognises the investment required to maximise the US opportunity, the possibility of regulatory disruption in the UK and Europe, and the uncertainty related to the longer-term impact of the Covid-19 pandemic

Ulrik Bengtsson, Chief Executive Officer, commented: *"We began the year well and finished the year even stronger, highlighting the traction generated by our strategic focus on Customer, Team, Execution. In what was an extraordinary year I am immensely proud of how the Group has responded and the resilience we have seen in our performance. We prioritised the protection and safety of both our colleagues and our customers, and our employees went above and beyond for which I thank them.*

"In 2020 we put our strategic plans firmly into action, diversifying our geographical footprint, expanding our team's capabilities and rebuilding our technology. We are embedding proprietary components across the platform architecture and are delivering a constant flow of new features including faster product experience, improved navigation and greater protection to our customers around the world.

"The performance in the second half is clear testimony that our strategy is bearing fruit. In the UK, the competitive position of our online offerings for both gaming and sports has been materially strengthened, and our omni-channel product is delivering encouraging early results. Retail has undergone regional disruption although where stores did re-open, they quickly traded towards pre-Covid levels.

"We are delighted with our International Online performance, where our investment in our product and technology is producing clear benefits, particularly in light of the regulatory headwinds in Germany and temporary restrictions elsewhere. We will continue to benefit from our agile marketing engine, and the recent agreement to acquire Alfabet S.A.S. in Colombia and our licence in Argentina both offer further promising growth opportunities in Latin America.

"The US traded well into the year-end, concluding the year with 19% market share and delivering a profitable return. Our partnerships have ensured that brand awareness has risen, our product offering has expanded, and our end-to-end proprietary tech is facilitating rapid new state openings.

"As William Hill embarks on a new chapter, we will continue to prioritise the protection of our customers. The UK Government has commenced the gambling review and we will engage with the relevant stakeholders to encourage evidence-led legislation that finds the right balance to keep our customers safe within a well-regulated ecosystem, to secure the tax base and to secure the industry. The William Hill brand remains highly regarded and is well-positioned for its future under new ownership. I am indebted to my colleagues and employees, who have made this happen and realised such value for our shareholders."

Notes:

1. Both the statutory and adjusted results include the performance of Mr Green since the acquisition completed in January 2019.
2. Adjusted operating profit/loss is defined as profit/loss from continuing operations before interest and tax, excluding exceptional items and other defined adjustments. Further detail on adjusted measures is provided in note 3 to the financial statements.
3. Basic EPS is based on an average of 967.4 million shares for 2020 and an average of 873.0 million shares for 2019 after an equity placing in June 2020 led to the issue of 174.9 million shares. Adjusted EPS is based upon adjusted profits after tax.
4. The final 2019 dividend was cancelled in 2020.
5. Where like-for-like (LFL) results are stated, this compares the trading performance of the shops that were open and trading in 2020 (subject to Covid-19 restrictions) to their 2019 performance. During 2020 when the full estate was closed due to Covid-19 the 2019 comparator was included. As shops re-opened on a phased basis from week 24 the comparator was only included from the first full week of trade (daily for weeks 24 to 26).
6. Net debt for covenant purposes and EBITDA for covenant purposes are non-statutory measures. The basis of the calculation is as described in note 25 to the financial statements within our Annual Report and Accounts 2020.
7. When referring to states this includes Washington D.C.
8. Where US staking or wagering are cited, it is based on total US$ amounts wagered through both direct and indirect channels.
9. Where pro-forma results are stated, this assumes Mr Green was consolidated into the Group at the start of January 2019, in order to provide a more meaningful comparator period.
10. We now report the combined US Existing and US Expansion business as William Hill US.
11. PwC 2021: Review of unlicensed online gambling in the UK.
12. European Gaming and Betting Association and H2 Gambling Capital, www.h2gc.com.
13. Caesars Entertainment, Inc. scheme document https://investor.caesars.com/static-files/69f966f5-ff04-4dcb-a87f-971ab920a09d

OAM: Additional Regulated Information
William Hill LEI: 213800MDW
41W5UZQIX82

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About William Hill

William Hill PLC is one of the world's leading betting and gaming companies, employing c12,000 people. Its origins are in the UK where it was founded in 1934, and where it is listed on the London Stock Exchange. Approximately two-thirds of its £1.3bn annual revenues are derived from the UK, where it has a national presence of licensed betting offices and is one of the leading online betting and gaming services. William Hill's European Online business is headquartered in Gibraltar and Malta and is licensed online in 13 countries following the acquisition of Mr Green & Co AB in January 2019. In 2012, it established William Hill US with a focus on in-person and mobile operations in Nevada and became the largest sports betting business in the US. Following the ruling in May 2018 by the Supreme Court that the federal ban on state sponsored sports betting was unconstitutional, William Hill US has grown and continues to expand as new states regulate sports betting. It is now operating in 15 states: Colorado, Delaware, Illinois, Indiana, Iowa, Michigan, Mississippi, Nevada, New Mexico, New Jersey, Pennsylvania, Rhode Island, Virginia, Washington D.C. and West Virginia. Caesars Entertainment, Inc. currently owns shares representing 20% of the share capital of William Hill US Holdco, Inc., the holding company of William Hill US.

Cautionary note regarding forward-looking statements

A year like no other

In order to deliver on our ambition to be internationally diverse and digitally led, we committed to advance the long-term competitiveness of William Hill. To do that, we have focused on three key strategic priorities which culturally we refer to as **Customer, Team, Execution:**

- Win with the customer
- Build the right capabilities across our teams and increase engagement and collaboration
- Execute on our commitments evidenced through leveraging our global platform components, finding operational efficiencies and start to deliver sustainable and profitable revenue growth

Our strategic focus on Customer, Team, Execution has served us well during 2020 and we have made significant progress, increasing our digital capability and, as a consequence, accelerating the velocity of product launches. We have expanded our international footprint with 36% of Group net revenue now generated outside the UK (2019: 24%) and over two-thirds of our total net revenue now comes from digital channels.

The Covid-19 pandemic has impacted almost every aspect of our business and our lives in 2020 and we are now living and working in a world where offering a digitally accessible product, and being able to work remotely and remain productive, are more important than ever.

We anticipate that the systemic and structural change in our customers' behaviour will outlive the pandemic as they conduct more business and access more leisure activities online, and thus expanding our opportunities. Our product lends itself to be digitally delivered and, by increasing the velocity of product development and by continuously strengthening our capabilities, William Hill is positioned for success.

Delivering real progress

This year, William Hill saw real progress, showing encouraging growth Online and in the US and clearly benefitting from the changes we have been making. The Group adapted swiftly to the Covid-19 pandemic, demonstrating innovation and resilience to generate £57.3m adjusted operating profit[2] (2019: £147.0m) and secured an offer for the Company of c.£2.9bn.

We continued developing our proprietary technology platform, deploying a steady stream of product improvements and this year's UK Online customer Net Promoter Scores (NPS) reached levels not seen since enhanced customer due diligence measures were introduced in 2018. Our International customer NPS for both William Hill and Mr Green brands maintained its high rating. Retail increased customer NPS by 12%, driven by customer service and the quality of our retail product, particularly our proprietary Self-Service Betting Terminals (SSBTs) which took 26% of Retail sports staking (2019: 19%).

International Online performed strongly throughout the year to grow net revenue 16%, setting an all-time high, with strong contributions from Sweden, Denmark and Italy. There were temporary regulations applied in a number of markets to protect players during pandemic related lockdowns, extending to deposit limits and advertising restrictions. Germany implemented a transitional regulatory regime on 15 October 2020, applying a number of changes including deposit limits and we anticipate these new regulations will reduce EBITDA by c.£10m after mitigations in 2021.

International continued to pursue expansion opportunities. We extended our operations into Latin America by acquiring a majority stake in Alfabet S.A.S., a licenced Colombia operator branded as BetAlfa.co, in December 2020. We also received a licence in the province of Buenos Aires, Argentina in January 2021.

UK Online net revenue was up 5% despite limited live sport during the second quarter, benefitting from favourable gross win margins when live sport was available. Continuous platform and product enhancements enabled a better product experience and greater marketing efficiencies, leading to gaming net revenue growth gaining momentum in the fourth quarter.

Our decisive action in 2019 to remodel the UK retail estate enabled us to respond swiftly to the national and regional lockdowns. Consequently, Retail net revenue was down 30% on a like-for-like[5] (LFL) basis. Driven by our expectation of a systemic change in our customers' playing behaviour, 119 shops remained closed following the first UK lockdown.

We made substantial progress on our ambitions to build scale in the US as more states regulated sports betting and iCasino. We opened in five new states[7] during 2020 and accelerated the development and roll-out of our proprietary technology platform, enabling us to expand our mobile presence and launch iCasino in New Jersey. Handle (staking) grew 28% online[8] and, although casinos experienced a variety of Covid-19 pandemic closures and restrictions, in-person handle decreased only 10%, demonstrating the popularity and resilience of the in-person experience. Gross win margins benefitted from favourable results, leading to net revenue growth of 32%.

Our US business continued to build on its partnership model, achieving a number of strategic milestones through the year. In February 2020, we agreed a new media partnership with CBS Sports where William Hill is the exclusive provider of sports book and wagering data across all digital platforms. In July, Eldorado Resorts Inc. (Eldorado) completed its acquisition of Caesars Entertainment, Inc. (Caesars) following which we absorbed the operation of Caesars' in-person sports books onto the William Hill platform. In August, we expanded our footprint on the iconic Las Vegas Strip with the acquisition of CG Technology. In September, we further extended our digital and media presence to ESPN through a co-exclusive agreement signed by our US partner, Caesars. ESPN and CBS Sports are two of the pre-eminent media brands in US sport and these partnerships will deliver cost-efficient access to tens of millions of sports fans, raising awareness of the William Hill brand across the US.

The global pandemic impacted US casinos, with many closed for long periods, and live sport was disrupted, seeing the NFL, NBA, MLB and NHL seasons all shortened and rescheduled. We took the early decision to redirect our focus, using the time to maximum effect to accelerate the development of our market-leading proprietary platform, Liberty. Consequently, we can now go live rapidly in new states. In the second half of the year, we introduced mobile in five new states and launched mobile in a further two states in the first quarter of 2021. As we gain additional access and new states regulate sports betting and iCasino, we are well-positioned for swift launches and we are clearly benefitting from our expanding relationship with Caesars.

While the Group made substantial progress on the many fronts noted here, it also withstood significant disruption to its UK Retail and US in-person experience during 2020. In recognition, we took a number of actions to reduce costs and protect our colleagues:

- All salary increases and bonuses were stopped while the 2020 Performance Share Plan awards were cancelled
- UK employees' wages were topped up to 100% while on furlough, all shop and office environments were made Covid-safe and we introduced a flexible working policy, 'Balance', empowering our colleagues to work in a way that suits them
- The UK Government job retention support scheme was taken during the first half and enabled us to protect UK jobs. However, in light of the performance of Online and Retail, we repaid the furlough monies of £24.5m in the second half and have since forgone further UK Government job support
- The William Hill USA Charitable Foundation was established to provide financial assistance to US employees adversely impacted by the pandemic

Although our UK and US teams responded with agility and innovation to keep our customers safe and enable them to continue to play in person, the impact of the Covid-19 pandemic resulted in adjusted operating profit falling to £57.3m (2019: £147.0m).

Balance sheet strengthened

We took steps to protect our cash flow, delivering cost savings and cancelling the final dividend in addition to the actions already noted. We agreed covenant waivers with our lenders and strengthened the balance sheet, facilitating the repayment of a £203m 2020 bond in June.

During the year, we positioned our balance sheet for the future, securing the funds to support our growth ambitions and match the added capability of our teams. We raised net proceeds of £218.6m in June through the equity placing, and successfully concluded the VAT refund claim, receiving net cash proceeds of £208.3m in the second half of 2020. The consequence being, year-end net debt/EBITDA of 0.8x is below our target range of 1-2x, despite the Covid-induced temporary dip in net revenue and EBITDA, which puts us in a strong position to take advantage of the opportunities in 2021.

Operational efficiency delivering new opportunities

Our focus is not only on growing the business but also reinventing productivity and processes by tapping into the benefits that come with scale and convergence. We have progressed the merger of our UK Online and Retail operations to reflect a single view of our UK customers, served by one team with one goal, with the intention of growing UK market share. The combination will deliver operational and revenue synergies and early indicators are encouraging as we leverage our Plus loyalty scheme.

We have taken great strides to improve efficiency and productivity in all areas and at all levels, which has led to a reduction in costs and improved marketing efficiencies, generating annualised savings of £16.5m. Stephen Parry, our new Chief Operating Officer, is leading a programme to improve our operational efficiency and further automate customer facing and internal processes. By introducing several cloud-based solutions, we will be able to automate and streamline processes, making our response times to customers quicker and more accurate. We are also building a new capability to interact with our customers, making it easier for them to contact us and enabling us to offer more personalised services and products.

Taking care of our team

In 2019 we committed to develop the capabilities of our organisation, build a digital-led team and drive engagement across the Group. To fulfil that ambition, we reinvigorated the senior leadership team and improved the end-to-end employee experience, attracting and retaining talent. We have seen the benefits of this commitment through 2020 with our recent employee engagement survey providing firm evidence that we are succeeding, with employee NPS, based on an exceptional participation rate of 90%, increasing by 25 points.

The global pandemic has challenged us all. We have used the experience to listen to and act on colleague feedback to drive a step change in our culture, to give employees a greater feeling of empowerment and to build on our high-trust culture. We acted quickly to support our colleagues when on furlough by topping up their pay to 100% and making available our award-winning wellbeing programme.

All of our values put the customer at the heart of everything we do and are founded in the belief that, with a growth mindset, everyone can develop and thrive. We are now a fast-paced, forward-thinking organisation that people want to join and where they love to stay. To continue to build on that, we introduced three programmes this year.

- **Balance** is about flexible ways of working, where our people can find a successful work/life balance. We are creating a high-trust culture, tied to our values, that empowers colleagues to work flexibly in ways that suit them
- **Build** is an initiative to add skills and capabilities that make William Hill known as the betting and gaming company that enables personal growth and development
- **Belong** is our new identity for diversity and inclusion. We have set out to achieve a business-wide culture shift, celebrating our differences to bring us together. We want our colleagues to feel they belong, are represented and respected at all levels of the business

We were delighted to be recognised in the Financial Times Diversity Leaders Index where William Hill ranked 150 out of 850, an improvement of 132 places and the highest position of any gambling operator.

As we look forward to operating under new ownership, we are sensitive to the uncertainty this could lead to for our team. Therefore, we have put in place a comprehensive communications programme, increasing the frequency of updates. In addition, the Board has secured a number of concessions for colleagues as part of the deal. Engagement survey results show the majority of colleagues felt well informed about the Caesars transaction and we are focused on operating the business as usual.

Enhancing our technology platform

We have used this year effectively to accelerate the convergence of our proprietary technology platform to realise scale benefits across the business. To achieve our ambition to be a market leader on app performance and personalisation we have launched regular new product improvements and migrated our platform architecture onto AWS (Amazon Web Services) cloud computing. Faster innovation, enabled by the greater effectiveness of our platform and our team, will ensure the key customer moments, navigating from log in through deposit, and customer service to withdrawal, are leading the market and guiding customers in a fast and intuitive way.

This year our online customers enjoyed faster app speeds and our platform is now one of the fastest in the UK. Our Smart Data Platform is now live, facilitating real-time personalisation of customer journeys which, in conjunction with the launch of a new home page, has delivered a responsive user experience. A complete redesign of our betslip, the most significant update to the sportsbook experience in five years, has facilitated greater cross-sell from sports to gaming, and enabled us to launch the new acca ‘Freedom’ and free-to-play ‘Free or 4’ offers in the UK. Our overhauled gaming experience has been rolled out to all our gaming assets. As a result of these actions, our gaming experience is now one of the best in the market.

The International team launched Mr Green in Spain and Latvia and migrated our Spanish and Italian business onto our new sportsbook and gaming platforms, allowing increased flexibility and a better customer experience. In addition, the growing US technology team made outstanding progress in 2020, deploying iCasino in New Jersey, taking our digital presence into five new states and migrating Iowa onto the new Liberty platform. We collaborated with teams at CBS Sports and ESPN, leading to the William Hill brand having an exclusive or co-exclusive presence, respectively, on two of North America's leading sports media platforms, enabling cost efficient marketing and customer acquisition. A culture of continuous improvement is now embedded in our process and will continue to drive product and platform improvements in the future.

Safeguarding our customers

We achieved these advances while also enhancing our rigorous player safety measures across the Group and implementing the credit card ban and numerous other measures introduced in the UK during the year. Many regulators across Europe imposed a variety of temporary measures to protect customers during the periods of lockdown, including advertising restrictions and deposit limits. We trialled new affordability measures and implemented guardrails to encourage all our players to maintain control by taking 'time-outs' and setting deposit and time limits while also increasing our Online customer interactions.

Throughout 2020, we have been reminded of the ever-present risk of regulatory change in Europe and the UK. We have continued to work with the UK Government, appearing at the House of Lords enquiry in February 2020 and engaging frequently since. We have also maintained a regular dialogue with the Gambling Commission and our industry body, the Betting and Gaming Council (BGC), to promote an evidence-led review of the Gambling Act in the UK where we welcome a new regulatory framework that protects customers, protects the tax base and protects the industry.

Achieving this optimal balance is essential for safeguarding the many who choose to enjoy sports betting or gaming. Countries that have recently strengthened gambling regulations excessively have reduced channelisation (the use of regulated operators), pushing customers to seek unregulated operators, where they receive no protection and generate no tax revenues. In the UK, unregulated gambling sites were visited c.27 million times in a year[11] and the proportion of UK online gamblers that have used an unlicensed operator in the last 12 months has doubled in the last two years from 2.2% to 4.5%, capturing c.£2.8bn in wagers. Elsewhere, channelisation in Europe in 2019 was only 73.5%[12], which means over a quarter of gamblers are playing without protection. Player safety will always remain one of our highest priorities and we will continue to work with governments and regulators to seek a fair and balanced regulatory framework.

Looking forward

Our renewed focus on the long-term competitiveness of William Hill is bearing fruit by driving growth through competitive products, smart retail and engaged talented teams.

We acknowledge that a number of headwinds will persist in 2021. We anticipate the Covid-19 pandemic will continue to impact the economic health of the UK high street and affect the ability of US casinos and our retail shops to fully open. We are also alert to the ever-changing regulatory landscape, in the UK and overseas, and will continue to monitor developments closely and act responsibly. As we deliver on our ambitions to accelerate growth and diversify internationally, we recognise the responsibility we have to ensure the products and services we offer, allow our customers to play safely. The gambling review was launched by the UK Government in December 2020 and we look forward to engaging with the UK Government to encourage an evidence-led regulatory framework. We are committed to working with all stakeholders to create partnerships, solutions and policies that will create a long-term, sustainable betting and gaming ecosystem that keeps players safe.

Nonetheless, the momentum that built into the year end, driven by our Customer, Team, Execution strategic priorities, has been maintained into the first quarter of 2021. The US and Online continued to benefit from the product upgrades and the roll-out of our proprietary platform in 2020 and we saw staking during the Superbowl nearly double compared to last year.

Looking forward, inevitably 2021 will see significant changes within the Group. Caesars' current expectation is that the remaining approvals required to be obtained from the relevant US gaming authorities will be received in time to allow completion of the Acquisition to occur early in the second quarter of 2021 and possibly as early as March 2021. Nonetheless, our strategic priorities - Customer, Team, Execution - are thriving and we remain focused on business as usual. Today, our broader set of internal capabilities matches our external opportunities, the William Hill brand has significant potential, and is well-positioned for its future under new ownership.

OPERATING REVIEW

The commentary below on divisional performance addresses adjusted results, reflecting the basis on which they are reported internally and in our segmental analysis. An explanation of our adjusted results, including a reconciliation to the statutory results, is provided in note 3 to the financial statements.

The following narrative, unless stated otherwise, relates to the 52-week period to 29 December 2020, with comparatives relating to the 52 weeks ended 31 December 2019.

Online[9] (61% of Group revenue)

	FY 2020 £m	FY 2019 £m	Change	Pro-forma[9]
Sportsbook amounts wagered	**4,107.7**	**4,528.4**	**-9%**	**-10%**
Gross win margin	9.3%	8.0%	+1.3ppts	+1.3ppts
UK net revenue	503.2	481.0	+5%	+4%
International net revenue	299.6	257.3	+16%	+12%
Sportsbook net revenue	320.6	307.6	+4%	+4%
Gaming net revenue	482.2	430.7	+12%	+10%
Online net revenue	**802.8**	**738.3**	**+9%**	**+7%**
Cost of sales	(230.4)	(202.4)	+14%	
Operating costs	(450.5)	(417.1)	+8%	
Adjusted operating profit[2]	**121.9**	**118.8**	**+3%**	

The migration online of sports betting and gaming is unmistakable. With only c.20% of all global gambling[11] happening online, the penetration of digital remains relatively low. The restrictions placed upon the retail format during 2020 are driving a structural change and global customers accelerated their use of digital channels in 2020, up from c.14% the prior year.

To succeed in today's global gambling market, operators need a competitive customer offering with enhanced in-built customer protection tools. Our strategy to drive our digital capability has begun to bear fruit with a steady stream of product and platform upgrades building real momentum as the year progressed.

This was the first full year operating both the William Hill and Mr Green brands from our Malta hub and enabling further expansion into new territories as we continue to diversify our product, brand and geographic exposure. In 2020, 37% of Online revenues originated outside the UK (2019: 35%) and statutory net revenue increased 9% (7% pro-forma[9]).

Regulatory and legal backdrop

Both the UK and International operations faced extensive regulatory pressures during 2020. While some were temporary and applied in response to the Covid-19 pandemic, others were structural. Temporary restrictions were implemented in Sweden, Spain, Italy and Latvia during the first wave of lockdowns and the UK implemented a permanent ban on the use of credit cards online.

In October, Germany introduced a complex set of measures in relation to gaming ahead of an Interstate Treaty in 2021. Several measures have been implemented including deposit limits of €1,000 per month and the removal of live casino. As a result of these measures, net revenue in the fourth quarter fell 30% in Germany and we anticipate the EBITDA contribution for 2021 will be reduced by c.£10m after mitigations.

We worked swiftly to comply with all regulatory requirements and ensure player safety, implementing rigorous customer protection protocols in the UK and International markets, for example by implementing guardrails and increasing safer gambling interactions.

UK building momentum

Online UK performance benefitted from many strategic technology developments which delivered a fundamental structural change in the competitiveness of our product. We progressed the roll-out of the Smart Data Platform and deployed product improvements with increasing velocity, releasing a new sportsbook front end, a new betslip and a refresh of our gaming suite. Consequently, we achieved greater marketing efficiencies and our customers enjoyed a faster, more personalised user experience, expressed in the NPS which nearly doubled during 2020.

The year started well, growing 7% in the first ten weeks prior to the first UK lockdown and the interruption of live sport. Whilst the second quarter was materially impacted by an absence of live sports events, the second half benefitted from a full sporting calendar combined with new product roll-outs and favourable sports outcomes to deliver record UK Online net revenue of £503.2m, up 5% on the previous year. We continued to focus our marketing strategy on yield, reducing spend by 2%, as our technology developments enabled a carefully targeted application of the budget. As a result, while unique actives fell 1%, average revenue per user (ARPU) increased 6%.

International expansion gaining traction

Online International began 2020 confidently as new product roll-outs gained traction. With the full integration of the Mr Green acquisition completed at the start of the year, the international team, which now has extensive global expertise, further refined its consolidation in the Malta hub. The ongoing platform improvements enabled faster entry into new markets, and we were able to accelerate the regional multi-brand expansion strategy. The Mr Green brand was launched in Spain and Latvia and we commenced entry to the rapidly regulating Latin American market, acquiring a majority stake in Colombian operator, Alfabet S.A.S. which operates the brand BetAlfa.co that will be rebranded to William Hill. In addition, and since the end of the financial reporting period, we secured a new license in the Argentinean province of Buenos Aires.

We maintained an agile marketing strategy, focused on improving efficiency, while responding swiftly to the changing sports landscape. Unique active players increased 4%, while ARPU was up 12%. Football activity recovered in the second half and gross win margins increased. However, our second largest market in International is tennis, which remained constrained by the pandemic below the elite levels, and this has been reflected in our sportsbook net revenue. Gaming remained strong throughout the year and we increased market share in Sweden and Denmark. As a result, International net revenue grew 16%.

Online operating profit

Cost of sales increased 14%, primarily reflecting the increase in remote gaming duty, which was implemented in April 2019, and the mix shift towards gaming. Operating costs increased 8%, primarily reflecting an increase in the targeted marketing budget for International, resulting in an adjusted operating profit[2] of £121.9m, an increase of 3%.

The platform improvements and product enhancements implemented in recent years are bedding in and gaining traction. They have enabled the Online business to respond to the impact of the pandemic, drive revenue growth and marketing efficiencies while continuing to ensure customer protection remains one of our highest priorities.

Online Outlook

The progress we have seen in the UK and International Online is gaining momentum, evident in the strong start to 2021. With further platform improvements and product enhancements to follow this year we are confident in further improving our competitive position. With the introduction of customer-facing automation and further internal process automation during the year, there remains considerable opportunity to further personalise the customer experience, drive greater marketing efficiencies and take customer service to new levels as we continue to open in new territories to sustain long-term growth.

We are more committed than ever to player safety and we welcome the gambling review launched by the UK Government in December 2020. We will engage with the relevant authorities throughout the review to encourage the new regulatory framework to work alongside progress already made by our industry. It is important the review is evidence-led and strikes the right balance between protecting the vulnerable and continuing to deliver a popular product that provides the customer protection not available outside the regulated space.

Retail (26% of Group revenue)

	FY 2020 £m	FY 2019 £m	Change	Like-for-like[5]
Sportsbook amounts wagered	**1,068.2**	**2,161.6**	**-51%**	**-30%**
Gross win margin	19.9%	18.5%	+1.4ppts	+0.9ppts
Sportsbook net revenue	212.7	400.0	-47%	-26%
Gaming net revenue	141.5	317.0	-55%	-35%
Retail net revenue	**354.2**	**717.0**	**-51%**	**-30%**
Cost of sales	(76.0)	(162.2)	-53%	
Operating costs	(307.7)	(471.6)	-35%	
Adjusted operating profit[2]	**(29.5)**	**83.2**		

Retail performance during 2020 reflects a number of significant dynamics: the first anniversary of the implementation of the £2 stake limit on B2 gaming machines in April 2019; a year since implementing our shop closure programme in September 2019; and a series of UK national and regional lockdowns in response to Covid-19. As a consequence, Retail net revenue fell 30% on a like-for-like[5] (LFL) basis.

Operating with agility

The pandemic has had a material impact on the operation and profitability of the Retail estate, with all our 1,414 shops (2019: 1,568) impacted by the various lockdowns and tier restrictions at some point during 2020. Nonetheless, we began the year in a strong position, having completed the closure of 713 shops in response to the Triennial review in September 2019. We completed the sale of 35 shops in Northern Ireland and the Isle of Man to BoyleSports in the first half. We also concluded negotiations with our landlords in the second half to secure sustainable commercial terms.

We anticipated the pandemic would lead to an uncertain Retail trading environment for some time. As a result, following a review of the estate, in June we decided not to re-open 119 shops. We re-deployed the majority of the impacted colleagues throughout the remaining estate and absorbed the net cost of the closures within the pre-existing programme of shop closures. A revision of the forecasts for Retail and their impact on the expected cash flows has led to a non-cash impairment of the Retail estate of £125.7m.

As a result of these agile actions, we have ensured a sustainable future for the Retail business. Our shops traded well and profitably when open and the retail format remains resilient and popular, with activity returning quickly towards pre-Covid levels when restrictions were lifted. However, the requirement to periodically close our shops led to a material fall in Retail net revenue. Sports wagering reduced 30% LFL and, although gross win margins increased to 19.8% LFL (2019: 18.9%), as a consequence of bookie friendly sports results, sports net revenue fell 26% LFL. Gaming net revenue continued to be impacted in the first quarter from the effect of the £2 stake limit, leading net revenue to fall 35% LFL.

When open, we focused on operating the estate safely, protecting our customers and colleagues and responding swiftly to Government restrictions. We set the standard for retail operations, implementing extensive measures to ensure a Covid safe environment, creating an in-shop experience which achieved a safety rating of 9.4/10.

We increased the density of our proprietary Self-Service Betting Terminals (SSBTs) to 2.5 per shop at the year-end (2019: 2.4) and expect to reach a density of 2.7 when shops re-open and we redistribute unallocated units across the estate. The proportion of sports wagers placed in this way rose to 26% (2019: 19%), with 70% of all football stakes placed via SSBTs, while our shop colleagues facilitated more than 1 million ‘call over bets’.

For our shop colleagues, we topped up the pay of furloughed employees to 100% and increased the frequency of our internal communications leading to an increase in the Retail employee Net Promoter Score (eNPS) of 32.

Through disciplined cost management we were able to reduce our operating expenses by 35% while cost of sales fell 53%, in line with net revenue. However, our Retail operating cost base is primarily fixed. As a result, Retail generated an adjusted operating loss[2] of £29.5m (2019: adjusted operating profit £83.2m).

One team: One goal

Retail continues to play a key role in sustaining the value of the William Hill brand and delivering a single view of our UK customer. We have begun to move towards an omni-channel offering, bringing UK Retail and UK Online together under one leadership team with one goal - to be our UK customer's first choice for betting and gaming.

Developing the omni-channel product has significant potential. By aligning our Retail and Online technology platforms, leveraging our digital shop windows with a unified marketing strategy and training our shop colleagues to provide our omni-customers with a seamless experience, we will reinforce the future of Retail.

Retail outlook

At the time of writing, the UK retail estate remains in national lockdown with all shops closed. As we await UK Government guidance on exactly when and how our shops can re-open, we continue to develop our omni-channel strategy, rolling out and utilising digital shop windows to promote the William Hill brand and a unified UK marketing strategy. Our shops offer real potential to modernise the in-person experience for our customers as we converge the Online and Retail technology platforms.

William Hill US[10] (13% of Group revenue)

	On a statutory reporting basis			On a local currency basis		
	FY 2020 £m	**FY 2019 £m**	**Change**	**FY 2020 US$m**	**FY 2019 US$m**	**Change**
Amounts wagered	**2,169.4**	**1,794.6**	**+21%**	**2,828.3**	**2,295.2**	**+23%**
Gross win margin	7.7%	6.7%	+1.0ppts	7.8%	6.7%	+1.1ppts
Net revenue	**167.3**	**126.4**	**+32%**	**218.7**	**161.7**	**+35%**
Cost of sales	(19.1)	(13.3)	+44%	(25.0)	(17.1)	+46%
Operating costs	(135.8)	(112.1)	+21%	(176.4)	(143.0)	+23%
Adjusted operating profit[2]	**12.4**	**1.0**		**17.3**	**1.6**	

The legal sports betting marketplace in the US has been transformed since the Professional and Amateur Sports Protection Act was overturned in May 2018 and the US is expected to be one of the largest sports betting and iCasino markets, with addressable market size forecasts ranging up to US$30bn to US$35bn[13].

2020 was a transformative year for our US business. We grew the team, expanded our nationwide presence, and accelerated the development of our proprietary technology platform. These achievements were delivered under the most challenging circumstances where major league and college sports were suspended for long periods, casinos were periodically closed or maintained restricted access, and our colleagues were temporarily furloughed. Nevertheless, our team remained focused and committed and we grew amounts wagered[8] directly and indirectly for the eighth consecutive year to US$3.25bn, extended our live operations to five new states and launched iCasino.

Valuable partnership model leverages powerful brand associations

During the year, we established new partnerships and cemented existing relationships. In February 2020, we announced an exclusive partnership to provide CBS Sports with wagering data and sports betting content. In September, we further extended our media presence, benefitting from the co-exclusive deal signed between our partner, Caesars, and ESPN, whereby William Hill supplies sports book odds and link-integrations to our sports betting apps across ESPN's deep portfolio of sports assets. These new media relationships bring us a presence on two of North America's leading sports media platforms, providing nationwide exposure to dedicated sports fans, link-outs to our apps and access to one of the largest fantasy databases in the US.

In January 2019, we entered a strategic partnership with Eldorado, granting us the exclusive right to operate all their in-person sports books, and the first mobile licence ('skin') in states where online betting is permitted. In July 2020, Eldorado completed the acquisition of Caesars, creating the largest and most diversified gaming operator in the US, with some of the world's most prestigious gaming brands. Consequently, this confirmed our access to 26 US states[7], covering two-thirds of the US population. The recommended cash offer made by Caesars for William Hill in September acknowledges the value of this partnership and the complementary expertise the combined group will have to better serve our customers.

In August 2020, we completed the acquisition of Las Vegas operator, CG Technology (also known as Cantor). When combined with the integration of the Caesars sports books onto the William Hill platform, we have gained access to some of the highest profile sports books on the Las Vegas Strip, including Caesars Palace, The Cosmopolitan of Las Vegas and The Venetian.

Accelerated technology development and nationwide expansion

The hiatus in sport enabled us to accelerate the development of our proprietary and bespoke technology platform, Liberty, as we move to converge all states and products onto a single solution. We launched our new iCasino product in New Jersey in August and our retail kiosks and ePOS were integrated onto Liberty. As new states legislate, we now have the flexibility to launch retail and mobile rapidly and we will continue to build out our leading platform and product as the market develops.

While the pandemic related disruptions materially impacted our in-person retail experience, the US remained an exciting source of strong growth. As of 4 March 2021, we have access to 26 states, operate more than 170 venues in 15 states (2019: nine), of which 11 are taking mobile bets (2019: four) and two offer iCasino (2019: zero), having launched mobile and iCasino in Michigan in January 2021 and Virginia on mobile in February 2021, in time for the Superbowl.

The year started positively, driven by strong wagering growth. After the major sports leagues rescheduled their seasons and casinos re-opened, we experienced a material acceleration in growth in the second half. Operator friendly sports results increased gross win margins by 1.0ppt to 7.7% and combined with total wagering growth of 10% to drive net revenue up 32% to £167.3m. We took 63% of handle through online channels (2019: 55%), directly as well as indirectly in our capacity as a service provider, and we concluded the year with 19% pro-forma market share, adjusted to incorporate Caesars and CG Technology.

Cost of sales increased in line with net revenue growth, rising 44%. We grew the team through a mix of new hires and onboarding the Caesars and Cantor sports book teams. As a consequence of our disciplined cost management, expenses increased 21%, leading to an adjusted operating profit[2] of £12.4m.

US outlook

William Hill US has put in place the building blocks to grow a market-leading nationwide business of scale. The momentum that built towards the end of 2020 has been sustained in the first weeks of 2021 where we saw staking during the Superbowl nearly double compared to last year. We have secured strong brand access and an extensive media presence, broad market access, a best-in-class technology and a world class team. Through our partnership model we are optimally positioned to ensure we participate in the rapid growth of sports betting and iCasino and look forward with anticipation to integrating the William Hill and Caesars sports betting and iCasino assets.

FINANCIAL REVIEW

2020 has been a year of uncertainty due to the impact of the Covid-19 pandemic requiring thoughtful navigation leaving the Group in a healthy financial position.

Group summary

In 2020, adjusted operating profit[2] of £57.3m reduced by £89.7m (2019: £147.0m) following the impacts felt across the Group from the Covid-19 pandemic.

The statutory operating profit after tax of £51.0m increased £78.0m (2019: loss after tax £(27.0)m) primarily due to the receipt of £208.3m from the VAT refund claim for charges incurred on retail gaming machines income between 2002 and 2013, more than offsetting a non-cash intangible impairment of the Retail division of £125.7m and costs associated with the acquisition by Caesars Entertainment, Inc. (Caesars) of £70.4m. The reconciliation between adjusted and statutory operating profit is detailed in note 3 to the financial statements.

Total net revenue was down 16% against the prior year as Retail spent much of 2020 either closed or trading with restrictions. Online and the US each experienced revenue growth, despite the reduction in the sporting calendar and attendance restrictions placed in US casinos. This growth was achieved through a combination of investment in new products and promotions as well as entering new markets. In Q4 favourable sporting results contributed to a strong end to the year.

The Group's three divisions are each at different lifecycle stages, which in a normal year is complimentary through a mixture of mature cash generation and investment in market expansion. During 2020, Covid-19 impacted this complimentary mix, requiring a greater degree of financial flexibility across the whole Group to navigate through the uncertainty whilst delivering our strategy.

This flexibility was secured through five discrete steps:

1. The drawdown in Q1 of the £425.0m rolling credit facilities ("RCF") and subsequently securing a waiver and reset of the covenants attached to it;
2. the repayment of the £203.4m 2020 bond;
3. the successful 19.99% equity placement in June that raised £218.6m net of fees;
4. the management and receipt of a net £208.3m from the successful appeal of the VAT refund claim; and
5. the repayment of the RCF.

This careful management of the Group's finances, in conjunction with the robust performances from the divisions, meant the year concluded with a strengthened balance sheet with net debt[6] of £113.1m and gearing (net debt to EBITDA[6]) of 0.8x, exceeding our expectations.

Online summary

Online was impacted by the loss of sport during March to June and the subsequent rescheduling of the sporting calendar year on year as seasons re-started. During this period customers found what little alternative sporting content was available, such as Russian table tennis and Belarusian football. As a result, Online staking levels were between 30% and 50% of pre-Covid-19 levels.

Gaming performed well across the whole year as customers switched between products and reallocated their leisure spend following restrictions across the broader economy in many countries.

This performance resulted in net revenues being 9% ahead of the prior year on a statutory basis and 7% when including Mr Green for the whole of the prior year. Mr Green is now fully integrated into William Hill and its strong gaming brand has served the Group well, especially when sporting events were suspended.

The increase in net revenue flows through to an adjusted operating profit for the year of £121.9m which is 3% ahead of the prior year.

Retail summary

Covid-19 had the greatest impact on Retail during the year with the closure of all shops from 20 March until 15 June followed by localised closures before the second nationwide closure in England from 4 November to 2 December. Even when open, shops were often subject to restrictions on trade such as no live sport and a maximum of two gaming machines. As a result of the first lockdown 119 shops were not re-opened leaving an estate of 1,414 shops at the end of the year.

On a statutory basis, net revenue was down 51% year on year as a result of the pandemic, as well as trading over one quarter of pre-£2 stake limit implementation and the closure of 713 shops at the end of the third quarter in 2019. Using a like-for-like[5] measure of performance based on shops that were trading in the same weeks in both years, delivered a net revenue performance of -30%.

During the year, colleagues were paid 100% of their wages and while the UK Government furlough support was taken initially, the full amount of £24.5m was repaid in the second half. This responsible action contributed to a loss in the year of £29.5m against a prior year profit of £83.2m.

US summary

US net revenue of £167.3m was up 32% from 2019, despite casinos being closed or operating under reduced capacity from late in the first quarter. During the year, the investment in the US continued and the division went live in five new states, bringing the total at the year end to 14. The acquisition of Caesars by Eldorado Resorts, Inc. (Eldorado) meant that all of Caesars' sports books transferred to William Hill and the acquisition of CG Technology (previously known as Cantor) was also completed, providing a greater presence on "The Strip" in Las Vegas through marquee properties such as The Venetian and The Cosmopolitan. The US continued its investment in its digital platform and 63% of US handle[8] was via mobile during the year.

The growth in revenues, coupled with a focus on costs, led to the US making an adjusted operating profit of £12.4m against a prior year profit of £1.0m. These results include £3.7m (2019: £10.3m) relating to income from the receipt of shares in The Stars Group (now Flutter Entertainment plc) that arose from the partnership with Eldorado (now Caesars).

Capex

The Group continued to invest in product and technology, notably a new gaming front end (Quicksilver) in Online and the proprietary betting engine platform and retail operating system (Liberty) in the US as well as entering five new states in the year. Capital investment in the year was £93.2m (2019: £94.6m) as a result.

Dividend

Following the announcement of the proposed acquisition by Caesars, the Directors do not recommend the payment of a dividend.

Outlook

2020 has been a decisive year for William Hill, with careful financial management leaving the balance sheet in a healthy position, enabling the Group to capture the opportunities that 2021 will bring through the acquisition by Caesars and their intention to seek suitable partners or owners for the non-US business.

Matt Ashley
Chief Financial Officer

PRINCIPAL RISKS AND UNCERTAINTIES

We have reviewed our risk profile and identified six categories of risk:

- Covid-19;
- Brexit;
- Caesars acquisition;
- Regulatory, political and legal risk;
- Operational risk; and
- Tax changes.

We continue to take a thorough and proportionate approach to managing risk which is carefully balanced with our commercial realities. We put our regulatory requirements and the protection of our customers as key priorities when setting our risk appetite. We have invested in our governance and control environment to ensure this approach to regulation and player safety is understood, embedded throughout our business and executed consistently.

The impact of the Covid-19 pandemic continues to affect the risk profile of the business globally. Following the restart of major sporting events in May 2020, the sporting calendar remains in place even though timings are somewhat different to the norm. However, as the pandemic plays out there could be further impact to sporting events and schedules. We have improved our capital structure to ensure the business has the capacity to manage further trading disruptions.

We have successfully migrated to a home working model during the pandemic. Our colleagues' mental and physical wellbeing is being closely monitored and managed across the business, with training and support for all staff. Information security risks around home working have been identified and controls further strengthened to mitigate this risk. This is being kept under continual review by our information security team.

The UK/EU Trade deal, and the agreement between the UK and Spain to bring Gibraltar into the Schengen zone has reduced the level of risk associated with Brexit for our business. Some uncertainty remains, for example relating to the possible impact on recruitment from outside the UK until the effect of the UK Government's new migration measures are clear, which could increase competition for staff in the UK.

The Caesars acquisition will require considerable time and effort by management to ensure it proceeds smoothly, which raises the risk that business as usual activities could be impacted if this is not managed. Caesars has indicated they intend to sell the non-US business and this will also require considerable effort and management resource to ensure this challenge is met in a timely manner with minimal impact or disruption to the Group's usual trading activities.

In terms of regulatory, political and legal risk, these have been well managed through the sensitive Covid-19 lockdown period. The forthcoming review of the UK Gambling Act provides the opportunity for the industry to support an evidence-led review that will provide a regulatory framework that is appropriate for a digital age. We are providing input into the review process in our own right and through the trade body, the Betting and Gaming Council. In the meantime, the most material risk relates to ongoing consultations and proposed changes to the current regulations by the UK Gambling Commission and emerging risks resulting from changes to the regulatory and legal environments affecting our wider operations in Continental Europe.

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE FINAL RESULTS ANNOUNCEMENT

The directors confirm that, to the best of their knowledge:

- The Annual Report & Accounts 2020 and financial statements, taken as a whole, is fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy;

- The Group financial statements, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and Article 4 of the IAS

Regulation (in the case of the consolidated financial statements) and United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) (in the case of the parent company financial statements), give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole; and

- The Strategic Report and risk sections of the Annual Report & Accounts 2020, which represent the management report, include a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

This responsibility statement is approved by the Board of directors and is signed on its behalf by:

U. Bengtsson	M. Ashley
Chief Executive Officer	Chief Financial Officer
4 March 2021	4 March 2021

It is the intention that the William Hill PLC Annual Report & Accounts 2020 (the "Report") will be available on the Company's website on 10 March 2021 and shall be found at www.williamhillplc.com. The Report and the Notice of Meeting for the 2021 Annual General Meeting (AGM) will be distributed to shareholders at a later date and before 21 days of the AGM, which shall be held on 30 June 2021

William Hill PLC

Consolidated Income Statement

For the 52 weeks ended 29 December 2020

		52 weeks ended 29 December 2020			52 weeks ended 31 December 2019		
Continuing operations	**Notes**	**Adjusted £m**	**Exceptional items and adjustments (note 3) £m**	**Statutory total £m**	Adjusted £m	Exceptional items and adjustments (note 3) £m	Statutory total £m
Revenue	2	**1,324.3**	**–**	**1,324.3**	1,581.7	–	1,581.7
Cost of sales	2, 3	**(325.5)**	**238.3**	**(87.2)**	(377.9)	–	(377.9)
Gross profit	2	**998.8**	**238.3**	**1,237.1**	1,203.8	–	1,203.8
Other operating income		**13.9**	**–**	**13.9**	16.1	–	16.1
Other operating expenses	3	**(955.7)**	**(215.3)**	**(1,171.0)**	(1,073.8)	(134.1)	(1,207.9)
Share of results of associates	2	**0.3**	**–**	**0.3**	0.9	–	0.9
Profit/(loss) before interest and tax	2, 4	**57.3**	**23.0**	**80.3**	147.0	(134.1)	12.9
Investment income	2	**3.2**	**18.9**	**22.1**	3.0	–	3.0
Finance costs	2,5	**(51.4)**	**–**	**(51.4)**	(53.5)	–	(53.5)
Profit/(loss) before tax	2	**9.1**	**41.9**	**51.0**	96.5	(134.1)	(37.6)
Tax	3, 6	**13.4**	**(13.4)**	**–**	(2.7)	13.3	10.6
Profit/(loss) for the period		**22.5**	**28.5**	**51.0**	93.8	(120.8)	(27.0)
Attributable to:							
Equity holders of the parent				**59.7**			(26.9)
Non-controlling interests				**(8.7)**			(0.1)
Earnings/(loss) per share (pence)							
Basic	7	**2.3**		**6.2**	10.7		(3.1)
Diluted	7	**2.3**		**6.1**	10.7		(3.1)

William Hill PLC

Consolidated Statement of Comprehensive Income

For the 52 weeks ended 29 December 2020

	52 weeks ended 29 December 2020 £m	52 weeks ended 31 December 2019 £m
Profit/(loss) for the period	**51.0**	(27.0)
Items that will not be reclassified subsequently to profit or loss:		
Actuarial remeasurements in defined benefit pension scheme	**(1.2)**	(2.0)
Tax on remeasurements in defined benefit pension scheme	**0.2**	0.3
Items that may be reclassified subsequently to profit or loss:		
Translation of foreign operations	**9.7**	(4.0)
Other comprehensive income/(loss) for the period	**8.7**	(5.7)
Total comprehensive income/(loss) for the period	**59.7**	(32.7)
Attributable to:		
Equity holders of the parent	**69.4**	(32.6)
Non-controlling interests	**(9.7)**	(0.1)
	59.7	(32.7)

William Hill PLC

Consolidated Statement of Changes in Equity

For the 52 weeks ended 29 December 2020

	Attributable to equity holders of the parent								
	Called-up share capital £m	Share premium account £m	Capital redemption reserve £m	Merger reserve £m	Own shares held £m	Hedging and translation reserve £m	Accumulated losses £m	Non-controlling interests £m	Total equity £m
At 31 December 2019	**90.0**	**709.9**	**6.8**	**(26.1)**	**(87.0)**	**2.6**	**(383.3)**	**7.3**	**320.2**
Profit/(loss) for the financial period	–	–	–	–	–	–	59.7	(8.7)	51.0
Actuarial remeasurements in defined benefit pension scheme	–	–	–	–	–	–	(1.2)	–	(1.2)
Tax on remeasurements in defined benefit pension scheme	–	–	–	–	–	–	0.2	–	0.2
Exchange differences on translation of foreign operations	–	–	–	–	–	10.7	–	(1.0)	9.7
Total comprehensive income/(loss) for the period	**–**	**–**	**–**	**–**	**–**	**10.7**	**58.7**	**(9.7)**	**59.7**
Purchase and issue of own shares	–	–	–	–	(1.6)	–	–	–	(1.6)
Transfer of own shares to recipients	–	–	–	–	4.7	–	(3.2)	–	1.5
Equity placing (note 11)	17.5	6.7	–	194.4	–	–	–	–	218.6
Credit recognised in respect of share remuneration	–	–	–	–	–	–	3.1	–	3.1
Tax charge in respect of share remuneration	–	–	–	–	–	–	(2.2)	–	(2.2)
At 29 December 2020	**107.5**	**716.6**	**6.8**	**168.3**	**(83.9)**	**13.3**	**(326.9)**	**(2.4)**	**599.3**

	Attributable to equity holders of the parent								
	Called-up share capital £m	Share premium account £m	Capital redemption reserve £m	Merger reserve £m	Own shares held £m	Hedging and translation reserve £m	Accumulated losses £m	Non-controlling interests £m	Total equity £m
At 1 January 2019	**88.7**	**689.4**	**6.8**	**(26.1)**	**(88.0)**	**6.6**	**(378.5)**	**–**	**298.9**
Loss for the financial period	–	–	–	–	–	–	(26.9)	(0.1)	(27.0)
Actuarial remeasurements in defined benefit pension scheme	–	–	–	–	–	–	(2.0)	–	(2.0)
Tax on remeasurements in defined benefit pension scheme	–	–	–	–	–	–	0.3	–	0.3
Exchange differences on translation of foreign operations	–	–	–	–	–	(4.0)	–	–	(4.0)
Total comprehensive loss for the period	**–**	**–**	**–**	**–**	**–**	**(4.0)**	**(28.6)**	**(0.1)**	**(32.7)**
Purchase and issue of own shares	–	–	–	–	(0.5)	–	–	–	(0.5)
Transfer of own shares to recipients	–	–	–	–	1.5	–	(1.5)	–	–
Partnership with Caesars	1.3	20.5	–	–	–	–	110.3	5.9	138.0
Credit recognised in respect of share remuneration	–	–	–	–	–	–	4.5	–	4.5
Tax credit in respect of share remuneration	–	–	–	–	–	–	1.4	–	1.4
Acquisition of Mr Green	–	–	–	–	–	–	–	1.5	1.5
Dividends paid (note 10)	–	–	–	–	–	–	(90.9)	–	(90.9)
At 31 December 2019	**90.0**	**709.9**	**6.8**	**(26.1)**	**(87.0)**	**2.6**	**(383.3)**	**7.3**	**320.2**

William Hill PLC

Consolidated Statement of Financial Position

As at 29 December 2020

	Notes	29 December 2020 £m	31 December 2019 £m
Non-current assets			
Intangible assets	8	**974.6**	1,095.9
Property, plant and equipment	9	**235.1**	265.0
Interests in associates		**23.3**	24.5
Investments		**5.2**	0.4
Deferred tax assets		**47.5**	43.5
Retirement benefit asset		**49.2**	48.4
Loans receivable		**7.7**	9.9
		1,342.6	1,487.6
Current assets			
Trade and other receivables		**63.5**	45.0
Cash and cash equivalents		**722.6**	459.4
Corporation tax assets		**4.3**	–
Freehold property held for sale		**1.1**	0.7
Investment property held for sale		**1.7**	1.7
Disposal group asset held for sale		**–**	10.1
Loans receivable		**2.1**	–
		795.3	516.9
Total assets		**2,137.9**	2,004.5
Current liabilities			
Trade and other payables		**(468.9)**	(421.8)
Corporation tax liabilities		**(26.3)**	(20.3)
Derivative financial instruments		**(68.5)**	(19.0)
Borrowings	13	**–**	(203.2)
Lease liabilities		**(36.5)**	(37.5)
Provisions	12	**(84.4)**	(76.9)
Disposal group liabilities held for sale		**–**	(3.5)
		(684.6)	(782.2)
Non-current liabilities			
Borrowings	13	**(694.6)**	(693.5)
Lease liabilities		**(89.2)**	(125.7)
Provisions	12	**(4.0)**	(1.6)
Deferred tax liabilities		**(66.2)**	(81.3)
		(854.0)	(902.1)
Total liabilities		**(1,538.6)**	(1,684.3)
Net assets		**599.3**	320.2
Equity			
Called-up share capital	11	**107.5**	90.0
Share premium account		**716.6**	709.9
Capital redemption reserve		**6.8**	6.8
Merger reserve		**168.3**	(26.1)
Own shares held		**(83.9)**	(87.0)
Hedging and translation reserves		**13.3**	2.6
Accumulated losses		**(326.9)**	(383.3)
Total equity attributable to equity holders of the parent		**601.7**	312.9
Non-controlling interests		**(2.4)**	7.3
Total equity		**599.3**	320.2

William Hill PLC

Consolidated Statement of Cash Flows

For the 52 weeks ended 29 December 2020

	Notes	**52 weeks ended 29 December 2020 £m**	52 weeks ended 31 December 2019 £m
Net cash from operating activities	14	**366.5**	183.0
Investing activities			
Dividends from associates		**–**	1.4
Interest received on cash and cash equivalents		**3.5**	1.5
Proceeds on disposal of property, plant and equipment		**0.2**	6.1
Amounts drawn down on loan facility made available to NeoGames		**–**	(5.0)
Acquisition of CG Technology – net of cash acquired and settlements		**(2.9)**	–
Acquisition of Alfabet – net of cash acquired		**(0.4)**	–
Acquisition of Mr Green – net of cash acquired		**–**	(173.7)
Net proceeds on sale of Northern Ireland and Isle of Man operations		**7.4**	–
Proceeds on partial disposal of investments in associates		**10.0**	2.1
Purchases of property, plant and equipment		**(20.3)**	(10.7)
Expenditure on intangible assets		**(72.9)**	(83.9)
Net cash used in investing activities		**(75.4)**	(262.2)
Financing activities			
Purchase of own shares		**(1.6)**	(0.5)
Net proceeds on equity placing	11	**218.6**	–
Amounts drawn down on Revolving Credit Facilities		**425.0**	–
Amounts repaid on Revolving Credit Facilities		**(425.0)**	–
Amounts paid on redemption of existing senior unsecured loan notes	13	**(203.4)**	(171.6)
Existing senior unsecured notes redemption costs		**–**	(8.1)
Proceeds on issue of 4.75% senior unsecured notes due May 2026	13	**–**	350.0
Debt facility issue costs		**–**	(1.5)
Lease liabilities – principal payments		**(44.5)**	(46.7)
Dividends paid	10	**–**	(90.9)
Net cash (used in)/from financing activities		**(30.9)**	30.7
Net increase/(decrease) in cash and cash equivalents in the period		**260.2**	(48.5)
Changes in foreign exchange rates		**3.0**	(2.2)
Transferred to disposal group held for sale		**–**	(0.4)
Cash and cash equivalents at start of period		**459.4**	510.5
Cash and cash equivalents at end of period		**722.6**	459.4

1. Basis of Accounting

General information

William Hill PLC is a Company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is 1 Bedford Avenue, London, WC1B 3AU. The nature of the Group's operations and its principal activities are set out in the Strategic Report within the Annual Report and note 2.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with our accounting policies.

Basis of accounting

The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). The Group financial statements have also been prepared in accordance with IFRSs under the transitional provisions, adopting any new IFRS standards or amendments that are endorsed by the UK after IP completion day (31 December 2020) in addition to 'frozen' IFRS as endorsed by the European Union at IP completion day.

The Group financial statements have been prepared on the historical cost basis, except where certain assets or liabilities are held at amortised cost or at fair value as described in our accounting policies. The key accounting policies adopted are set out below. A complete list of our accounting policies is included in the Group's Annual Report on pages 170 to 176.

The financial statements set out in this preliminary announcement do not constitute the Company's statutory accounts for the 52-week period ended 29 December 2020 or 52-week period ended 31 December 2019 but are derived from those accounts. The auditor has reported on those accounts and their reports were unqualified, did not draw attention to any matters by way of emphasis and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

Whilst the financial information included in this preliminary announcement has been computed in accordance with IFRS, this announcement does not itself contain sufficient information to comply with IFRS. The Company has published full financial statements that comply with IFRS on 10 March 2021.

Adoption of new and revised standards

In preparing the Group financial statements for the current period, the Group has adopted a number of new IFRSs, amendments to IFRSs and IFRS Interpretations Committee (IFRIC) interpretations. The new standards are listed on page 170 of the Annual Report.

Standards in issue but not yet effective

A complete list of standards that are in issue but not yet effective is included with our full accounting policies on pages 170 to 176 of the Annual Report. The Group does not anticipate these standards in issue but not yet effective to have a material impact on the results or net assets of the Group.

Revenue recognition

Direct revenue

Direct revenue is measured at the fair value of the consideration received or receivable from customers and represents amounts receivable for goods and services that the Group is in business to provide, net of discounts, marketing inducements and VAT, as set out below. Direct revenue is treated as a derivative under IFRS 9 'Financial Instruments' and is therefore out of scope of IFRS 15 'Revenue from Contracts with Customers'.

In the case of Licensed Betting Office (LBO) (including gaming machines), William Hill US, Online Sportsbook and telebetting and Online casino (including games on the Online arcade and other numbers bets) revenue represents gains and losses from gambling activity in the period. Open positions are carried at fair value, and gains and losses arising on this valuation are recognised in revenue, as well as gains and losses realised on positions that have closed.

Revenue from the Online poker business is within the scope of IFRS 15 'Revenue from Contracts with Customers' and reflects the net income (rake) earned when a poker game is completed, which is when the performance obligation is deemed to be satisfied.

Service provider revenue

US segment service provider revenue is receivable from third-party operators where the Group provides risk management services to the operator. Revenue recognised is the profit earned on these arrangements.

Other operating income

Other operating income mostly represents rents receivable on properties let by the Group, bookmaking software licensing income, and profit on sales of certain investments which are recognised on an accruals basis.

Going concern

A full description of the Group's business activities, financial position, cash flows, liquidity position, committed facilities and borrowing position, together with the factors likely to affect its future development and performance, is set out in the Strategic Report, including the Financial Review, and in notes 24 and 25 to the Group financial statements within the Annual Report.

As highlighted in notes 24 and 25 to the Group financial statements within the Annual Report, the Group meets its day-to-day working capital requirements from the positive cash flows generated by its trading activities and its available cash resources. These are supplemented when required by additional drawings under the Group's revolving credit facilities (RCF), which are predominantly committed until October 2023 (with £35m committed until November 2022). During the period, the Group drew down the facilities and obtained waivers against the covenants attached to it throughout 2020 with a reset at June 2021 and December 2021.

In June 2020, following the successful equity placement that raised £218.6m of cash (note 29 to the Group financial statements within the Annual Report), £220.0m of the £425.0m RCF was repaid. The remaining £205.0m drawn was repaid in September 2020. Further, the remaining £203.4m of the Group's 2020 £375m senior unsecured notes was repaid in full in the period, demonstrating the strong liquidity of the Group throughout this period. The Group also recognised £208.3m of VAT income in the period, of which the majority has been received in cash in the period excluding interest income receivable of the reclaim (£18.9m) which has been agreed and the Group expects to receive within the first quarter of 2021 (note 3). There are no borrowings due within the next 12 months with the next due date on senior unsecured notes in 2023.

As a result of these actions, alongside the Group's trading performance during the year, net debt at 29 December 2020 was £113.1m (31 December 2019: £535.7m) and net debt to EBITDA of 0.8x (31 December 2019: 2.4x).

Consideration of the acquisition by Caesars Entertainment, Inc. (Caesars)

As referred to on page 2 of the Annual Report, the shareholders of William Hill PLC have approved the takeover offer from Caesars. The Directors have assessed the impact of this on the going concern basis of accounting and have outlined their considerations below regarding a potential future divestment of the non-US business by Caesars and the Group's ability to continue as a going concern in its own right.

The acquisition of the Group by Caesars will be fully funded through a combination of Caesars' existing cash resources (including amounts drawn down under its revolving credit facilities) and the net proceeds of an equity raise of US$1.7 billion. In addition, Caesars has entered into binding commitment letters in relation to certain credit facilities to be provided in connection with the acquisition with Deutsche Bank AG, London Branch and JPMorgan Chase Bank, N.A., including an interim facilities agreement which may be entered into by (amongst others) an affiliate of Caesars and certain lenders in connection with the acquisition at a later date, following certain regulatory approvals being obtained in relation to such credit facilities.

The Group's financing arrangements include a change of control clause as detailed in note 24 to the Group financial statements within the Annual Report, but as a result of the arrangements detailed above, the Directors are confident that Caesars has the financing in place to acquire and operate the Group after the completion of the acquisition and accordingly believe that sufficient liquidity should be in place to allow the Group to continue as a going concern.

Consideration of potential subsequent sale by Caesars

Whilst the Directors are confident of the Group's ability to continue as a going concern, should the offer from Caesars to acquire the entire issued and to be issued share capital of the Group proceed to completion, the Directors note that Caesars have publicly stated within the Rule 2.7 offer announcement (available on both the Group's and Caesars' websites) that their intention is to seek suitable partners for acquiring the Group's non-US businesses. Depending on the timing of completion of Caesars' offer and of any future potential divestment and the granting of associated regulatory approvals, it is possible that such a subsequent sale could be made within the next 12 months of the date of signing of these financial statements, and the intentions of management following any subsequent sale are currently uncertain.

The Directors also note that Caesars state in the Rule 2.7 offer document that they believe in the "compelling proposition that William Hill's presence in the UK and other non-US international markets offers to their gaming customers in those markets and believe those businesses have a strong future". That document also notes Caesars' intention to seek "suitable partners or owners who have aligned objectives and approaches and who will be focussed on the longer-term ambitions of those non-US businesses and for the benefit of its customers". Furthermore, Caesars have also stated in the Rule 2.7 offer document that they believe retaining key staff within William Hill is of paramount importance, and has given assurances that, following completion of the proposed acquisition, the existing employment rights, including pension rights, of the management and employees of William Hill and its subsidiaries will be fully safeguarded in accordance with applicable law.

The Group's ability to continue as a going concern in its own right

Despite the impact of Covid-19 on trading cash flows, the Group holds a strong liquidity position overall with a cash balance of £590.6m (excluding customer balances and other restricted cash of £132.0m) as at 29 December 2020. Whilst there are several risks to the Group's trading performance, as summarised in the 'Managing our risks' section on pages 50 to 53 of the Annual Report, the Group is confident of its ability to continue to access sources of funding in the medium term.

The Group's forecasts, based on reasonable assumptions, indicate that the Group should be able to operate within the level of its currently available and expected future facilities and its banking covenants for the period of the strategic forecast. The Group has sufficient cash reserves to enable it to meet its obligations as they fall due, as well as operate within its banking covenants, for a period of at least 12 months from the date of signing of these financial statements. This includes consideration of the covenant reset the Group has obtained for 2021.

The Group has also assessed a range of downside scenarios to assess if there was a significant risk to the Group's liquidity position. The forecasts and scenarios prepared consider the trading experience during the pandemic and downside scenarios such as possible further lockdowns, cancellation of ongoing sporting events and a slower recovery of operations than expected from the pandemic have been modelled. These scenarios, both individually and in combination, have enabled the Directors to conclude that the Group has adequate resources to continue to operate for the foreseeable future. Management has performed separate reverse stress tests and has identified further actions to conserve cash that would be actioned to mitigate the impact, please see the viability statement on page 48 of the Annual Report for further detail. Based on the above considerations, the Directors continue to adopt the going concern basis in preparing these financial statements.

Exceptional items and adjustments

The Group presents adjusted results, as described in note 3, which differ from statutory results due to the exclusion of exceptional items and adjustments.

Exceptional items are those items the Directors consider to be one-off or material in nature that should be brought to the reader's attention in understanding the Group's financial performance.

Adjustments are recurring items that are excluded from internal measures of underlying performance and which are not considered by the Directors to be exceptional. This relates to the amortisation of specific intangible assets recognised in acquisitions.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in the key accounting policies above and in the Statement of Group Accounting Policies included on pages 170 to 176 of the Annual Report, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where it affects only that period or in the period and future periods if it affects both current and future periods.

Critical accounting judgements

The following are the critical accounting judgements that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Exceptional items and adjustments

The Group separately reports exceptional items and adjustments in order to calculate adjusted results, as it believes these measures provide additional useful information on underlying performance and trends to shareholders, together with an understanding of the effect of non-recurring or large individual items upon the overall profitability of the Group. These adjusted results are not recognised results under IFRS and may not be directly comparable with those used by other companies.

The classification of adjusting items requires significant management judgement after considering the nature and materiality of a transaction. The Group's definitions of adjusting items are outlined within both the Group accounting policies. Note 3 provides further details on current year adjusting items and their adherence to Group policy.

Where there are individually material items that have not been presented as exceptional items, the nature and amount of these items have been separately disclosed within these financial statements and the Strategic Report where relevant, in particular the Financial Review within the Annual Report.

IFRS 16 Leases

IFRS 16 'Leases' replaced IAS 17 'Leases' in its entirety in the previous year. The Directors have addressed the key judgements, including the assessment of the lease term at the point where the lessee can be reasonably certain of its right to use the underlying asset.

Across the Retail estate, the Group has recognised a lease liability of £93.9m at 29 December 2020. In the previous two years, the Retail estate has experienced both the unprecedented regulatory change with the implementation of the £2 stake limit on B2 gaming products on 1 April 2019 leading to the Group deciding to close 713 shops in the third quarter of 2019, and then the Covid-19 pandemic, which led to the Group deciding to close a further 119 shops in 2020. Given these closure programmes, and the continued uncertainty surrounding the Retail estate from both these external shocks to the business, the Directors have determined the lease term under IFRS 16 across the Retail estate as the next available break date as this uncertainty means the Group is not 'reasonably certain' that any lease break will not be exercised.

Contingent liabilities

The Group has disclosed a contingent liability surrounding legal claims from consumers relating to the provision of gambling services in a number of (principally European) jurisdictions. The claims allege either failure to follow responsible gambling procedures, breach of licence conditions or that underlying contracts in question are null and void given local licencing regimes (note 35 to Group financial statements within the Annual Report).

The Group assesses and defends individual claims as they are received both on the individual underlying factual basis and also with regard to legal advice received as to whether such jurisdictions and their local licencing regimes are incompatible with European Union law on the free movement of services. During the last two months of 2020, the Group was subject to a particular acceleration of claims made in Austria following marketing campaigns by litigation funders in that jurisdiction.

The Directors have made a critical judgement that these claims, and future claims for services already rendered, are a contingent liability as the liability is only considered possible, but not probable, based on external legal advice received from the Group's lawyers (in relation to the compatibility or otherwise of the Austrian licencing regime with EU law, of the status of the Fluctus s.r.o. and Fluentum s.r.o case and in relation to other arguments about applicable law), see note 35 to the Group financial statements within the Annual Report for further detail.

The Directors also note a key source of estimation uncertainty in providing an estimate of the financial effect of these claims being a potential outflow of economic benefits of between £nil and £25.0m (note 35 to Group financial statements within the Annual Report). This range was assessed based on (i) the number and individual size of claims received to date and assumptions based on such observations as can be derived from those claims at this comparatively early stage (ii) the steps that the Group intends to take to defend those claims and (iii) the fact that the Group has been advised that any outflow would be expected to be on a net of tax basis.

Separately a provision of £1.2m (note 12) is held at 29 December 2020 for claims in separate jurisdictions where an outcome in favour of the consumers in question is probable.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

Impairment of intangible assets with indefinite lives

Determining whether intangible assets with indefinite lives are impaired requires an estimation of the value in use of the cash-generating units to which the intangible assets have been allocated. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Note 8 provides information on the assumptions used, as well as the degree of sensitivity to changes in assumptions.

In 2018, the Group recognised an impairment of £882.8m in the Retail segment due to the reduced expected future cash flows as a result of the announcement of the £2 stake limit on B2 gaming products in the Retail business. This impairment was based on the estimate at the time that this would lead to a reduction in the Retail segment's annualised adjusted operating profit (including mitigation measures) of c£70-100m. The £2 stake limit was then implemented from 1 April 2019, which led to the Group taking the decision to close 713 shops in the third quarter of 2019. A regulatory change of this nature is unprecedented and the full impact of this change will not be fully known until some years after implementation.

The Covid-19 pandemic has had a further sizeable impact on the Retail business with the shops shut or under restrictions across much of 2020 with this expected to continue into at least the first half of 2021 and therefore reducing the shorter-term cash flows of the business (in addition to increasing uncertainty in the medium to long term).

The Group performed an impairment review of the intangible assets with indefinite lives remaining in the Retail segment at the interim reporting, given the Covid-19 pandemic representing a trigger for an impairment review, and recognised an impairment charge of £81.9m. As at 29 December 2020, a further impairment review has been performed given the full nationwide lockdown in place across the end of the period and, separately, the move to the licences asset having a 20 year life rather than indefinite useful life. This impairment review has led to the recognition of a further £43.8m impairment charge, resulting in a total charge of £125.7m in 2020.

As the impact of Covid-19 and the continued impact of the £2 maximum stake continues to become more fully known in time, this could result in further impairments (or reversals of the existing impairment charge) of assets in the Retail segment. Refer to note 8 for an analysis of the sensitivity of the impairment to a range of reasonably possible changes in assumptions.

Retirement benefit costs

The determination of the pension cost and defined benefit obligation of the Group's defined benefit pension scheme depends on the selection of certain assumptions which include discount rate, inflation rate and mortality assumptions. Differences arising from actual experience or future changes in assumptions will be reflected in subsequent periods. Note 33 to the Group financial statements in the Annual Report provides information on the assumptions used in these financial statements, including a sensitivity analysis of the principal assumptions used to measure scheme liabilities.

Derivative financial liability

The Group has recognised a £48.5m fair value movement of a specific derivative financial liability held as part of a commercial agreement with a third party that crystallises in the event of a change of control of William Hill PLC. The value on the statement of financial position for this derivative financial liability is £49.9m at 29 December 2020, representing the estimated expected payout on completion of the acquisition of the Group by Caesars.

The payment at the change of control is determined by the valuation of the William Hill US business at that time, based on an agreed value of the business between the Group and the third party, with a separate third party valuation specialist used to confirm the value if necessary. The increase in value of the derivative financial liability in the period reflects both an increased value of the William Hill US business and the increased probability of an exit event occurring.

The range of plausible values of the William Hill US business, as assessed by the Directors, would lead to the range of expected payouts on the liability of £43.0m to £55.6m ($58.0m to $75.0m) with the maximum liability capped at $75.0m.

2. Segment information

The Board has reviewed and confirmed the Group's reportable segments in line with the guidance provided by IFRS 8 'Operating Segments'. The segments disclosed below are aligned with the reports that the Group's Chief Executive Officer and Chief Financial Officer as Chief Operating Decision Makers review to make strategic decisions.

The Retail segment comprises all activity undertaken in LBOs including gaming machines. The Online segment comprises all online activity, including sports betting, casino, poker and other gaming products along with telephone betting services. The Online segment includes the results of Mr Green since the Group's acquisition in January 2019. The US segment comprises all activity undertaken in US locations. Prior period results have been represented by consolidating the US Existing and US Expansion segments. There are no inter-segmental sales within the Group.

Segment performance is shown on an adjusted operating profit basis, with a reconciliation from adjusted operating profit to statutory results for clarity. Information for the 52 weeks ended 29 December 2020 is as follows:

	Retail £m	Online £m	US[1] £m	Other £m	Corporate £m	Group £m
Direct revenue	354.2	802.8	159.1	–	–	1,316.1
Service provider revenue	–	–	8.2	–	–	8.2
Revenue	**354.2**	**802.8**	**167.3**	**–**	**–**	**1,324.3**
GPT, duty, levies and other costs of sales	(76.0)	(230.4)	(19.1)	–	–	(325.5)
Gross profit	**278.2**	**572.4**	**148.2**	**–**	**–**	**998.8**
Depreciation	(36.1)	(5.0)	(13.3)	–	(8.5)	(62.9)
Amortisation	(8.0)	(47.9)	(2.1)	–	(6.6)	(64.6)
Other administrative expenses[3]	(263.6)	(397.6)	(120.4)	–	(32.7)	(814.3)
Share of results of associates	–	–	–	–	0.3	0.3
Adjusted operating (loss)/profit[2]	**(29.5)**	**121.9**	**12.4**	**–**	**(47.5)**	**57.3**
Operating exceptional items and adjustments	112.7	(12.5)	(68.1)	–	(9.1)	23.0
Profit/(loss) before interest and tax	**83.2**	**109.4**	**(55.7)**	**–**	**(56.6)**	**80.3**
Investment income	18.9	–	–	–	3.2	22.1
Finance costs	(2.7)	(0.3)	(1.3)	–	(47.1)	(51.4)
Profit/(loss) before tax	**99.4**	**109.1**	**(57.0)**	**–**	**(100.5)**	**51.0**

1. A single US Segment replacing the previously presented US Existing and US Expansion segments.
2. Adjusted operating profit is defined as profit before interest and tax, excluding exceptional items and other defined adjustments. Further detail on adjusted measures is provided in note 3.
3. Other administrative expenses are a net figure including other operating income.

Statement of financial position information	Retail £m	Online £m	US[1] £m	Other £m	Corporate £m	Group £m
At 29 December 2020						
Total segment assets	376.1	816.2	342.3	–	551.5	2,086.1
Total segment liabilities	144.0	359.8	229.2	–	712.0	1,445.0
Included within total assets:						
Goodwill	–	353.6	24.5	–	–	378.1
Other intangibles with indefinite lives	200.9	–	–	–	–	200.9
Interests in associates	–	–	–	–	23.3	23.3
Capital additions	4.5	50.0	32.8	–	1.3	88.6

1. A single US Segment replacing the previously presented US Existing and US Expansion segments.

Assets and liabilities have been allocated by segment based on the information reviewed by the Group's Chief Executive Officer and Chief Financial Officer. Corporate assets and liabilities include net borrowings and the net defined benefit pension asset as well as any assets and liabilities that cannot be allocated to a particular segment other than on an arbitrary basis. The above analysis excludes corporation tax and deferred tax-related balances.

Capital additions in the above table are stated on an accruals basis.

Segment performance is shown on an adjusted basis, with a reconciliation from adjusted operating profit to statutory results for clarity. Information for the 52 weeks ended 31 December 2019 is as follows:

	Retail £m	Online £m	US[1] £m	Other £m	Corporate £m	Group £m
Direct revenue	717.0	738.3	115.5	–	–	1,570.8
Service provider revenue	–	–	10.9	–	–	10.9
Revenue	**717.0**	**738.3**	**126.4**	**–**	**–**	**1,581.7**
GPT, duty, levies and other costs of sales	(162.2)	(202.4)	(13.3)	–	–	(377.9)
Gross profit	**554.8**	**535.9**	**113.1**	**–**	**–**	**1,203.8**
Depreciation	(48.4)	(3.8)	(5.9)	–	(8.5)	(66.6)
Amortisation	(9.4)	(41.8)	(3.5)	–	(2.7)	(57.4)
Other administrative expenses[3]	(413.8)	(371.5)	(102.7)	0.2	(45.9)	(933.7)
Share of results of associates	–	–	–	–	0.9	0.9
Adjusted operating profit/(loss)[2]	**83.2**	**118.8**	**1.0**	**0.2**	**(56.2)**	**147.0**
Operating exceptional items and adjustments	(95.1)	(18.7)	(7.2)	–	(13.1)	(134.1)
(Loss)/profit before interest and tax	**(11.9)**	**100.1**	**(6.2)**	**0.2**	**(69.3)**	**12.9**
Investment income	–	–	–	–	3.0	3.0
Finance costs	(3.5)	(0.1)	(0.8)	–	(49.1)	(53.5)
(Loss)/profit before tax	**(15.4)**	**100.0**	**(7.0)**	**0.2**	**(115.4)**	**(37.6)**

1. A single US Segment replacing the previously presented US Existing and US Expansion segments.
2. Adjusted operating profit is defined as profit before interest and tax, excluding exceptional items and other defined adjustments. Further detail on adjusted measures is provided in note 3.
3. Other administrative expenses are a net figure including other operating income.

Statement of financial position information	Retail £m	Online £m	US[1] £m	Other £m	Corporate £m	Group £m
At 31 December 2019						
Total segment assets	593.2	739.3	289.4	–	339.1	1,961.0
Total segment liabilities	245.1	302.2	87.3	–	947.2	1,581.8
Included within total assets:						
Goodwill	–	344.3	22.9	–	–	367.2
Other intangibles with indefinite lives	326.6	–	–	–	–	326.6
Interests in associates	–	–	–	–	24.8	24.8
Capital additions	6.0	54.8	38.2	–	5.6	104.6

1. A single US Segment replacing the previously presented US Existing and US Expansion segments.

Revenues and non-current assets by geographical area are as follows:

	Revenues		**Non-current assets**	
	52 weeks ended 29 December 2020 £m	52 weeks ended 31 December 2019 £m	**29 December 2020 £m**	31 December 2019 £m
United Kingdom	**857.4**	1,197.9	**538.6**	711.5
US	**167.3**	126.4	**253.7**	222.7
Rest of the World	**299.6**	257.4	**550.3**	553.4
	1,324.3	1,581.7	**1,342.6**	1,487.6

Revenue information is based on the location of the customer. Non-current asset information is based on physical location (for property, plant and equipment) or primary operating location of the Company using the asset (for all other assets).

3. Exceptional items and adjustments

Adjusted results

The Group reports adjusted results, both internally and externally, that differ from statutory results prepared in accordance with IFRS. These adjusted results, which include our key metrics of adjusted operating profit and adjusted EPS, are considered by the Directors to be a useful reflection of the underlying performance of the Group and its businesses, since they exclude transactions which impair visibility of the underlying activity in each segment. More specifically, the Directors judge that visibility can be impaired in one or both of the following instances:

- a transaction is of such a material or infrequent nature that it would obscure an understanding of underlying outcomes and trends in revenues, costs or other components of performance (for example, a significant impairment charge); or
- a transaction that results from a corporate activity that has neither a close relationship to our businesses' operations nor any associated operational cash flows (for example, the amortisation of intangibles recognised on acquisitions).

Adjusted results are used as the primary measures of business performance within the Group and align with the results shown in management accounts, with the key uses being:

- management and Board reviews of performance against expectations and over time, including assessments of segmental performance (see note 2 and the Strategic Report within the Annual Report);

- Remuneration Committee assessments of targets and performance for management remuneration purposes (see pages 85 to 99 of the Group's Annual Report);

in support of business decisions by the Board and by management, encompassing both strategic and operational levels of decision-making; and

- assessments of loan covenant compliance, which refer to adjusted results.

The Group's policies on adjusted measures have been consistently applied over time, but they are not defined by IFRS and, therefore, may differ from adjusted measures as used by other companies.

The Consolidated Income Statement presents adjusted results alongside statutory measures, with the reconciling items being itemised and described below. We discriminate between two types of reconciling items: exceptional items and adjustments.

Exceptional items

Exceptional items are those items the Directors consider to be one-off or material in nature that should be brought to the reader's attention in understanding the Group's financial performance.

Adjustments

Adjustments are recurring items that are excluded from internal measures of underlying performance and which are not considered by the Directors to be exceptional. This relates to the amortisation of specific intangible assets recognised in acquisitions. This item is defined as an adjustment as the Directors believe it would impair the visibility of the underlying activities across each segment as it is not closely related to the businesses' or any associated operational cash flows. The amortisation of specific intangible assets recognised in acquisitions is recurring and recognised over their useful life.

Exceptional items and adjustments are as follows:

	Exceptional items £m	**Adjustments £m**	**52 weeks ended 29 December 2020 £m**	Exceptional items £m	Adjustments £m	52 weeks ended 31 December 2019 £m
Operating						
Cost of sales						
VAT Income	**238.3**	**–**	**238.3**	–	–	–
Other operating expenses						
Impairment of Retail segment	**(125.7)**	**–**	**(125.7)**	–	–	–
Caesars transaction related costs	**(70.4)**	**–**	**(70.4)**	–	–	–
Portfolio shop closures[1]	**–**	**–**	**–**	(93.9)	–	(93.9)
Other[2]	**–**	**–**	**–**	(22.0)	–	(22.0)
Amortisation of acquired intangibles	**–**	**(19.2)**	**(19.2)**	–	(18.2)	(18.2)
	42.2	**(19.2)**	**23.0**	(115.9)	(18.2)	(134.1)
Non-operating						
Investment income						
Finance income in respect of VAT reclaim	**18.9**	**–**	**18.9**	–	–	–
Total exceptional items and adjustments before tax	**61.1**	**(19.2)**	**41.9**	(115.9)	(18.2)	(134.1)
Tax on exceptional items and adjustments	**(13.6)**	**0.2**	**(13.4)**	11.4	1.9	13.3
Total exceptional items and adjustments	**47.5**	**(19.0)**	**28.5**	(104.5)	(16.3)	(120.8)

1. During 2019 and 2020 there have been two separate shop closure programmes. In 2019, 713 shops were closed as a part of the Triennial Review mitigation restructuring costs programme and in the 52 weeks ended 29 December 2020 a further 119 shops have not been re-opened post the initial Covid-19 lockdown. As a result, £6.6m of credit relating to the Triennial mitigation shop closures was recognised principally in relation to the negotiated early exit of certain property leases, sale of freehold properties and disposal of operations in Northern Ireland and Isle of Man. A charge of £6.2m relating to the 2020 shop closures, being a combination of specific asset write offs (£3.3m) and provision creation (£3.2m), with a £0.3m provision release, was recognised in the period. All portfolio shop closure costs have been included within the adjusted results and not presented as an exceptional item for the 52 weeks ended 29 December 2020 as management do not deem these costs to be material as they net out to a total credit of £0.4m. In the 52 weeks ended 31 December 2019, £47.3m related to an impairment charge against the relevant right-of-use assets and £46.6m related to other costs of closure, onerous costs, redundancy costs and other related costs.
2. The other category combined several items that were previously disclosed separately and all relating to continuing items that were presented as exceptional items in the previous financial reporting period. For the 52 weeks ended 29 December 2020, all of these items have been included in the adjusted results rather than included as exceptional items as management no longer deem these costs to be individually material. £4.7m (52 weeks ended 31 December 2019 £5.2m) of this relates to dual running costs from moving the Group's land-based data centres into the cloud, £0.5m related to corporate transaction and integration costs associated with the acquisition of Mr Green and CG Technologies (52 weeks ended 31 December 2019 £8.2m), £0.4m represented other Group-wide costs relating to the Triennial review mitigation programme aside from shop closure related costs (52 weeks ended 31 December 2019 £5.9m). The other category also included transformation restructuring costs of £3.5m, a credit of £1.2m relating to historic shop closure programmes in 2014 and 2017 and legal fees of £0.4m for the 52 weeks ended 31 December 2019.

VAT Income

In May 2020, HMRC confirmed it would not appeal the ruling of the Upper Tier Tribunal in the cases of Rank Group Plc and Done Brothers (Cash Betting) Ltd (trading as Betfred) that VAT was incorrectly applied to revenues earned from certain gaming machines prior to 2013. The Group submitted claims which were substantially similar, and these claims have been agreed and settled excluding interest income receivable (£18.9m) which has been agreed and the Group expects to receive within the first quarter of 2021. This is recognised as a receivable within other receivables. The Group continues to engage with HMRC on a number of smaller related claims which have not been recognised in these financial statements as they are not virtually certain of an amount of £8.0m. The refund, net of associated costs, has been classified as an exceptional item as it is both material and one-off in nature. The net of the gross refund of VAT from HMRC and the associated third party costs have been recognised in cost of sales to match where the original charges were recognised. The interest income has been recognised within investment income. After corporation tax, the net profit recognised in respect of the VAT reclaim in the period was £208.3m. This relates to the Retail segment.

Impairment of the Retail segment

As a result of the impact of the Covid-19 pandemic as well as a change in the useful economic life of the Retail licences intangible asset, management recognised an impairment of intangible assets of the Retail segment. Details of this impairment are provided in note 8. This was presented as an exceptional item due to its material nature and relates to the Retail segment.

Caesars transaction related costs

The Group has incurred costs associated with the proposed transaction with Caesars, which it has aggregated and presented as an exceptional item given their material size and one-off nature. Of these costs, £47.4m relates to the fair value movement of a specific derivative financial liability held as part of a commercial agreement with a third party that crystallises in the event of a change of control of William Hill PLC. The payment at the change of control is determined by the valuation of the William Hill US business and the increase in value in the period reflects both an increased value of the William Hill US business and the increased probability of an exit event occurring (see note 27 to the Group financial statements within the Annual Report). Only the fair value movement as a result of the Caesars transaction has been included as exceptional with the cost recognised in the current year before the transaction and in the prior year remaining within adjusted results. £13.9m relates to an accelerated charge on a cash-settled share-based payment scheme offered to US employees (US LTIP) as it is triggered by a change of control with the amount of the payment based on the incremental value of the William Hill US business across the vesting period, see note 32 to the Group financial statements within the Annual Report. Only the incremental charge from the acceleration and the increased value of the William Hill US business as a result of the Caesars transaction has been recognised as an exceptional item, with the charges that would have been incurred if the Caesars transaction were not taking place recognised in adjusted results. £9.1m relates to amounts due to advisors, which are costs that have already been borne by the Group for work performed during the period. Several further costs are contingent on the deal completing and are disclosed as a contingent liability, see note 15.

The costs of the fair value movement of a specific derivative financial liability and the US LTIP are recognised in the US segment and the advisor costs are recognised within the Corporate segment.

4. Profit/(loss) before interest and tax

Profit/(loss) before interest and tax has been arrived at after charging/(crediting):

	52 weeks ended 29 December 2020 £m	52 weeks ended 31 December 2019 £m
Net foreign exchange losses	**4.5**	3.1
Loss/(gain) on disposal of property, plant and equipment and investment properties	**0.3**	(3.2)
Impairment of Retail segment	**125.7**	–
Staff costs	**312.2**	394.5
Depreciation of property, plant and equipment (note 9)	**62.9**	66.6
Amortisation of intangible assets (note 8)	**83.8**	75.6

5. Finance costs

	52 weeks ended 29 December 2020 £m	52 weeks ended 31 December 2019 £m
Interest payable and similar charges:		
Bank loans, bonds and overdrafts	**45.0**	46.6
Amortisation of finance costs	**1.7**	1.8
Interest on lease liabilities	**4.7**	5.1
	51.4	53.5

6. Tax on profit/(loss) on ordinary activities

The tax charge/(credit) comprises:

	52 weeks ended 29 December 2020 £m	52 weeks ended 31 December 2019 £m
Current tax:		
UK corporation tax	**25.2**	3.1
Overseas tax	**0.2**	10.0
Adjustment in respect of prior periods	**(5.0)**	(7.5)
Total current tax charge	**20.4**	5.6
Deferred tax:		
Origination and reversal of temporary differences	**(21.4)**	(15.7)
Adjustment in respect of prior periods	**1.0**	(0.5)
Total deferred tax credit	**(20.4)**	(16.2)
Total tax on profit/(loss) on ordinary activities	**–**	(10.6)

The effective tax rate in respect of adjusted results was -146.2% (52 weeks ended 31 December 2019: 2.8%). The effective tax rate in respect of statutory results was nil% (52 weeks ended 31 December 2019: 28.2%).

The difference between the total tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit/(loss) before tax is as follows:

	52 weeks ended 29 December 2020			52 weeks ended 31 December 2019		
	Adjusted £m	Exceptional items and adjustments £m	Statutory total £m	Adjusted £m	Exceptional items and adjustments £m	Statutory total £m
Profit/(loss) before tax	**9.1**	**41.9**	**51.0**	96.5	(134.1)	(37.6)
Tax on Group profit/(loss) at standard UK corporation tax rate of 19% (2019: 19%)	**1.7**	**8.0**	**9.7**	18.3	(25.5)	(7.2)
Different tax rates in overseas territories	**(9.7)**	**0.4**	**(9.3)**	(12.8)	1.9	(10.9)
Losses not recognised for deferred tax	**–**	**–**	**–**	1.5	–	1.5
Change in deferred tax rate	**5.9**	**–**	**5.9**	–	–	–
Current year tax credits on loss carry back	**(5.2)**	**–**	**(5.2)**	–	–	–
Accrual of liabilities for uncertain tax positions	**2.3**	**–**	**2.3**	3.1	–	3.1
Impact of future changes in tax rate	**–**	**–**	**–**	(1.2)	1.0	(0.2)
Tax on share of results of associates	**(0.2)**	**–**	**(0.2)**	(0.5)	–	(0.5)
Tax on share-based payments	**(3.7)**	**–**	**(3.7)**	–	–	–
Adjustment in respect of prior periods	**(4.1)**	**0.1**	**(4.0)**	(7.7)	(0.3)	(8.0)
Non-deductible expenditure	**(0.4)**	**4.9**	**4.5**	2.0	9.6	11.6
Total tax (credit)/charge	**(13.4)**	**13.4**	**–**	2.7	(13.3)	(10.6)

The different tax rates in overseas territories reflects the lower effective tax rates in Gibraltar and Malta. The current year tax credits on the loss carry back relate to the additional benefit received from the carry back of US tax losses under the CARES Act, in excess of the US statutory tax rate of 21%. The charge in respect of the change in deferred tax rates arises on the restatement of UK net opening deferred tax liabilities from 17% to 19% following the UK Government's decision to reverse of the previously enacted reduction in the UK corporation tax rate to 17%.

The Group's effective tax rate for 2021 is expected to be c14%.

7. Earnings/(loss) per share

The earnings/(loss) per share figures for the respective periods are as follows:

	52 weeks ended 29 December 2020			52 weeks ended 31 December 2019		
	Basic	Potentially dilutive share options	Diluted	Basic	Potentially dilutive share options	Diluted
Statutory profit/(loss) attributable to equity holders of the parent (£m)	**59.7**	**–**	**59.7**	(26.9)	–	(26.9)
Weighted average number of shares (million)	**967.4**	**4.1**	**971.5**	873.0	4.8	877.8
Earnings/(loss) per share (pence)	**6.2**	**(0.1)**	**6.1**	(3.1)	–	(3.1)
Adjusted profit (£m)	**22.5**	**–**	**22.5**	93.8	–	93.8
Weighted average number of shares (million)	**967.4**	**4.1**	**971.5**	873.0	4.8	877.8
Earnings per share (pence)	**2.3**	**–**	**2.3**	10.7	–	10.7

An adjusted earnings per share, based on adjusted profits (as described in note 3), has been presented in order to highlight the underlying performance of the Group. The basic weighted average number of shares excludes shares held by the William Hill Holdings 2001 Employee Benefit Trust and those shares held in treasury, as such shares do not qualify for dividends. The effect of this was to reduce the average number of shares by 26.3 million (52 weeks ended 31 December 2019: 26.8 million).

Where relevant, the diluted loss per share is the same as the basic loss per share as the potentially dilutive share options are considered antidilutive, as they would reduce the loss per share and therefore, they are disregarded in the calculation.

8. Intangible Assets

	Goodwill £m	Licences £m	Brands, trade names and customer relationships £m	Acquired technology platforms £m	Market access and exclusivity £m	Computer software £m	Total £m
Cost:							
At 1 January 2019	258.3	332.8	156.5	11.0	–	399.9	1,158.5
Additions	–	–	–	–	138.0	94.6	232.6
Additions via acquisition	153.0	–	96.7	16.3	–	1.5	267.5
Disposals	–	–	–	–	–	(22.0)	(22.0)
Transfer to disposal group held for sale	–	(6.2)	–	–	–	–	(6.2)
Effect of foreign exchange rates	(2.7)	–	(1.9)	(0.2)	(2.4)	(2.0)	(9.2)
At 31 December 2019	408.6	326.6	251.3	27.1	135.6	472.0	1,621.2
Additions	–	–	–	–	–	70.0	70.0
Additions via acquisition	2.8	–	4.6	–	–	–	7.4
Disposals	–	–	–	–	–	(3.6)	(3.6)
Retail impairment	–	(125.7)	–	–	–	–	(125.7)
Effect of foreign exchange rates	8.3	–	5.3	1.0	(4.1)	2.4	12.9
At 29 December 2020	**419.7**	**200.9**	**261.2**	**28.1**	**131.5**	**540.8**	**1,582.2**
Accumulated amortisation:							
At 1 January 2019	41.6	–	153.4	11.0	–	266.4	472.4
Charge for the period	–	–	8.0	5.1	5.2	57.3	75.6
Disposals	–	–	–	–	–	(22.0)	(22.0)
Effect of foreign exchange rates	–	–	(0.4)	(0.1)	(0.1)	(0.1)	(0.7)
At 31 December 2019	41.6	–	161.0	16.0	5.1	301.6	525.3
Charge for the period	–	–	8.4	5.6	5.2	64.6	83.8
Disposals	–	–	–	–	–	(2.2)	(2.2)
Effect of foreign exchange rates	–	–	(0.1)	(0.4)	0.4	0.8	0.7
At 29 December 2020	**41.6**	**–**	**169.3**	**21.2**	**10.7**	**364.8**	**607.6**
Net book value:							
At 29 December 2020	**378.1**	**200.9**	**91.9**	**6.9**	**120.8**	**176.0**	**974.6**
At 31 December 2019	367.0	326.6	90.3	11.1	130.5	170.4	1,095.9

Licences

The licence portfolio has always been judged to have an indefinite life and accordingly has not been amortised and was subject to annual impairment reviews as the Directors always considered that the Group's licence portfolio has an indefinite life owing to the fact that the Group is a significant operator of scale in a well-established market; the competitive advantage provided by an existing licensed portfolio; the proven and sustained demand for bookmaking services; and the Group's track record of successfully renewing its betting permits and licences.

This remains the case for the 52 weeks ended 29 December 2020, however management has re-considered this assessment as at 29 December 2020 and have made the decision to change the useful economic life of the licences intangible asset to 20 years to be amortised straight line, see further detail on this in the 'Retail impairment review' section of this note below. This change will be made prospectively from the 52-week financial period commencing 30 December 2020 and is a change in accounting estimate.

The licence portfolio is recognised as a single intangible asset assigned to the Retail group of cash-generating units (CGUs), rather than being allocated to individual LBOs or geographies. This approach has been consistently followed since 2005, the reason being, this licence asset is a separately identifiable intangible asset that is deemed to enhance the overall Retail business' ability to apply for new licences in other parts of the country, demonstrating credibility to local planning authorities that the Group was successfully operating shops in other parts of the UK, as well as enhancing the scale of the LBO estate, to both establish a competitive advantage and to appeal to patrons.

Brands, trade names and customer relationships

This category of assets includes brands, trade names and customer relationships recognised in business combinations. In 2012, the Group acquired three US businesses. Brands and other assets of £13.1m were recognised and are being amortised over lives of between three and ten years.

In 2019, the Group acquired Mr Green & Co AB. As part of the acquisition, the Group acquired brand of €96.7m (£83.9m), customer relationships of €14.8m (£12.8m) and a software platform of €18.8m (£16.3m). These assets are being amortised over 20, five and three years respectively.

On 6 September 2018, the Group announced a partnership between William Hill US and Eldorado Resorts, Inc., now Caesars Entertainment, Inc. (Caesars). At inception of the agreement, the Group created an intangible asset of £138.0m, representing the exclusive access and use of gaming licences obtained by Caesars. This asset is amortised over the 25-year term of the agreement.

During the period, the Group acquired CG Technology. As part of the acquisition, the Group acquired customer contracts of $6.1m (£4.5m) and customer lists of $0.1m (£0.1m). These assets are being amortised over ten years. For further details, see note 18 to the Group financial statements within the Annual Report.

Impairment reviews

The Group performs an annual impairment review for goodwill and other intangible assets with indefinite lives, by comparing the carrying amount of these assets with their recoverable amount. This is an area where the Directors exercise judgement and estimation, as noted on pages 125 to 126 of the Group's financial statements within the Annual Report. Testing is carried out by allocating the carrying value of these assets to CGUs or group of CGUs and determining the recoverable amounts of those CGUs through value in use calculations. Where the recoverable amount exceeds the carrying value of the assets, the assets are considered as not impaired. Each CGU or group of CGUs is defined as its segment, which is described in note 2, apart from the Nevada CGU which relates to the US segment operations in the state of Nevada.

The most recent test was conducted at 29 December 2020. Prior to this, an additional impairment test was performed at 30 June 2020 on the Retail group of CGUs. Given Covid-19, and the closure of the retail estate leading to shorter term impacts such as social distancing coupled with longer term uncertainty of customer behaviours in the retail industry and the future of the high street, this was deemed to be an indicator of impairment at the time. This led to an impairment of £81.9m being recognised at 30 June 2020.

For both the Retail group of CGUs and Online CGU, value in use calculations are based upon estimates of future cash flows derived from the Group's adjusted operating profit forecasts by segment. Adjusted operating profit forecasts are derived from the Group's annual strategic planning or similarly scoped exercise.

The Board approved the 2021 budget for each segment in December 2020 and a further two-year strategic forecast covering years 2022 and 2023. Management prepared a further two-year strategic forecast covering years 2024 and 2025, using the same basis of preparation as the strategic forecast for years 2022 and 2023, and these five years form the basis of our value in use calculation. Cash flows beyond that five-year period were extrapolated using long-term growth rates as estimated for each CGU separately.

Discount rates are applied to each CGU or group of CGU's cash flows that reflect both the time value of money and the risks that apply to the cash flows of that CGU or group of CGUs. Discount rates are calculated using the weighted average cost of capital formula based on the CGU's or group of CGU's leveraged beta. The leveraged beta is determined by management as the mean unleveraged beta of listed gaming and betting companies, with samples chosen where applicable from comparable markets or territories as the CGU or group of CGUs, leveraged to the Group's capital structure. Further risk premia and discounts are applied, if appropriate, to this rate to reflect the risk profile of the specific CGU or group of CGUs relative to the market in which it operates. Our discount rates are calculated on a post-tax basis and converted to a pre-tax basis using the iterative method. Discount rates disclosed below are pre-tax discount rates.

The principal assumptions underlying our cash flow forecasts are as follows:

- we assume that the underlying business model will continue to operate on a comparable basis, as adjusted for known regulatory or tax changes and planned business initiatives;
- our forecasts anticipate the continuation of recent growth or decline trends in staking, gaming net revenues and expenses, as adjusted for changes in our business model or expected changes in the wider industry or economy;
- we assume that we will achieve our target sports betting gross win margins as set for each territory, which we base upon our experience of the outturn of sports results over the long term, given the tendency for sports results to vary in the short term but revert to a norm over a longer term; and
- in our annual forecasting process, expenses incorporate a bottom-up estimation of our cost base. For employee remuneration, this takes into account staffing numbers and models by segment, while other costs are assessed separately by category, with principal assumptions including an extrapolation of recent cost inflation trends and the expectation that we will incur costs in line with agreed contractual rates.

For the Nevada CGU, the Group engaged a third party to perform an independent valuation.

The other significant assumptions incorporated into our impairment reviews are those relating to discount rates and long-term growth assumptions, as noted below separately for each CGU or group of CGUs:

CGUs

Cash-generating unit	2020 Discount rate %	2020 Long-term growth rate %	2019 Discount rate %	2019 Long-term growth rate %
Retail	**10.7**	**(2.0)**	8.6	(2.0)
Online	**9.3**	**1.5**	8.2	1.8
Nevada (previously referred to as US Existing)	**11.5**	**2.0**	11.0	2.0

The long-term growth rates included in the impairment review do not exceed the observed long-term growth rate for each respective CGU or group of CGUs.

Retail impairment review

During the period, management re-considered the indefinite life estimate of the licence value under IAS 38 'Intangible Assets'. The licences intangible asset has historically been assessed to have an indefinite useful life owing to the fact that the Group is a significant operator of scale in a well-established market; the competitive advantage provided by an existing licensed portfolio; the proven and sustained demand for bookmaking services; and the Group's track record of successfully renewing its betting permits and licences.

The Retail division has declined gradually over time, the estate has been re-sized twice in recent years, and the industry is naturally moving away from retail space in the UK towards an online/digital presence. These factors lead to the consideration that the value of a licence to operate a LBO / group of LBOs is depreciating over time and is not expected to hold its value indefinitely. Management have decided to therefore amortise the assets over a 20-year useful economic life (UEL). This change in UEL is an estimate that management have made based on the available information. This change will be made prospectively from the 52 week financial period starting 30 December 2020 and is a change in accounting estimate.

The movement from an indefinite life intangible to a finite life intangible is an indicator of impairment, as such an impairment test was performed at the reporting date of 29 December 2020 and, given the change to finite life, the value in use calculation was prepared with a cash flows extrapolated to 20 years, rather than into perpetuity as prepared in prior periods.

Results of impairment reviews

The result of the Retail group of CGUs interim impairment review was to recognise an impairment charge of £81.9m in other operating expenses recognised as an exceptional item (note 3). This impairment charge was recognised at the interim reporting based on the impairment review performed at 30 June 2020. The impairment review performed at 29 December 2020 has led to an increase in this impairment charge of £43.8m, totalling £125.7m recognised in the period.

The impairment charge was taken solely against licenses, within intangible assets. No impairment charge was taken pro-rata against other assets within the Retail group of CGUs as it was assessed that for each of these assets the recoverable amount was greater than the asset carrying value.

The CGUs or group of CGUs are defined as their segment, which is described in note 2, apart from the Nevada CGU which relates to the US segment operations in the state of Nevada. The carrying value of each CGU or group of CGU's goodwill and indefinite lives intangible assets, after the recognition of £125.7m impairment charge in the Retail CGU is as below:

Cash-generating unit	Goodwill £m	Indefinite life intangibles £m	Total £m
Retail	–	200.9	200.9
Online	353.6	–	353.6
Nevada	24.5	–	24.5

The Nevada CGU includes the goodwill recognised on acquisition of CG Technology of £2.4m (note 18 to the Group financial statements in the Annual Report) and the Online CGU includes the goodwill recognised on acquisition of Alfabet of £0.4m.

The recoverable amount and headroom above carrying amount based on the impairment review performed at 29 December 2020 for the Retail group of CGUs are as follows:

	29 December 2020		31 December 2019	
Cash-generating unit	Recoverable amount £m	Impairment charge £m	Recoverable amount £m	Headroom above carrying amount £m
Retail	**364.3**	**125.7**	604.3	16.6

The headroom for the Online and Nevada CGUs both exceeded 100% over the carrying amount of the assets.

Sensitivity of impairment reviews

For the Retail group of CGUs, the following reasonably possible changes in assumptions upon which the recoverable amount was estimated, would lead to the following changes in the recoverable amount of the Retail group of CGUs:

Change in assumption	Increase/(decrease) in the impairment £m
Average one month full lockdown impact	24.2
Decrease in forecast medium-term operating cash flows by 20%	86.3
Increase in post-tax discount rate by 1ppt	24.3
Decrease in long term growth rate by 1ppt	12.8
Increase in forecast medium-term operating cash flows by 20%	(86.3)
Decrease in post-tax discount rate by 1ppt	(27.0)
Increase in long term growth rate by 1ppt	(13.4)

For the Online and Nevada CGUs reviewed at 29 December 2020, no impairment would occur under any reasonable possible changes in assumptions upon which the recoverable amount was estimated.

9. Property, plant and equipment

	Land and buildings £m	Fixtures, fittings and equipment £m	Right-of-use asset[1] £m	Total £m
Cost:				
At 1 January 2019	355.6	162.3	–	517.9
Additions	11.7	–	218.5	230.2
Additions via acquisition	–	1.9	3.6	5.5
Impairment losses	–	–	(47.3)	(47.3)
Disposals	(97.8)	(7.1)	–	(104.9)
Transfers to disposal group held for sale	(1.0)	(0.3)	(1.8)	(3.1)
Transfers to freehold property held for sale	(0.7)	–	–	(0.7)
Effect of foreign exchange rates	(0.1)	–	–	(0.1)
At 31 December 2019	267.7	156.8	173.0	597.5
Additions	13.5	4.5	16.1	34.1
Additions via acquisition	–	0.6	6.5	7.1
Impairment losses	–	–	(2.9)	(2.9)
Disposals	(22.4)	(13.5)	–	(35.9)
Transfers to freehold property held for sale	(0.4)	–	–	(0.4)
Effect of foreign exchange rates	(0.5)	(3.1)	(1.3)	(4.9)
At 29 December 2020	**257.9**	**145.3**	**191.4**	**594.6**
Accumulated depreciation:				
At 1 January 2019	249.6	118.5	–	368.1
Charge for the period	16.3	6.9	43.4	66.6
Disposals	(94.8)	(7.1)	–	(101.9)
Effect of foreign exchange rates	–	(0.3)	–	(0.3)
At 31 December 2019	171.1	118.0	43.4	332.5
Charge for the period	18.6	6.9	37.4	62.9
Impairment losses	–	–	(1.6)	(1.6)
Disposals	(19.8)	(13.5)	–	(33.3)
Effect of foreign exchange rates	(0.8)	–	(0.2)	(1.0)
At 29 December 2020	**169.1**	**111.4**	**79.0**	**359.5**
Net book value:				
At 29 December 2020	**88.8**	**33.9**	**112.4**	**235.1**
At 31 December 2019	96.6	38.8	129.6	265.0

1. The right-of-use asset is presented as a single asset because the vast majority relates to one class of asset, being Land and Buildings. There is 3.1m of right-of-use assets that would be classified as different classes such as equipment and motor vehicles.

10. Dividends proposed and paid

	52 weeks ended 29 December 2020 Per share	52 weeks ended 31 December 2019 Per share	52 weeks ended 29 December 2020 £m	52 weeks ended 31 December 2019 £m
Equity shares:				
Current period interim dividend paid	–	2.7p	–	23.2
Prior period final dividend paid	–	7.7p	–	67.7
	–	10.4p	–	90.9
Proposed final dividend	–	–	–	–

As a result of the situation surrounding Covid-19 and the associated material impact on the revenue and earnings of the Group, the Board determined that it is appropriate to focus on retaining resources within the Group and has suspended the dividend until further notice. The 2019 final dividend, therefore, was not proposed at the AGM that was held on 15 May 2020 and was cancelled. No dividend for 2020 is proposed.

11. Called-up share capital

	29 December 2020		31 December 2019	
	Number of shares	£m	Number of shares	£m
Called-up, authorised, allotted and fully paid – ordinary shares of 10p each:				
At start of period	**900,725,706**	**90.0**	887,295,272	88.7
Shares issued	**174,872,457**	**17.5**	13,430,434	1.3
At end of period	**1,075,598,163**	**107.5**	900,725,706	90.0

On 17 June 2020, the Group conducted a successful placing of 19.99% of ordinary share capital, raising gross proceeds of £223.8m (£218.6m net of fees) which were used to partially pay down the Group's committed revolving credit facilities, further strengthening the balance sheet to match the Group's ambitions.

174,872,457 new ordinary shares of 10p each were issued at a price of 128p per share. Ordinary share capital of £17.5m has been recognised relating to the issue.

Of the 174,872,457 new ordinary shares, 169,111,584 were placed with institutional investors. Using a Jersey cashbox structure, the Group has recognised a merger reserve relating to this placing of £194.4m.

The remaining 5,760,873 new ordinary shares were issued to retail and other investors (5,600,860 shares) and to Directors and members of the senior management team (160,013 shares). A share premium of £6.7m has been recognised relating to these share issues.

The Company has one class of ordinary shares, which carry no right to fixed income.

12. Provisions

Provisions comprise:

	Shop closure provisions £m	Other restructuring costs £m	Indirect tax provision £m	Legal provisions £m	Total £m
As at 1 January 2019	7.4	0.9	–	–	8.3
Provision assumed on acquisition	–	–	43.9	3.0	46.9
Charged/(credited) to profit or loss					
Additional provisions recognised	43.9	–	9.8	–	53.7
Unused amounts reversed	(1.4)	–	–	–	(1.4)
Total charged to profit or loss	42.5	–	9.8	–	52.3
Provisions utilised	(28.1)	(0.9)	–	–	(29.0)
As at 31 December 2019	21.8	–	53.7	3.0	78.5
Charged/(credited) to profit or loss					
Additional provisions recognised	9.2	3.3	21.3	1.2	35.0
Unused amounts reversed	(3.4)	–	–	–	(3.4)
Total charged to profit or loss	5.8	3.3	21.3	1.2	31.6
Provisions utilised	(16.1)	(2.6)	–	(3.0)	(21.7)
As at 29 December 2020	**11.5**	**0.7**	**75.0**	**1.2**	**88.4**

Shop closure provisions

The Group holds provisions relating to the associated costs of closure of 713 shops in 2019, 119 shops closed in the current period and certain shops that ceased to trade as part of normal trading activities. At 29 December 2020, £7.5m of this provision is held within current liabilities and £4.0m within non-current liabilities.

Other restructuring costs

As a result of the announced restructuring to bring our UK Online and Retail operations together under one leadership team, in addition to other restructurings announced across the Group, predominantly in the technology team, the Group has recognised certain provisions for staff severance.

Indirect tax provision

As part of the acquisition of Mr Green & Co AB, the Group acquired a provision relating to a gaming tax liability in Austria, where the Austrian tax authority believes that foreign gaming companies should be liable to pay gaming taxes in Austria. Post-acquisition, the Group has continued to provide for the gaming taxes, including interest, assessed by the Austrian tax authority until this matter is resolved.

Legal provisions

In common with other businesses in the gambling sector the Group receives claims from consumers relating to the provision of gambling services. Claims have been received from consumers in a number of (principally European) jurisdictions and allege either failure to follow responsible gambling procedures, breach of licence conditions or that underlying contracts in question are null and void given local licencing regimes. The Group expenses consumer claims as they are resolved or finally determined in consumers' favour and provides for such claims where an outcome in favour of the consumers in question is probable.

13. Borrowings

	29 December 2020 £m	31 December 2019 £m
Borrowings at amortised cost		
Bank facilities	**–**	–
Less: expenses relating to bank facilities	**(2.2)**	(2.6)
£375m 4.25% Senior Unsecured Notes due 2020	**–**	203.4
Less: expenses relating to £375m 4.25% Senior Unsecured Notes due 2020	**–**	(0.2)
£350m 4.875% Senior Unsecured Notes due 2023	**350.0**	350.0
Less: expenses relating to £350m 4.875% Senior Unsecured Notes due 2023	**(0.9)**	(1.2)
£350m 4.75% Senior Unsecured Notes due 2026	**350.0**	350.0
Less: expenses relating to £350m 4.75% Senior Unsecured Notes due 2026	**(2.3)**	(2.7)
Total Borrowings	**694.6**	896.7
Less: Borrowings as due for settlement in 12 months	**–**	(203.2)
Total Borrowings as due for settlement after 12 months	**694.6**	693.5
The gross borrowings are repayable as follows:		
Amounts due for settlement within one year	**–**	203.4
In the second year	**–**	–
In the third to fifth years inclusive	**350.0**	350.0
After more than five years	**350.0**	350.0
	700.0	903.4

Bank facilities

At 29 December 2020, the Group had the following bank facilities:

Committed revolving credit facilities (RCF) of £425m (31 December 2019: £425m) provided by a syndicate of banks, expiring in November 2022 (£35m) and October 2023 (£390m). At the period end, £nil of these facilities were drawn down (31 December 2019: £nil).

An overdraft facility of £5m, of which £nil was drawn down at the period end (31 December 2019: £nil).

£425m Revolving Credit Facilities

Borrowings under the RCF are unsecured but are guaranteed by the Company and certain of its operating subsidiaries.

Borrowings under the facilities incur interest at LIBOR plus a margin of between 1.10% and 2.50%, determined quarterly by the Group's consolidated net debt to EBITDA ratio as defined in the facility agreements (note 25 to the Group financial statements in the Annual Report). A utilisation fee is payable if more than a certain percentage of the facility is drawn. A commitment fee, equivalent to 40% of the margin, is also payable in respect of available but undrawn borrowings.

Upfront participation and arrangement fees plus associated costs incurred in arranging the RCF have been capitalised in the Statement of Financial Position and are being amortised on a straight line basis over the life of the facilities.

Overdraft facility

At 29 December 2020, the Group had an overdraft facility with National Westminster Bank plc of £5m (31 December 2019: £5m). The balance on this facility at 29 December 2020 was £nil (31 December 2019: £nil).

Senior Unsecured Notes

(i) £375m 4.25% Senior Unsecured Notes due 2020

In June 2013, the Group issued £375m of senior unsecured notes and used the net proceeds to repay £275m borrowed under a Term Loan Facility used to part fund the acquisition of Sportingbet plc's Australian business and Playtech's stake in Online, with the remainder of the funds raised used to reduce outstanding amounts under the Group's RCF. The senior unsecured notes, which were guaranteed by the Company and certain of its operating subsidiaries, bore a coupon rate of 4.25% and were due for redemption in June 2020.

In April 2019, the Group launched a tender offer on the £375m June 2020 senior unsecured notes alongside the launch of a new £350m May 2026 senior unsecured notes (iii). As a result, the Group repurchased £171.6m of the £375m June 2020 senior unsecured notes in April 2019 and repaid the outstanding £203.4m at maturity.

(ii) £350m 4.875% Senior Unsecured Notes due 2023

On 27 May 2016, the Company issued £350m of senior unsecured notes and used the net proceeds to refinance the Company's existing debt and for general corporate purposes. The notes, which are guaranteed by the Company and certain of its operating subsidiaries, were issued with a coupon of 4.875% and mature in September 2023.

(iii) £350m 4.75% Senior Unsecured Notes due 2026

On 1 May 2019, the Company issued £350m of senior unsecured notes and used the net proceeds to refinance the Company's existing debt and for general corporate purposes. The bonds, which are guaranteed by the Company and certain of its operating subsidiaries, were issued with a coupon of 4.75% and mature in May 2026.

Finance fees and associated costs incurred on the issue of notes have been capitalised in the Statement of Financial Position and are being amortised over the life of the respective notes using the effective interest rate method..**Change of control**

The Group has committed bank facilities dated October 2018 and November 2019, consisting of a five-year multi-currency syndicated revolving credit facility of £390m and a three-year bilateral multi-currency revolving credit facility of £35m respectively. Under the terms of these facilities, the lenders can give notice to the Group to repay outstanding amounts plus accrued and unpaid interest, and are able to cancel the commitments where there is a change of control of the Parent Company.

In addition, under the indentures for our 4.875% senior unsecured notes due 2023 and our 4.75% senior unsecured notes due 2026, each Noteholder is entitled to require the Group (as issuer) to redeem or purchase any outstanding Senior Unsecured Notes in the event of a change of control at a cash purchase price equal to 101 per cent of the principal amount together with interest accrued.

14. Notes to the cash flow statement

	52 weeks ended 29 December 2020 £m	52 weeks ended 31 December 2019 £m
Profit before interest and tax	**80.3**	12.9
Adjustments for:		
Share of results of associates	**(0.3)**	(0.9)
Depreciation of property, plant and equipment	**62.9**	66.6
Amortisation of intangibles	**83.8**	75.6
Impairment of Retail segment and right-of-use lease assets	**126.6**	47.3
Provision for LBO closures	**(2.8)**	43.9
Loss/(gain) on disposal of property, plant and equipment	**0.3**	(3.2)
Cost charged in respect of equity settled share remuneration	**3.1**	4.5
Defined benefit pension cost less cash contributions	**(0.9)**	(8.6)
Fair value movements on derivative financial instruments	**46.7**	4.1
Fair value movements on shares held in Flutter Entertainment	**(3.7)**	–
Profit on sale of interests in associates	**(8.1)**	–
Operating cash flows before movements in working capital:	**387.9**	242.2
Decrease in receivables	**(2.7)**	14.8
Increase/(decrease) in payables	**52.4**	(26.8)
Cash generated by operations	**437.6**	230.2
Income taxes paid	**(19.9)**	(3.1)
Interest paid	**(46.5)**	(39.0)
Interest paid on leases	**(4.7)**	(5.1)
Net cash from operating activities	**366.5**	183.0

15. Contingent liabilities

Legal claims

In common with other businesses in the gambling sector the Group receives claims relating to losses incurred by consumers following the use of the Group's gambling products. Claims have been received from consumers in a number of (principally European) jurisdictions and allege either failure to follow responsible gambling procedures, breach of licence conditions or that underlying contracts in question are null and void given local licencing regimes.

The Group assesses and defends individual claims as they are received both on the individual underlying factual basis and also with regard to legal advice received as to whether such jurisdictions and their local licencing regimes are incompatible with European Union law on the free movement of services. Consumer claims are expensed as they are resolved and the Group provides for such claims where it is determined that the Group has both a present obligation and that an outcome in favour of the claimant is determined to be probable.

The Group is aware of the existence of on-going challenges to local licencing regimes on the basis of their incompatibility with EU law including one such case where the Austrian courts have referred a case relating to Fluctus s.r.o. and Fluentum s.r.o., to the European Court of Justice and has received legal advice that the outcome of such cases is likely to have a significant effect on the status of the claims brought against it. In addition to the outcome of cases relating to the compatibility or otherwise of local licencing regimes with EU law, significant issues remain to be resolved in the context of consumer claims related to the applicable law under which claims in cross border cases should be determined and the enforceability of disputed judgments obtained in jurisdictions from which the Group does not trade and where it has no assets or presence.

Taking into account the uncertainty associated with the legal basis for these claims, coupled with an assessment of the strength of the legal defence that the Group has against such claims, the Directors are aware of a possible, but not probable, outflow of economic benefits associated with these claims.

During the last two months of 2020, the Group was subject to a particular acceleration of claims made in Austria following marketing campaigns by litigation funders in that jurisdiction. In estimating the size of the potential outflow that might result if this were to occur the Directors have assessed (i) the number and individual size of claims received to date and assumptions based on such observations as can be derived from those claims at this comparatively early stage; (ii) the steps that the Group intends to take to defend those claims; and (iii) the fact that the Group has been advised that any outflow would be expected to be on a net of tax basis. Based on that assessment the Group estimates that, if there were an outflow of economic benefits, it could be between £nil and £25.0m.

The timing of any such outflow will be dependent on (i) the timing of decisions by the ECJ and of cases that could then be heard before national courts and the Gibraltar and/or Maltese courts (being the courts of the jurisdictions in which and from which the Group's online businesses operate); and (ii) the rate and number of future claims made by consumers. Given those factors any outflow will only result after final court hearings which are unlikely to take place within the next twelve months and any outflow would, in any event, then take place over a multi-year period.

Contingent Advisor fees

The Group have entered into agreements with third parties for a range of fees and expenses in connection of the acquisition by Caesars, including financial, corporate broking, legal and public relations advice. £34.2m (inclusive of VAT where applicable) of these fees are only payable contingent on the completion of the transaction and as such have been disclosed as a contingent liability given the regulatory clearances still being obtained in 2021.

£9.1m of fees (inclusive of VAT) have been incurred and recognised in the period (see note 3), which, along with the fees expected to be incurred in 2021, is consistent with the expected fees and costs publicly stated within the Rule 2.7 Offer announcement.

In addition, the Group have confirmed with Caesars the payment of £8.0m (net of tax) of retention payments to key employees to be paid contingent on completion of the transaction which are disclosed as a contingent liability consistent to the advisor fees.

ABBREVIATIONS AND GLOSSARY

Adjusted operating profit

Profit before interest and tax, excluding exceptional items and other defined adjustments. Further detail on adjusted measures is provided in note 3.

AGM

Annual General Meeting

Alfabet

Alfabet S.A.S.

Amounts wagered

This is an industry term that represents the gross takings on sports betting.

ARPU

Average net revenue per user.

Caesars

Caesars Entertainment, Inc.

CG Technology

Formerly known as Cantor Gaming

Company

William Hill PLC, the ultimate holding Company of the William Hill Group.

Direct revenue

Direct revenue is measured at the fair value of consideration received or receivable from customers and represents amount received for goods and services that the Group is in business to provide, net of discounts, marketing inducements and VAT.

EBITDA

Earnings before interest, tax, depreciation and amortisation.

Eldorado

Eldorado Resorts, Inc.

EPS

Earnings per share.

FVAs

Fair value adjustments. These are principally free bets, which are recorded as a cost between gross win and net revenue.

Gambling Commission

The Gambling Commission for Great Britain, the regulatory body for casinos, bingo clubs, gaming machines, betting, remote gambling and lotteries.

Gross gambling yield (GGY)

This is an industry term that represents total stakes less prizes or winnings.

Gross win

Gross win is an industry measure which is calculated as total customer stakes less customer winnings. This measure is non-statutory and differs from net revenue as net revenue is stated after deductions for free bets and customer bonuses. It is used by management to evaluate the impact of sporting results and customer activity on performance.

Gross win margin

This is an industry measure that represents gross win as a proportion of amounts wagered.

Group

The Company and its subsidiaries and/or affiliates or any of them, as the context may require

HMRC

HM Revenue and Customs

IAS

International Accounting Standards

IASB

International Accounting Standards Board

IFRIC

International Financial Reporting Interpretations Committee

IFRS

International Financial Reporting Standards

LBO

Licensed Betting Office

Mr Green

Mr Green & Co AB

NeoGames

NeoGames S.a.r.l and subsidiaries

Net debt for covenant purposes

Net debt less certain restricted cash items of which the largest is balances in customers' accounts. This is not a statutory measure and may differ from loan covenant measures used by other companies.

Net revenue

This is an industry equivalent to Revenue as described in the Statement of Group Accounting Policies in the Annual Report.

New accounts

Customers who registered and transacted within the reporting period.

OTC

Over-the-counter.

PASPA

Professional and Amateur Sports Protection Act 1992.

PBIT

Profit before interest and tax.

Service provider revenue

Service provider revenue is receivable from third party operators where the Group provides sportsbooks and gaming services to the operator.

Sportsbook

Bets placed and accepted online on sporting and other events, or via OTC and SSBTs in Retail.

Sports books

The dedicated sports betting areas operated within casinos in the US.

SSBT

Self-Service Betting Terminal.

Triennial Review

In 2018, the UK Government announced that the maximum stake on Fixed Odds Betting Terminals (FOBTs), also known as B2 gaming products, would be limited to £2.

Unique active players

Customers who placed a bet within the reporting period.

William Hill

The Company and its subsidiaries and affiliates or any of them, as the context may require.