13 August 2020

GVC Holdings PLC

("GVC" or the "Group")

Encouraging first half performance
Well positioned for further growth through four key priorities

GVC Holdings PLC (LSE: GVC), the global sports-betting and gaming Group, is pleased to announce its Interim Results for the six months ended 30 June 2020.

Group	Reported[1,2]				Pre IFRS 16[1,3]		
Six months to 30 June	**2020**	2019	Change	CC[4]	**2020**	2019	Change
	£m	£m	%	%	£m	£m	%
Net gaming revenue (NGR)	1,616.7	1,810.6	(11%)	(10%)	1,616.7	1,810.6	(11%)
Revenue	1,582.5	1,782.1	(11%)	(10%)	1,582.5	1,782.1	(11%)
Gross profit	1,031.7	1,184.1	(13%)		1,031.7	1,184.1	(13%)
Underlying EBITDAR[5]	359.0	376.8	(5%)		359.0	376.8	(5%)
Underlying EBITDA[5]	348.6	366.8	(5%)		309.4	323.4	(4%)
Underlying operating profit[6]	223.9	260.3					
Underlying profit before tax[6]	55.4	212.1					
Profit after tax	2.1	2.1					
Basic EPS (p)	(1.0)	(0.6)					
Continuing adjusted diluted EPS[7] (p)	28.7	31.3					
Dividend per share (p)	-	17.6					

Financial highlights:

- Continued strong trading performance despite impact of COVID-19, demonstrating the resilience of the highly diversified business model by product, brand, territory and channel
  - Online NGR +19% (+21% cc) with double-digit growth in all major markets
    - Sports +5% (+8% cc)
    - Gaming +31% (+32% cc)
  - UK Retail like-for-like[8] (LFL) NGR -50%, reflecting Government imposed closure of retail estate in Q2
  - European Retail NGR -48% (-47% cc), reflecting closure of European outlets in Q2
  - Total Group NGR -11% (-10% cc) at £1,616.7m
- Online EBITDA[5] +53% at £368.6m reflecting favourable sports margins, a strong performance in gaming and lower marketing spend due to sport cancellations
- Group EBITDA[5] -5% at £348.6m
- Profit after tax flat year on year at £2.1m
- Full year EBITDA[5,9] now expected to be in range of £720m-£740m
- Strong cost and cash management resulted in net debt at 30 June 2020 broadly unchanged from the start of the year at £2,164.9m
  - Reflecting positive cashflow of £80.5m in H1 offset by movement in FX impacting Euro denominated debt
- New £535m Revolving Credit Facility secured to provide further flexibility
- Despite the encouraging performance in the business, the Board remains conscious of the continuing market uncertainty as a result of COVID-19 and has therefore taken the prudent decision not to pay an interim dividend. The Board will consider dividend payments with future results

Operational highlights:

- Industry-leading, responsibility-first response to lockdown, introducing significant safeguarding enhancements to protect potentially vulnerable customers, building on GVC's Changing for the Bettor safer gambling strategy
- Decisive response to impact of COVID-19 ensured that the Group achieved its target of operating at cash neutral through the lockdown period
- Second round of investment committed to BetMGM (the Group's US JV with MGM Resorts), bringing total investment from GVC and MGM Resorts to $450m in order to accelerate its ambitions to be the market leader in the rapidly expanding US sports betting and online gaming market
- Completion of key technical integration of Ladbrokes Coral Group, with Ladbrokes and Coral brands now migrated on to the GVC technology platform
- Relocation of GVC's place of management and control – and consequently its tax residence – to the UK

Shay Segev (CEO) commented:

"Given the unprecedented trading environment, GVC has delivered an encouraging performance in the first half, underlining the strength of our diversified business model and the expertise, adaptability and dedication of our people.

These results show that we have a strong foundation. As a technologist, I have huge admiration for what Kenny and the rest of my colleagues have achieved but I am also determined to pursue a programme of continuous improvement as we focus on our four technology-enabled priorities. These are leading the US market, organic growth, expanding into new markets, and being the most responsible operator in our industry. Our industry-leading technology will enable us to grow responsibly and sustainably, using our data-driven customer insights to ensure all of our customers have an enjoyable and safe experience while gaming with us. That is how we will deliver greater and more sustainable value for all our stakeholders."

Outlook

The strong performance of the Online business coupled with the return of the sporting calendar and the re-opening of our Retail operations means that the Group is well placed for the balance of the year. The Board now expects the Group to deliver underlying EBITDA[5,9] of £720m-£740m for the full year, subject to there being no further material disruptions. This is supported by the acceleration of £20m of synergies from the acquisition of Ladbrokes Coral, offset by one off impacts in non-core businesses. Net debt is expected to reduce by year end, leaving leverage levels unchanged from the prior year, despite lower levels of underlying EBITDA due to COVID-19 impacts.

Dividend

With continuing uncertainty around further lockdowns and restrictions as a result of COVID-19, the Board does not consider it prudent to pay a dividend at this time. However, the Board recognises the importance of dividends for shareholders and will consider dividend payments with future results.

Notes

(1) 2020 reported and proforma results are unaudited
(2) Reported results are provided on a post IFRS16 implementation basis
(3) Pre IFRS 16 results are unaudited and show the Group's results before any adjustment is made for IFRS 16
(4) Growth on a constant currency basis is calculated by translating both current and prior year performance at the 2020 exchange rates
(5) EBITDAR is defined as earnings before interest, tax, depreciation and amortisation, rent and associated costs, share based payments and share of JV income. EBITDA is defined as EBITDAR after charging rent and associated costs. Both EBITDAR and EBITDA are stated pre separately disclosed items
(6) Stated pre separately disclosed items
(7) Adjusted for the impact of separately disclosed items, foreign exchange movements on financial indebtedness and losses/gains on derivative financial instruments (see note 8 in the interim financial statements)
(8) UK Retail numbers are quoted on a LFL basis. During H1 there was an average of 3,079 shops in the estate, compared to an average of 3,432 in the same period last year
(9) References to profit expectations are made on a reported basis post IFRS16 implementation

Conference call

An analyst call will be held at 9:30am (BST) today. The corresponding presentation will be posted on the Group's website shortly before the call: https://gvc-plc.com/investor-relations/results-centre/

Participants may join the call by dialing one of the following numbers approximately 15 minutes before the start of the call:

To participate in the Q&A, please also connect via the conference call dial in details.

UK +44 (0)330 336 9125
US +1 929-477-0324
Participant access code: 2185926

There will be a live audio webcast available via the following link:

https://webcasting.brrmedia.co.uk/broadcast/5f30f39bac615d638c140b20

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Forward-looking statements

This document contains certain statements that are forward-looking statements. They appear in a number of places throughout this document and include statements regarding our intentions, beliefs or current expectations and those of our officers, directors and employees concerning, amongst other things, results of our operations, financial condition, liquidity, prospects, growth, strategies and the business we operate. These forward-looking statements include all matters that are not historical facts. By their nature, these statements involve risks and uncertainties since future events and circumstances can cause results and developments to differ materially from those anticipated. Any such forward-looking statements reflect knowledge and information available at the date of preparation of this document. Other than in accordance with its legal or regulatory obligations (including under the Market Abuse Regulation (596/2014), the Listing Rules, the Disclosure Guidance and Transparency Rules and the Prospectus Rules), the Company undertakes no obligation to update or revise any such forward-looking statements. Nothing in this document should be construed as a profit forecast. The Company and its directors accept no liability to third parties in respect of this document save as would arise under English law.

About GVC Holdings PLC

GVC Holdings PLC (LSE:GVC) is a FTSE100 company and is one of the world's largest sports-betting and gaming groups, operating both online and in the retail sector. The Group owns a comprehensive portfolio of established brands; Sports Brands include bwin, Coral, Crystalbet, Eurobet, Ladbrokes, Neds and Sportingbet; Gaming Brands include CasinoClub, Foxy Bingo, Gala, Gioco Digitale, partypoker and PartyCasino. The Group owns proprietary technology across all of its core product verticals and in addition to its B2C operations provides services to a number of third-party customers on a B2B basis. The Group has also entered into a joint-venture with MGM Resorts to capitalise on the sports-betting and gaming opportunity in the US. The Group is tax resident in the UK with licenses in more than 20 countries, across five continents.

For more information see the Group's website: www.gvc-plc.com

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CHIEF EXECUTIVE'S REVIEW

Key priorities based on competitive advantages

We have four clear priorities which are underpinned by operational competitive advantages. These priorities can drive significant growth for the Group, add value for our stakeholders and further entrench responsibility in everything that we do:

1. **Deliver market leadership in the US**

   We estimate that the US sports betting and online gaming market will be worth approximately $20.3bn by 2025. Of this the sports betting market is estimated to be worth approximately $13.5bn and the online gaming market approximately $6.8bn, based on the number of states expected to legislate by 2025. As such this represents the single biggest growth opportunity for GVC. Having entered into the joint venture with MGM to create BetMGM in 2018, significant progress has been made. GVC and MGM committed a second tranche of investment in July bringing the total committed investment to $450m. BetMGM now has all the key elements in place to achieve the ambition of market leadership in this exciting market.

   BetMGM has access to 21 states where regulations have been, or are being, enacted, representing some 51% of the eligible US population. We are live in seven states, with a further four expected to go live by the year end. Further access will be secured through local partnerships such as our successful tie-up with the Midnight Rose Hotel and Casino in Colorado.

   The GVC technology platform provides unique competitive advantages in areas including marketing, product suites, customer experience, CRM, retention, cross sell and operational cost benefits.

   Internally developed, exclusive online gaming content has been key to BetMGM's success in New Jersey where the company enjoys market leadership through the BetMGM and Borgata brands, with a c19% share of the online gaming market as at 30 June 2020. Further enhancements will continue to be made as BetMGM exploits the benefits of GVC's global development programme. As a result of this strong performance in New Jersey BetMGM is on track to achieve $130m of NGR this financial year.

   GVC's vast experience of sports betting around the world ensures that BetMGM can offer customers an immersive in-play betting experience across an exhaustive range of sports, as well as a range of industry leading bet management features. These include Bet Rewards, Odds Boosts, Build-A-Bet, Edit-My-Bet and Auto Cash Out features, as well as significant experience in bet-in-play. A dedicated app will be available in the Apple and Google stores for US customers shortly.

   BetMGM has unparalleled player access spanning omni-channel, media and entertainment partnerships, as well as the benefits of integration with the M life Rewards programme. As sports return BetMGM will be seamlessly available to Yahoo!'s customers. Yahoo! Currently has 9 million fantasy sports players and 64 million unique monthly users which, together with the sports Yahoo! broadcasts, gives BetMGM access to a wide group of sports enthusiasts. Through Buffalo Wild Wings' 1,200 locations, as well as through tie-ups with sports partners, such as the Denver Broncos, the NBA and NASCAR, BetMGM will be able to engage with millions more sports fans.

   Integration with MGM's M life Rewards programme launched in August, positioning the BetMGM brand in front of over 34 million loyalty customers and providing them with unique rewards as a part of their betting and online gaming experience.

   As a result of these partnerships and our ability to cross sell from our expected strong online gaming performance as we enter new states, we anticipate that the cost of acquisition per customer through these partnerships will range from zero up to $150. For customers attained directly and through affiliations we expect the cost of acquisition per customer to be in the region of $200 to $550 per customer. We currently anticipate that this will result in long term blended customer acquisition costs of approximately $250. Combined with the appeal of our products, the strength of our offer, and our outstanding digital marketing and customer retention tools, we expect these to result in highly desirable payback metrics and strong customer retention as BetMGM works towards market leadership across the US sports and online gaming market.

   We are committed to support BetMGM in delivering market leadership across the US sports and online gaming market and with a strong foundation now in place we look forward to seeing continued momentum as BetMGM builds market share.

2. Grow organically ahead of the markets in which we operate

GVC has delivered 18 successive quarters of double-digit online growth (at constant currency). In 2019 93% of our online revenues in came from territories in which we are growing more than 10%. Our platform is a key driver in our ability to grow ahead of the markets and win market share time and again. Our technology is at the heart of what we do and gives us unique capabilities in delivering a superior customer experience. We can provide moments of joy and great entertainment experiences. Using data analytics and CRM tools we can engage and retain customers. With flexibility built in we can add new products and markets. It is the technology at the heart of our business that enables us to continue to grow in the markets in which we operate.

3. Expand into new markets

While GVC is one of the world's leading sports and gaming companies, our Online revenues only represent approximately 6% of global online gross gaming revenue ("GGR"). We have repeatedly demonstrated the ability to deliver strong growth since the acquisition of bwin and expect to continue that to drive further value for stakeholders.

With over a further 50 regulated or regulating markets across the globe there are numerous opportunities for further expansion. These markets have a potential aggregate population of some 1.3bn people and potential GGR of $45bn. We can enter many of these markets with internationally recognised such as bwin and partypoker, which can be operated from our existing regional businesses using our unique proprietary technology platform, enabling relatively low cost entry.

GVC also has a strong track record of M&A execution and value enhancing integration. We continue to look for suitable acquisitions to support our market growth ambitions.

4. Be the most responsible operator in our industry

We have a clear strategic objective to be the most trusted and enjoyable betting operator in the world. In 2019 96% of our revenues came from countries that are regulated or regulating. As we grow into new markets that mix will increase further.

During the COVID-19 lockdown we enhanced our customer safeguarding protections to limit the potential for risk factors - such as isolation, long periods spent at home and boredom - to increase problem behaviours. These measures included adding new markers of protection to our monitoring algorithms as well as reducing TV advertising and replacing our brand-led adverts with responsible gambling ones. We were encouraged by the fact that the UK Gambling Commission reported on 12 May that it had found no evidence to suggest any increase in problem gambling during the lockdown period. In fact, we are starting to see the beginnings of a downward trend with recent quarterly data showing a decrease in the numbers of problem gamblers (from 0.7% to 0.5%). However, there is absolutely no place for complacency.

Technology is enabling us to better protect the small minority of people who are at risk from problematic play. For example, our team of technologists continue to develop our market leading tools to analyse behaviours and provide protective measures for customers and intervene when we spot problematic play. In fact, we have been proactively encouraging customers to use more of our self-help tools. These have helped almost 9 out of 10 of our customers set limits before they play and doubled the number of safer gambling interactions from 2018 to 2019. In addition, we are proactively asking our customers what more we can do to help protect them. Over 70% told us they would prefer voluntary stake limit options on our sites – and that is what we have recently delivered.

We have committed to contributing 1% of our UK GGR to research by 2022, education and training around problem gambling, on top of our $5.5m research partnership with Harvard University, from which we hope to be able to share some initial findings by the end of the year. It is clear there is no one single silver bullet for tackling the issue, but behaving responsibly is a fundamental part of our DNA. We cannot be a sustainable business without being a responsible one.

Overview of first half performance

The Group delivered an encouraging first half despite the impacts from sports cancellations and retail closures. This performance reflects the resilience of the Group's highly diversified business model of product, brand, territory and channel. The Group was trading strongly in the first quarter up until the COVID-19 restrictions were imposed, with Group NGR up 9% (+11% cc) in the period to 15 March 2020.

Across the first half Group NGR was 11% behind last year (-10% cc), primarily as a result of the COVID-19 restrictions. Some substitution of retail customers into online, and into gaming from sports, underpinned very strong Online NGR growth, which was 19% ahead (+21% cc). Our business in Australia delivered a particularly strong performance, with domestic horse racing continuing throughout the period and the reinvigoration of the business continuing to bear fruit. However, as a result of the impact on Retail NGR of store closures, Group underlying EBITDA was down 5%.

Group underlying operating profit was £223.9m and, after charging £25.3m of separately disclosed items, finance costs and tax, profit after tax was £2.1m. As lockdowns were imposed the Group took decisive actions to limit the impacts on costs and cash, achieving its target of operating at cash neutral through the lockdown, which resulted in broadly unchanged net debt from the year end at £2,164.9m representing a leverage ratio of 2.9x (2.8x on a pre-IFRS16 basis).

The Group's joint venture in the US, BetMGM, continues to go from strength to strength. On 8 July 2020 we announced, with our JV partner MGM Resorts, a second tranche of investment taking the total investment into BetMGM to $450m. BetMGM is operational in seven states and expects to be live in a total of eleven states by year end. During the first half BetMGM achieved online gaming leadership in New Jersey, launched in Colorado, West Virginia, Indiana and Michigan and further embedded its offering into the Yahoo! platform ready for sports to return in US.

Online NGR was 19% ahead of last year, and 21% ahead on a constant currency basis, with continued double-digit NGR growth in all major territories. Strong growth in our gaming products during the second quarter more than offset the impact from cancelled sporting events. UK NGR was 22% ahead of last year, Germany NGR was up 14% cc, Australia NGR was up 43% cc, Italy NGR was up 29% cc, Georgia NGR was up 39% cc, Partypoker NGR was up 60% cc and Brazil NGR was up 33% cc.

Reflecting the mix change as outlined above, total online sports NGR was up 5% (+8% cc) and online gaming NGR was up 31% (+32% cc). Underlying Online EBITDA was 53% up at £368.6m.

UK Retail performed strongly in the period until the imposed store closures, with LFL[8] NGR down only 5% despite the continuing headwind of the Triennial Review. With stores closed for the majority of the second quarter LFL[8] NGR in the half was down 50%. EBITDA was £8.3m for the first half. The retail closure programme as a result of the Triennial Review was completed in the first quarter.

European Retail NGR was 48% (-47% cc) behind last year, with Over the Counter (OTC) wagers 54% behind as a result of shop closures in all territories. During the period up to 15 March, before the majority of shop closures, OTC wagers were -1% cc, a consequence of reduced recycling due to strong margin, which was 4.1pp ahead at 20.4%, and total NGR was 24% cc ahead of 2019. Underlying EBITDA was £7.2m for the first half.

Regulatory Update

The UK

There have been significant developments in the political arena with the publication of the UK Public Accounts Committee's report into the Gambling Commission, and the arrival of the long-awaited House of Lords report. The House of Lords report in particular means the Government is now expected to set out the scope and timescale of their Gambling Act Review within the next three months. We expect this process to be completed within two years, which will be a welcome development that can create a long term and stable regulatory environment. Meanwhile, we have been responding to the new challenges posed by lockdown by increasing our customer protection tools. The Gambling Commission has also been active, announcing two new consultations and a new panel of experts. As we look ahead, GVC's focus continues to be on safeguarding the small number of customers who are at risk of problematic play, whilst offering a fair and fun product and service for the vast majority of our customers who enjoy a bet.

US

Since the decision of the United States Supreme Court to repeal PASPA on 14 May 2018, over 20 US states have introduced sports-betting regulations, with Illinois, Michigan and Virginia the most recent additions. Sports-betting bills, including regulation of mobile sports betting, are being considered in a number of other states such as Ohio and New York. California and Massachusetts also continue their preliminary discussions about regulating sports-betting in the foreseeable future. It can be expected that in the next few years some 35 to 40 US states will have regulated sports-betting, which will provide the Group's US JV with even broader market access across the country.

Germany

The German states have agreed to introduce new regulation that will allow for licensing of all online gambling verticals, including for the first time online casino, slots and poker, from 1 July 2021 onwards. The new regulation will provide long sought-after regulatory certainty in the German market. The Group intends to apply for German licences as soon as they are available and fully expects that its applications will be successful. As casino table games are proposed to be regulated on a state-by-state, as opposed to nationwide, basis the Group has begun taking preparatory steps towards securing adequate market access for these products as well.

The proposed regulation sets out certain restrictions on products, such as deposit limits and maximum wagering limits on slots, as well as new rules for gambling related advertising. Most of these restrictions can however be further relaxed subject to regulatory discretion. In addition, the future regulation allows for a broader portfolio of in-play betting markets, which will facilitate channelling of the Group's existing sports betting offer into the future regulated market.

Furthermore, the Group has applied for multiple sports-betting licences pursuant to the existing German online gambling regulation. The licensing process is currently on hold as a result of a legal challenge against the Hesse regulator owing to its lack of transparency. GVC expects that the regulator will grant its applications for sports-betting licences if and when the licensing process is completed.

In the meantime, the Group continues to offer a full suite of products to its German customers whilst engaging with the German authorities in the current debates about a potential tolerance policy for online poker and slots. The Group will comply with the tolerance policy, if approved, and will take steps to mitigate the impact of any restrictive requirements that may be introduced as part of it.

Other Regulation

The Brazilian sports-betting market is on course to regulate over the course of 2021, with licences expected to be available in early 2022, which provides the Group with a major opportunity to build on its existing position in this market.

The Dutch market is scheduled to regulate on 1 March 2021. The regulation will allow for all online gambling verticals subject to a GGR tax. GVC will apply for Dutch licences and expects to be regulated in the Netherlands by early 2022. Up until then, GVC will be able to continue relying on the Dutch regulator's tolerance criteria to service its Dutch customers.

In Spain, the Government has proposed restrictions on gambling related advertising, including TV watersheds, limitations on bonuses, and a sponsorship ban. The Government intends to approve the new advertising rules by October 2020. Some of the above rules allow for transitional periods for their implementation. Together with the rest of the gambling industry as well as the Spanish football clubs and mainstream media, GVC will continue to make the case to find the right regulatory balance between providing entertainment and appropriate protections. Regardless of the ultimate outcome, bwin is a well-established brand in Spain and is expected to outgrow the market if and when the proposed restrictions are introduced.

Brexit

The UK and Gibraltar formally left the EU on 31 January 2020 and immediately entered an 11 month transition period. The Group has taken all necessary actions to ensure it can continue to operate uninterrupted after the transition period ends. Some EU countries require companies operating online gambling services in those countries to locate their servers within the EU. To meet these requirements, some of the Group's servers were transferred to Dublin in June 2019. The Group's online business will still be headquartered in Gibraltar and the impact on our employees in Gibraltar is minimal.

Financial Results and the use of Non-GAAP measures

Due to the nature of the Group’s lease renewal program and response to the Triennial Review, the shape of the Group's underlying trading results continues to be affected by implementation of the new IFRS 16 “Leases” standard. Whilst the Group's primary form of reporting is on a statutory, post IFRS 16 basis, management believe that the provision of financials on a pre IFRS 16 basis, in addition to the statutory financials, aids in the understanding of the Group's results. In addition, management have also provided additional information in the form of Contribution, EBITDAR and EBITDA as these metrics either assist in the understanding of the aforementioned impact or are industry standard KPIs. Full reconciliations of the statutory results to the pre IFRS 16 financials are provided below:

2019 H1 results	**Reported underlying results[1]**	**IFRS 16 impact[2]**	**Pre IFRS 16 underlying results**
Net gaming revenue	1,810.6	-	1,810.6
Revenue	1,782.1	-	1,782.1
Gross profit	1,184.1	-	1,184.1
Contribution	924.9	-	924.9
Underlying EBITDAR	376.8	-	376.8
Underlying EBITDA	366.8	(43.4)	323.4
Share based payments	(5.5)	-	(5.5)
Underlying depreciation & amortisation	(99.9)	25.0	(74.9)
Share of JV income	(1.1)	-	(1.1)
Underlying group operating profit	260.3	(18.4)	241.9

2020 H1 results	**Reported underlying results[1]**	**IFRS 16 impact[2]**	**Pre IFRS 16 underlying results**
Net gaming revenue	1,616.7	-	1,616.7
Revenue	1,582.5	-	1,582.5
Gross profit	1,031.7	-	1,031.7
Contribution	782.2	-	782.2
Underlying EBITDAR	359.0	-	359.0
Underlying EBITDA	348.6	(39.2)	309.4
Share based payments	(4.0)	-	(4.0)
Underlying depreciation & amortisation	(112.1)	28.3	(83.8)
Share of JV income	(8.6)	-	(8.6)
Underlying group operating profit	223.9	(10.9)	213.0

Notes

(1) Excludes the impact of separately disclosed items
(2) IFRS 16 has also resulted in an additional £7.8m of interest in H1 2020 (£8.5m in 2019)

BUSINESS REVIEW

The Group operates through five segments; Online, UK Retail, European Retail, Other and Corporate.

Group

	Reported results[1,2]				Pre IFRS 16 results[1,3]		
Six months to 30 June	**2020 £m**	2019 £m	Change %	CC[4] %	**2020 £m**	2019 £m	Change %
NGR	1,616.7	1,810.6	(11%)	(10%)	1,616.7	1,810.6	(11%)
VAT/GST	(34.2)	(28.5)	(20%)	(23%)	(34.2)	(28.5)	(20%)
Revenue	1,582.5	1,782.1	(11%)	(10%)	1,582.5	1,782.1	(11%)
Gross profit	1,031.7	1,184.1	(13%)		1,031.7	1,184.1	(13%)
Contribution	782.2	924.9	(15%)		782.2	924.9	(15%)
Operating costs	(423.2)	(548.1)	23%		(423.2)	(548.1)	23%
Underlying EBITDAR[5]	359.0	376.8	(5%)		359.0	376.8	(5%)
Rent and associated costs	(10.4)	(10.0)	(4%)		(49.6)	(53.4)	7%
Underlying EBITDA[5]	348.6	366.8	(5%)		309.4	323.4	(4%)
Share based payments	(4.0)	(5.5)	27%		(4.0)	(5.5)	27%
Underlying depreciation and amortisation	(112.1)	(99.9)	(12%)		(83.8)	(74.9)	(12%)
Share of JV income	(8.6)	(1.1)	(682%)		(8.6)	(1.1)	(682%)
Underlying operating profit[6]	223.9	260.3	(14%)		213.0	241.9	(12%)

Reported Results[1,2]:

Despite a strong performance across the Group in the first quarter to mid-March and strong Online gaming during Q2, revenue decreased by 11% (-10% cc) in H1 due to sports cancellations and shop closures as a result of COVID-19 and the annualisation of the Triennial Review on UK Retail. Contribution of £782.2m was 15% lower than last year, with a contribution margin of 48.4%, 2.7pp lower than last year due to a higher Online segmental mix. Operating costs (before rent) were 23% lower, primarily as a result of mitigating actions in response to COVID-19 and ongoing synergy delivery. Underlying EBITDA[5] was 5% lower at £348.6m.

Share based payment charges were 27% lower than last year, while underlying depreciation and amortisation was 12% higher following the ongoing investment in the business and SSBTs in UK Retail. Share of JV loss of £8.6m includes a loss of £8.8m from the US JV, BetMGM. Group underlying operating profit[6] was 14% behind 2019. After separately disclosed items of £25.3m (2019: £224.4m), operating profit[6] was £198.6m, an increase of £162.7m on 2019.

Pre IFRS 16 Results[1,3]:

Pre IFRS 16 underlying EBITDA[5] decreased by 4% to £309.4m. Pre IFRS 16 underlying operating profit[6] of £213.0m was 12% lower than last year.

Online

Six months to 30 June	Reported results[1,2] 2020 £m	2019 £m	Change %	CC[4] %	Pre IFRS 16 results[1,3] 2020 £m	2019 £m	Change %
Sports wagers	4,697.2	5,542.7	(15%)	(13%)	4,697.2	5,542.7	(15%)
Sports margin	12.8%	10.8%	2.0pp	2.0pp	12.8%	10.8%	2.0pp
Sports NGR	484.5	462.3	5%	8%	484.5	462.3	5%
Gaming NGR	752.6	574.6	31%	32%	752.6	574.6	31%
B2B NGR	8.0	8.6	(7%)	(8%)	8.0	8.6	(7%)
Total NGR	1,245.1	1,045.5	19%	21%	1,245.1	1,045.5	19%
VAT/GST	(34.2)	(28.5)	(20%)	(23%)	(34.2)	(28.5)	(20%)
Revenue	1,210.9	1,017.0	19%	21%	1,210.9	1,017.0	19%
Gross profit	779.6	664.3	17%		779.6	664.3	17%
Contribution	533.9	413.8	29%		533.9	413.8	29%
Contribution margin	*42.9%*	*39.6%*	*3.3pp*		*42.9%*	*39.6%*	*3.3pp*
Operating costs	(164.4)	(172.0)	4%		(164.4)	(172.0)	4%
Underlying EBITDAR[5]	369.5	241.8	53%		369.5	241.8	53%
Rent and associated costs	(0.9)	(0.5)	(80%)		(8.4)	(6.0)	(40%)
Underlying EBITDA[5]	368.6	241.3	53%		361.1	235.8	53%
Share based payments	(1.3)	(2.2)	41%		(1.3)	(2.2)	41%
Underlying depreciation and amortisation	(55.7)	(53.9)	(3%)		(48.5)	(48.9)	1%
Share of JV income	-	0.3	(100%)		-	0.3	(100%)
Underlying operating profit[6]	311.6	185.5	68%		311.3	185.0	68%

Reported Results[1,23]:

Online growth in the first half of the year was very strong despite the disruption to the sporting calendar with total NGR 19% (+21% cc) ahead of last year. Underlying EBITDAR[5] of £369.5m and underlying EBITDA[5] of £368.6m were 53% ahead of 2019, helped by favourable sports margins across H1, strong gaming and a lower marketing rate in Q2. After adjusting for the impact of the annualisation of 2019 duty increases in the UK, underlying EBITDA[5] was 59% ahead. Underlying operating profit[6] of £311.6m was 68% ahead and, after charging £153.7m of separately disclosed items, underlying operating profit[6] was £157.9m, £150.8m ahead of last year.

Sports NGR was 5% (+8% cc) ahead of 2019. Sports wagers were 15% lower (-13% cc) as a result of reduced fixtures during Q2, however, strong margins throughout the period more than offset the stakes shortfall. Margin was 2.0pp ahead at 12.8% primarily due to favourable results and product mix. During the first quarter, where the sports schedule was less impacted by COVID-19, sports NGR was 17% ahead of last year (+21% cc), with volumes 12% behind (-10% cc), offset by a strong, results-led margin, which was 2.5pp ahead of 2019.

Gaming NGR was 31% (+32% cc) ahead, +18% cc in Q1 and +46% cc in Q2 as partial substitution from sports products benefitted the Group’s gaming offering.

In the UK, NGR was 22% ahead. UK sports brands NGR was 11% ahead, with double digit growth in both Ladbrokes and Coral. Extremely strong sports margins in the first quarter, 4.6pp ahead in Ladbrokes and 3.9pp ahead in Coral, targeted CRM and tight management of customer bonuses went some way to compensating for significantly reduced sporting fixtures during the second quarter, leaving sports NGR 3% down for the half. Gaming NGR was 22% ahead.

UK Gaming brands NGR grew 43% during the first half. Bingo products performed particularly well, driven by the temporary closure of retail Bingo, as well as the 'Bingo like a Boss' campaign launched in February, aimed at attracting a younger audience to Galabingo.com whilst retaining the existing player base, and continued sponsorship of 'The Chase'. Approximately 40% of Gala Bingo's new players during Q2 are estimated to have been acquired from retail, helped by the launch of a Club Style Bingo offering, specifically targeted at land-based players. A strong performance in the Foxy brand has been supported by the launch of exclusive bingo variants, the new 'Foxy Fabulous' initiative, continued sponsorship of Friends on Channel 5, a relaunched loyalty scheme and the rebranding of Foxy Casino to Foxy Games.

During the period the Group completed the migration of all its UK brands on to the GVC digital platform and we have already seen benefits in improved site stability and speed of product development and deployment. The strong gaming performance in all of the UK brands has been underpinned by product innovation, optimisation of the customer experience and customer engagement through market leading features. The migration to the Group's proprietary technology enables the business to focus further on these key drivers of value.

Growth remains strong in Germany with NGR 14% ahead of 2019 on a constant currency basis. Strong, margin led, sports performance in Q1 was offset by reduced fixtures in Q2, leaving sports NGR in line with last year. Similar to the UK, strong gaming performance left gaming NGR 18% ahead.

In Australia, whilst Retail sports betting outlets were closed and the AFL suspended during lockdown, domestic horse racing continued throughout. As a result, given the strength of our brands and market-leading product innovation, we saw significant reactivation of customers from April onwards and increased spend per head. Together with a strong margin at 2.1pp ahead of 2019, largely due to product mix and favourable results, this resulted in NGR 43% ahead in constant currency.

In Italy, combined NGR growth across the three major brands (Eurobet, bwin and Gioco Digitale) was 29% up on 2019 on a constant currency basis. Despite the impact of COVID-19 in Italy on sporting fixtures, sports NGR was 11% cc ahead, largely driven by the performance of Eurobet, where strong Q1 volumes at +18% cc and Q1 margin at +2.1pp were key drivers.

In Brazil, despite our business being largely sports focussed and the Campeonato Brazileiro Serie A not resuming until August, NGR was 33% ahead on a constant currency basis.

Partypoker NGR was 60% cc ahead of last year, driven by both new poker customers, resulting in poker +50% cc ahead, and cross sell into casino, and sports NGR was also up 43% cc, albeit off a relatively low base. In Georgia, Crystalbet NGR was 39% ahead driven by continued leverage of the improved product offering and Group marketing capabilities.

Online contribution margin of 42.9% was 3.3pp higher than last year, with savings in marketing of +4.3pp, resulting from reduced sports fixtures in H1, partially offset by a 0.9pp reduction in gross profit margin as a result of territory mix (for example the strength of the performance for the Group from Australia), the annualisation of UK Remote Gaming duty and sports/gaming product mix. Following the return of sport late in H1, we are anticipating additional marketing spend in H2. Full year guidance of Online contribution margin of 40%-41% remains unchanged.

Operating costs (before rent) were 4% lower than last year as a result of synergies from the acquisition of Ladbrokes Coral, partially offset by inflation. Full year guidance of low single digit deflation still applies.

Rent and associated costs were £0.9m in the first half, compared with £0.5m in the prior year, leaving underlying EBITDA[5] of £368.6m 53% ahead of last year.

Share based payments were 41% lower than last year, underlying depreciation and amortisation of £55.7m was 3% higher and share of JV income was £nil following the disposal of the Group's 50% interest in Sportium to Cirsa S.A. in H2 2019, leaving underlying operating profit[6] 68% higher at £311.6m.

Pre IFRS16 Results[1,3]:

Pre IFRS 16 underlying EBITDA[5] of £361.1m was 53% ahead. Pre IFRS 16 underlying operating profit[6] of £311.3m was 68% ahead of 2019.

UK Retail

	Reported results[1,2]				Pre IFRS 16 results[1,3]		
Six months to 30 June	**2020 £m**	2019 £m	Change %	CC[4] %	**2020 £m**	2019 £m	Change %
OTC wagers	724.8	1,591.6	(54%)	n/a	724.8	1,591.6	(54%)
OTC margin	20.0%	17.5%	2.5pp	n/a	20.0%	17.5%	2.5pp
Sports NGR/Revenue	144.4	275.0	(47%)	n/a	144.4	275.0	(47%)
Machines NGR/Revenue	133.5	311.8	(57%)	n/a	133.5	311.8	(57%)
Total NGR/Revenue	277.9	586.8	(53%)	n/a	277.9	586.8	(53%)
Gross profit	203.8	421.9	(52%)		203.8	421.9	(52%)
Contribution	202.1	419.0	(52%)		202.1	419.0	(52%)
Contribution margin	*72.7%*	*71.4%*	*1.3pp*		*72.7%*	*71.4%*	*1.3pp*
Operating costs	(184.9)	(298.1)	38%		(184.9)	(298.1)	38%
Underlying EBITDAR[5]	17.2	120.9	(86%)		17.2	120.9	(86%)
Rent and associated costs	(8.9)	(8.9)	-		(36.4)	(42.6)	15%
Underlying EBITDA[5]	8.3	112.0	(93%)		(19.2)	78.3	(125%)
Share based payments	(0.3)	(0.6)	50%		(0.3)	(0.6)	50%
Underlying depreciation and amortisation	(40.1)	(31.8)	(26%)		(22.8)	(15.1)	(51%)
Share of JV income	-	-	-		-	-	-
Underlying operating (loss)/profit[6]	(32.1)	79.6	(140%)		(42.3)	62.6	(168%)

Reported Results[1,2]:

Total UK Retail NGR of £277.9m was 53% behind last year and 50% behind on a LFL [7] basis. Underlying EBITDAR[5] of £17.2m was 86% behind and underlying EBITDA[5] of £8.3m was 93% behind. Underlying operating loss[6] was £32.1m and, after including the benefit of separately disclosed income of £207.3m, operating profit was £175.2m, £101.5m ahead of last year.

OTC wagers were 54% behind last year, 52% behind on a LFL basis, following the closure of all UK shops on 21 March in response to the COVID-19 pandemic. OTC gross win margin of 20.0% was 2.5pp ahead of last year, primarily driven by favourable results in horse racing and football where margin was +6.5pp ahead of last year. The Cheltenham Festival was the last major event before lockdown with results well ahead of 2019. Resulting sports NGR was 47% behind year-on-year.

We have now opened all of our LBOs with English shops reopening their doors on the 15 June and those in Wales, Scotland and Northern Ireland opening progressively through the latter part of June as local lockdown rules permitted. We continue to operate with restricted content in Scotland in line with Scottish rules for non-essential retailers.

UK Retail was particularly promising in the period prior to 15 March when sports were cancelled and stores were closed with LFL NGR only 5% down despite the annualisation of the Triennial Review. During this period, LFL OTC wagers were 9% ahead of last year, with substitution from displaced B2 spend into sports and competitor shop closures benefiting our estate. OTC margin over the same period was particularly strong at 20.3%, 3.6pp ahead of 2019, leaving LFL OTC NGR 34% ahead of 2019. LFL SSBT wagering was 43% ahead of last year during the period to 15 March, with SSBT density at the end of the period 30% higher than a year ago.

Machines NGR was 57% behind, 55% behind on a LFL basis, and up to 15 March, 28% LFL lower than last year as a result of the Triennial Review.

Operating costs (before rent) were 38% lower than 2019, largely as a result of cost mitigation actions in response to the COVID-19 pandemic, furlough receipts and tight underlying cost control.

Rent and associated costs of £8.9m in the first half were in line with the prior year, leaving underlying EBITDA[5] of £8.3m, 93% lower than 2019.

Charges for share based payments were 50% lower than last year and underlying depreciation and amortisation of £40.1m was 26% higher, as a result of the deployment of our new till system across large parts of the estate and investment in SSBTs, leaving an underlying operating loss[6] of £32.1m.

At 30 June 2020, there were a total of 3,006 shops in the estate (2019: 3,274). During the period 227 shops were closed as we completed the resizing of the retail estate following the Triennial Review.

While shops were closed, the Government's furlough scheme ensured that the livelihoods of our 14,000 retail colleagues were protected in this uncertain time, and we are pleased to see business now return to some sense of 'normality'.

Pre IFRS 16 Results[1,3]:

Pre IFRS 16 underlying EBITDAR[5] of £17.2m was £103.7m behind 2019 as a result of the impact of COVID-19 and the annualisation of the Triennial Review. EBITDA[5] loss was £19.2m, £97.5m behind 2019, following £6.2m of rent savings due to the smaller estate size. Pre IFRS 16 underlying operating loss[6] of £42.3m was 168% lower than 2019.

European Retail

	Reported results[1,2]				Pre IFRS 16 results[1,3]		
Six months to 30 June	**2020 £m**	2019 £m	Change %	CC[4] %	**2020 £m**	2019 £m	Change %
OTC wagers	379.8	832.4	(54%)	(54%)	379.8	832.4	(54%)
OTC margin	19.7%	17.3%	2.4pp	2.4pp	19.7%	17.3%	2.4pp
Sports NGR/Revenue	59.1	107.1	(45%)	(44%)	59.1	107.1	(45%)
Other OTC NGR/Revenue	15.5	35.9	(57%)	(56%)	15.5	35.9	(57%)
Machines NGR/Revenue	0.9	1.1	(18%)	(7%)	0.9	1.1	(18%)
Total NGR/Revenue	75.5	144.1	(48%)	(47%)	75.5	144.1	(48%)
Gross profit	34.8	72.6	(52%)		34.8	72.6	(52%)
Contribution	33.6	68.7	(51%)		33.6	68.7	(51%)
Contribution margin	*44.5%*	*47.7%*	*(3.2pp)*		*44.5%*	*47.7%*	*(3.2pp)*
Operating costs	(26.1)	(33.8)	23%		(26.1)	(33.8)	23%
Underlying EBITDAR[5]	7.5	34.9	(79%)		7.5	34.9	(79%)
Rent and associated costs	(0.3)	(0.5)	40%		(4.5)	(4.6)	2%
Underlying EBITDA[5]	7.2	34.4	(79%)		3.0	30.3	(90%)
Share based payments	(0.1)	(0.2)	50%		(0.1)	(0.2)	50%
Underlying depreciation and amortisation	(14.6)	(13.4)	(9%)		(11.0)	(10.2)	(8%)
Share of JV income	-	0.7	(100%)		-	0.7	(100%)
Underlying operating (loss)/profit[6]	(7.5)	21.5	(135%)		(8.1)	20.6	(139%)

Reported Results[1,2]:

European Retail NGR of £75.5m was 48% behind last year (-47% cc) driven by the temporary closure of shops due to COVID-19. Resulting underlying EBITDAR[5] of £7.5m and underlying EBITDA[5] of £7.2m were 79% behind 2019. Underlying operating loss[6] of £7.5m was 135% behind 2019 and, after charging £11.0m of separately disclosed items, it was £18.5m, £28.7m behind last year.

Performance during the period was significantly impacted by temporary shop closures across all of our estates in Italy, Belgium and the Republic of Ireland in response to COVID-19. OTC wagers were 54% behind and sports NGR was 45% behind. OTC sports gross win margin of 19.7% was 2.4pp ahead, primarily due to football margin in Italy, which was 6.0pp ahead of last year. Other OTC NGR was 57% lower than 2019.

During the period up to 15 March, before the majority of shop closures and suspension of sporting events, OTC wagers were -1% cc, a consequence of reduced recycling due to strong margins, and margin was 4.1pp ahead at 20.4%, leaving total NGR 24% cc ahead of 2019.

Contribution margin of 44.5% decreased 3.2pp driven by geographic mix and costs associated with supporting our Italian franchisees through the COVID-19 pandemic.

Operating costs (pre rent) were 23% lower as a consequence of cost mitigation in response to shop closures. Underlying EBITDAR[5] of £7.5m was 79% behind and underlying EBITDA[5] at £7.2m was also 79% lower than last year.

Share based payments were £0.1m lower than last year and underlying depreciation and amortisation of £14.6m was 9% higher, leaving underlying operating loss[6] of £7.5m, 135% behind 2019.

As at 30 June 2020 there were a total of 1,737 outlets/shops (2019: 1,681): Italy 890 (2019: 852), Belgium shops 309, outlets 400 (2019: shops 316, outlets 374) and Ireland 138 (2019: 139).

Pre IFRS 16 Results[1,3]:

Pre IFRS 16 underlying EBITDA[5] of £3.0m was 90% behind last year and pre IFRS 16 underlying operating loss[6] of £8.1m was 139% behind last year.

Other

	Reported results[1,2]				Pre IFRS 16 results[1,3]		
Six months to 30 June	**2020 £m**	2019 £m	Change %	CC[4] %	**2020 £m**	2019 £m	Change %
NGR/Revenue	20.1	35.9	(44%)	(44%)	20.1	35.9	(44%)
Gross profit	13.5	25.3	(47%)		13.5	25.3	(47%)
Contribution	12.6	23.4	(46%)		12.6	23.4	(46%)
Operating costs	(26.1)	(23.3)	(12%)		(26.1)	(23.3)	(12%)
Underlying EBITDAR[5]	(13.5)	0.1	n/m		(13.5)	0.1	n/m
Rent and associated costs	(0.3)	(0.1)	(200%)		(0.3)	(0.2)	(50%)
Underlying EBITDA[5]	(13.8)	-	n/m		(13.8)	(0.1)	n/m
Share based payments	-	-	-		-	-	-
Underlying depreciation and amortisation	(1.7)	(0.6)	(183%)		(1.5)	(0.5)	(200%)
Share of JV income	0.2	0.9	(78%)		0.2	0.9	(78%)
Underlying operating (loss)/profit[6]	(15.3)	0.3	n/m		(15.1)	0.3	n/m

Reported Results[1,2]:

On a reported basis, NGR of £20.1m was 44% lower than 2019 as a result of the impact of COVID-19 on our smaller sports-betting businesses (Telebet and Betdaq) and our financial services business (Intertrader). Underlying EBITDAR[5] loss of £13.5m and underlying EBITDA[4] loss of £13.8m were largely the result of the NGR shortfall and a bad debt provision of £9.0m in Intertrader due to significant customer losses following equity market falls due to COVID-19. Underlying operating loss[5] was £15.3m (2019: £0.3m profit) and operating loss after charging separately disclosed items of £22.7m was £38.0m, £38.3m behind last year.

Pre IFRS 16 Results[1,3]:

Pre IFRS 16 underlying EBITDA[5] loss of £13.8m was £13.7m behind last year, while pre IFRS 16 underlying operating loss[6] of £15.1m was £15.4m behind.

Corporate

Six months to 30 June	Reported results[1,2]				Pre IFRS 16 results[1,3]		
	2020 £m	2019 £m	Change %	CC[4] %	**2020 £m**	2019 £m	Change %
Underlying EBITDAR[5]	(21.7)	(20.9)	(4%)		(21.7)	(20.9)	(4%)
Rent and associated costs	-	-	-		-	-	-
Underlying EBITDA[5]	(21.7)	(20.9)	(4%)		(21.7)	(20.9)	(4%)
Share based payments	(2.3)	(2.5)	8%		(2.3)	(2.5)	8%
Underlying depreciation and amortisation	-	(0.2)	100%		-	(0.2)	100%
Share of JV income	(8.8)	(3.0)	(193%)		(8.8)	(3.0)	(193%)
Underlying operating (loss)/profit[6]	(32.8)	(26.6)	(23%)		(32.8)	(26.6)	(23%)

Reported Results[1,2]:

On a reported basis, Corporate costs[5] of £21.7m were 4% higher than last year as underlying cost savings were more than offset by additional investment in our Responsible Gambling activities as we move towards our 1% of GGR target by 2022 in the UK as part of our ESG strategy. After share based payments, depreciation and amortisation and share of JV losses, Corporate costs were £32.8m, an increase of 23%, largely as a result of the incremental loss in the US JV, BetMGM, which is on track to operate in 11 states by the end of 2020. After charging separately disclosed items of £45.2m, the operating loss of £78.0m was £22.6m behind 2019.

Pre IFRS 16 Results[1,3]:

Pre IFRS 16 Corporate costs[5] of £21.7m were 4% higher than last year and pre IFRS 16 underlying operating loss[6] of £32.8m was 23% behind last year.

Notes

(1) 2020 results are unaudited
(2) Reported results are provided on a post IFRS16 implementation basis
(3) Pre IFRS 16 results are unaudited and show the Group's results before any adjustment is made for IFRS 16
(4) Growth on a constant currency basis is calculated by translating both current and prior year performance at the 2020 exchange rates
(5) EBITDAR is defined as earnings before interest, tax, depreciation and amortisation, rent and associated costs, share based payments and share of JV income. EBITDA is defined as EBITDAR after charging rent and associated costs. Both EBITDAR and EBITDA are stated pre separately disclosed items
(6) Stated pre separately disclosed items
(7) UK Retail numbers are quoted on a LFL basis. During H1 there was an average of 3,079 shops in the estate, compared to an average of 3,432 in the same period last year

CHIEF FINANCIAL OFFICER'S REVIEW

Six months to 30 June	Reported results[1,2]				Pre IFRS 16 results[1,3]		
	2020 £m	2019 £m	Change %	CC[4] %	**2020 £m**	2019 £m	Change %
NGR	1,616.7	1,810.6	(11%)	(10%)	1,616.7	1,810.6	(11%)
Revenue	1,582.5	1,782.1	(11%)	(10%)	1,582.5	1,782.1	(11%)
Gross profit	1,031.7	1,184.1	(13%)		1,031.7	1,184.1	(13%)
Contribution	782.2	924.9	(15%)		782.2	924.9	(15%)
Underlying EBITDAR[5]	359.0	376.8	(5%)		359.0	376.8	(5%)
Underlying EBITDA[5]	348.6	366.8	(5%)		309.4	323.4	(4%)
Share based payments	(4.0)	(5.5)	27%		(4.0)	(5.5)	27%
Underlying depreciation and amortisation	(112.1)	(99.9)	(12%)		(83.8)	(74.9)	(12%)
Share of JV income	(8.6)	(1.1)	(682%)		(8.6)	(1.1)	(682%)
Underlying operating profit[6]	223.9	260.3	(14%)		213.0	241.9	(12%)
Net finance costs	(36.6)	(45.7)	20%				
Net foreign exchange	(131.9)	(2.5)	n/m				
Profit before tax pre separately disclosed items	55.4	212.1	(74%)				
Separately disclosed items:							
Amortisation of acquired intangibles	(158.5)	(184.3)	14%				
Other	127.9	(40.1)	419%				
Profit/(Loss) before tax	24.8	(12.3)	302%				
Tax	(22.7)	14.4	(258%)				
Profit after tax	2.1	2.1	-				

IFRS 16 and pre IFRS 16 information

IFRS 16 "Leases" applies to financial periods commencing on or after 1 January 2019. For leases previously classified as operating leases, a right of use asset and lease liability will be recognised going forward. Due to the implications of the standard on the Group's reporting (see page 8) we have also provided the pre IFRS 16 result as if IFRS 16 did not apply.

NGR and Revenue

Group reported NGR and revenue were 11% behind as a result of COVID-19 related shop closures and sporting event cancellations from March to June and the year-on-year impact of the Triennial Review in UK Retail during the first quarter, partly offset by a strong Group performance to mid-March and strong gaming in Online in Q2. Further details are provided in the Business Review section.

Underlying operating profit[6]

Group reported underlying operating profit[6] of £223.9m (2019: £260.3m) was 14% behind 2019, with the year-on-year decrease largely due to the impact of COVID-19. Analysis of the Group's performance for the first half is detailed in the Business Review section.

Financing costs

Finance costs of £36.6m (2019: £45.7m), excluding the issue cost write off of £5.3m, were £9.1m lower than 2019, reflecting interest rate savings arising from the 2019 and early 2020 debt refinancings, as well as £1.8m of savings on issue cost amortisation following the write off of historic fees on refinancing.

The foreign exchange loss of £131.9m (2019: £2.5m) in the first half reflects the charge arising on the retranslation of the Group's Euro denominated debt following the strengthening of the Euro since the 2019 year end. This loss is offset by a £170.0m gain, which has been recorded in equity, on the retranslation of net assets in overseas businesses and is part of the Group's commercial hedging arrangements.

Separately disclosed items

Items separately disclosed before tax for the period amount to a £30.6m charge (2019: £224.4m) and relate primarily to £158.5m of amortisation on acquired intangibles (2019: £184.3m), a £19.3m (2019: £nil) impairment of our financial services business as a result of the reduced outlook for that business, integration costs of £19.6m (2019: £20.0m), corporate transaction costs of £1.6m (2019: £2.5m), ongoing costs of £4.7m associated with right sizing our Retail estate following the implementation of the £2 FOBT stakes restriction (2019: £2.9m) and £11.9m of onerous costs associated with shop closures and other one-off legal expenses (2019: £9.0m). In addition, the Group recorded a £23.3m charge associated with the reassessment of the likely payment under Dusk Till Dawn and Crystalbet contingent consideration arrangements (2019: £5.6m) and £7.3m of other exceptionals, predominantly the write-off of issue costs following the refinancing during H1 (2019: £0.4m).

The Group has also separately recorded a net £211.6m (2019: £nil) of income in the first half, predominantly against a VAT claim in our Ladbrokes business following a recent court ruling (£200.0m net of corporation tax) and £4.0m (2019: £0.3m) on the sale of assets.

Separately disclosed items	**2020 £m**	2019 £m
Amortisation of acquired intangibles	(158.5)	(184.3)
Impairment	(19.3)	-
Integration costs	(19.6)	(20.0)
Corporate transaction costs	(1.6)	(2.5)
Triennial restructuring costs	(4.7)	(2.9)
Legal and onerous contract costs	(11.9)	(9.0)
Movement in fair value of contingent consideration	(23.3)	(5.6)
Other including issue cost write-off	(7.3)	(0.4)
Tax litigation/one-off legislative impacts	211.6	-
Profit on sale of assets	4.0	0.3
Total	(30.6)	(224.4)

Profit before tax

Profit before tax and before separately disclosed items was £55.4m (2019: £212.1m) reflecting a year-on-year decrease of £156.7m largely driven by the foreign exchange loss on the retranslation of debt. After charging separately disclosed items, the Group recorded a pre-tax profit of £24.8m (2019: loss of £12.3m).

Taxation

The tax charge for the period ended 30 June 2020 was £22.7m (2019: credit of £14.4m) reflecting an underlying effective tax rate of 17.7% (2019: 12.4%) and tax on separately disclosed items of £12.9m (2019: credit £40.6m). The full year effective tax rate is still expected to be c13% excluding the impact of foreign exchange.

Cashflow

Six months to 30 June	2020 £m	2019 £m
Underlying EBITDA[5]	348.6	366.8
Underlying working capital	8.9	(15.4)
Capital expenditure/Investment in subsidiaries	(70.0)	(77.6)
Investment in JV	(23.3)	-
Finance lease (incl. IFRS 16 leases)	(42.1)	(39.3)
Interest paid (incl. IFRS 16 leases)	(44.5)	(45.4)
Corporate taxes	(6.0)	(12.9)
Free Cashflow	**171.6**	**176.2**
Separately disclosed items	(60.6)	(100.7)
Net movement on debt and associated instruments	(26.7)	4.0
Equity issue	3.5	-
Dividends paid	(7.3)	(97.6)
Net Cashflow	**80.5**	**(18.1)**
Foreign exchange	(1.2)	(6.5)
Net cash generated	**79.3**	**(24.6)**
Cash and cash equivalents at beginning of period	390.1	421.9
Cash and cash equivalents at the end of period	**469.4**	**397.3**

During the first half, the Group had a net cash inflow of £80.5m (2019: outflow of £18.1m). Free cashflow for the period was £171.6m (2019: £176.2m) with underlying EBITDA (post IFRS 16) of £348.6m (2019: £366.8m) offset by investment in capital expenditure of £70.0m (2019: £77.6m), further investment in the US JV of £23.3m (2019: £nil), lease payments under IFRS 16 of £42.1m, including those on non-operational shops (2019: £39.3m), £44.5m of interest on loans and IFRS16 leases (2019: £45.4m). The Group also paid £6.0m in corporate taxes (2019: £12.9m). During the first half, there was a working capital inflow of £8.9m (2019: outflow of £15.4m).

During the period, the Group paid £60.6m on items which have been separately disclosed, including £26.7m against the historical Greek tax provision. The Group also paid a net £26.7m (2019: £4.0m income) on the repayment of debt, predominantly repaying the £35.0m drawn down on the RCF at the 2019 year end. £3.5m was raised in equity issuances (2019: £nil) and £7.3m was paid in minority dividends (2019: £97.6m including equity dividends).

Net debt and liquidity

As at 30 June 2020, net debt post IFRS 16 was £2,164.9m and represented a net debt to EBITDA ratio of 2.91x. Pre IFRS 16, net debt was £1,836.8m, a ratio of 2.76x. At 30 June 2020, there was no drawdown on the Group's revolving credit facility.

	Par value £m	Issue costs/ Premium £m	Total £m
Bonds	(500.0)	(21.4)	(521.4)
Term loans	(1,667.5)	9.4	(1,658.1)
Interest accrual	(19.5)	-	(19.5)
	(2,187.0)	(12.0)	(2,199.0)
Cash			469.4
Accounting net debt			(1,729.6)
Cash held on behalf of customers			(376.2)
Fair value of swaps held against debt instruments			28.0
Short term investments/Deposits held			144.1
Balances held with payment service providers			110.0
Finance lease debt			(13.1)
Adjusted net debt pre IFRS 16			**(1,836.8)**
Lease liabilities recognised as a result of IFRS 16			(328.1)
Adjusted net debt post IFRS 16			**(2,164.9)**

Going Concern

In adopting the going concern basis of preparation in the interim financial statements, the directors have considered the current trading performance of the Group and the principal risks and uncertainties as considered in the 2019 year end longer term viability statement. This includes the modelling of "severe but plausible" downside scenarios including changes in legislation impacting the Group's Online business in key markets, in addition to a cautious scenario for the impact of COVID-19 and the potential for a "second wave" across Europe.

At 30 June 2020 the Group had available cash of £0.3bn and available but undrawn facilities of £0.5bn; given the level of the Group's current financing facilities, the first tranche of which does not mature until 2023, and the forecast covenant headroom even under the sensitised downside scenarios, the directors believe that the Group is well placed to manage the risks and uncertainties it faces. As such, the directors have a reasonable expectation that the Group will have adequate financial resources to continue in operational existence and have, therefore, considered it appropriate to adopt the going concern basis of preparation in the interim financial statements.

Notes

(1) 2020 results are unaudited
(2) Reported results are provided on a post IFRS16 implementation basis
(3) Pre IFRS 16 results are unaudited and show the Group's results before any adjustment is made for IFRS 16
(4) Growth on a constant currency basis is calculated by translating both current and prior year performance at the 2020 exchange rates
(5) EBITDAR is defined as earnings before interest, tax, depreciation and amortisation, rent and associated costs, share based payments and share of JV income. EBITDA is defined as EBITDAR after charging rent and associated costs. Both EBITDAR and EBITDA are stated pre separately disclosed items
(6) Stated pre separately disclosed items

Principal risks

Key risks are reviewed by the executive directors, other senior executives and the Board of GVC Holdings PLC on a regular basis and, where appropriate, actions are taken to mitigate the key risks that are identified. The Board has overall responsibility for risk management as an integral part of strategic planning.

The principal risks and uncertainties which could impact the Group are detailed in the Group's Annual Report and Accounts 2019 and are as follows:

Data breach and cyber security

The Group processes sensitive personal customer data (including name, address, age, bank details and betting and gaming history) as part of its business and therefore must comply with strict data protection and privacy laws in all jurisdictions in which the Group operates. The Group is exposed to the risk that this data could be wrongfully obtained through either a cyber-attack or a breach in data security. This could result in prosecutions including financial penalties, sanctions, the loss of the goodwill of its customers and an inability to deliver growth and deliver technology synergies.

Technology failure

The Group's operations are highly dependent on technology and advanced information systems and there is a risk that such technology or systems could fail. In particular, any damage to, or failure of, online systems and servers, electronic point of sale systems and electronic display systems could result in interruptions to financial controls and customer service systems and may impact the Group's ability to retain existing, and attract new, customers to deliver the Group's growth strategy.

Laws, regulations, licensing and regulatory compliance

Regulatory, legislative and fiscal regimes for betting and gaming in key markets around the world can change, sometimes at short notice. Such changes could benefit or have an adverse effect on the Group's profitability and additional costs might be incurred in order to comply with any new laws or regulations in multiple jurisdictions.

Taxes

The Group is subject to a range of taxes, duties and levies in many of the countries where we have operations or in which our customers are located. The taxes imposed upon betting and gaming companies have changed over time, and the levels of taxation to which the Group is subject may change in the future. If additional taxes are levied, this may have an adverse effect on the amount of tax payable by the Group.

Further taxes may include corporate income tax, value added tax (VAT) or other indirect taxes. Group companies may be subject to VAT or similar taxes on transactions, which have previously been treated as exempt.

Increased cost of product

The Group is subject to certain arrangements intended to support the industries in which it operates. Examples are the horseracing and the voluntary greyhound racing levies, which respectively support the British horseracing and greyhound racing industries. In addition, the Group enters into contracts for the distribution of television pictures, audio and other data that are broadcast across the various routes to market. A number of these are under negotiation at any one time.

Trading, liability management and pricing

The Group may experience significant losses as a result of a failure to determine accurately the odds in relation to any particular event and/or any failure of its sports risk management processes.

Health, Safety & Wellbeing of Customers and Employees

Failure to meet the requirements of the various domestic and international rules and regulations relating to the health and safety of our employees and customers in both retail and digital markets could expose the Group, including individual employees and directors, to material civil, criminal and or regulatory action with the associated financial and reputational consequences.

Loss of key locations

Whilst the Group operates out of a number of geographical locations, there are several key sites which are critical to the day to day operations of the Group, including our offices in Central London, Gibraltar, Vienna, Hyderabad, Australia, Italy and the Philippines. Disruption in any of these locations could have an impact on day to day operations.

Recruitment and retention of key employees

The people who work within GVC are pivotal to the success of the company and our failure to attract or retain key individuals may impact our ability to deliver on our strategic goals.

Emerging and Evolving Risks

The Group has recognised the need to re-evaluate the principal risks during the year, considering changes arising from Coronavirus. In particular and most pleasingly, whilst the Group still considers the loss of key locations a significant risk, it has proven over the last few months that it has adequate business continuity plans in place to cater for colleagues working at home across the globe.

Additionally, although risks arising from a global pandemic, or health & safety risks have been considered previously, these had not been identified as a principal risk. A global pandemic risk will be included in our 2020 Annual Report and Accounts.

In the second half of the year, the Group will also reconsider and update its risks arising from Brexit, although this is not anticipated to be a significant risk to GVC.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors confirm that this condensed consolidated interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, namely:

- an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year, and
- related party transactions in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during the period; and any material changes in the related party transactions described in the last annual report.

A list of current directors is maintained on the GVC Holdings PLC website www.gvc-plc.com.

On behalf of the Board

S Segev
Chief Executive

R Wood
Chief Financial Officer

13 August 2020

INDEPENDENT REVIEW REPORT TO GVC HOLDINGS PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2020 which comprises condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated balance sheet, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2020 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Michael Harper
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL

13 August 2020

UNAUDITED FINANCIAL STATEMENTS
INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June

	Notes	2020 Underlying items £m	2020 Separately disclosed items (note 4) £m	2020 Total £m	2019 Underlying items £m	2019 Separately disclosed items (note 4) £m	2019 Total £m
NGR		**1,616.7**	**-**	**1,616.7**	**1,810.6**	**-**	**1,810.6**
VAT/GST		(34.2)	-	(34.2)	(28.5)	-	(28.5)
Revenue		**1,582.5**	**-**	**1,582.5**	**1,782.1**	**-**	**1,782.1**
Cost of sales		(550.8)	-	(550.8)	(598.0)	-	(598.0)
Gross profit		**1,031.7**	**-**	**1,031.7**	**1,184.1**	**-**	**1,184.1**
Administrative costs		(799.2)	(25.3)	(824.5)	(922.7)	(224.4)	(1,147.1)
Contribution		**782.2**	**-**	**782.2**	**924.9**	**-**	**924.9**
Administrative costs excluding marketing		(549.7)	(25.3)	(575.0)	(663.5)	(224.4)	(887.9)
Group operating profit/(loss) before share of results from joint ventures and associates		**232.5**	**(25.3)**	**207.2**	**261.4**	**(224.4)**	**37.0**
Share of results from joint venture and associates		(8.6)	-	(8.6)	(1.1)	-	(1.1)
Group operating profit/(loss)		**223.9**	**(25.3)**	**198.6**	**260.3**	**(224.4)**	**35.9**
Finance expense	5	(37.4)	(5.3)	(42.7)	(46.7)	-	(46.7)
Finance income	5	0.8	-	0.8	1.0	-	1.0
Loss arising from financial derivatives	5	(5.9)	-	(5.9)	(0.9)	-	(0.9)
Loss arising from foreign exchange on debt instruments	5	(126.0)	-	(126.0)	(1.6)	-	(1.6)
Profit/(loss) before tax		**55.4**	**(30.6)**	**24.8**	**212.1**	**(224.4)**	**(12.3)**
Income tax (expense)/income	6	(9.8)	(12.9)	(22.7)	(26.2)	40.6	14.4
Profit/(loss) for the period		**45.6**	**(43.5)**	**2.1**	**185.9**	**(183.8)**	**2.1**
Attributable to:							
Equity holders of the parent		37.7	(43.5)	(5.8)	180.4	(183.8)	(3.4)
Non-controlling interests		7.9	-	7.9	5.5	-	5.5
Basic earnings per share	8						
From profit for the period[1]		29.1p		(1.0)p	31.4p		(0.6)p
Diluted earnings per share	8						
From profit for the period[1]		28.7p		(1.0)p	31.3p		(0.6)p
Proposed dividends	7			-			17.6p

Memo:

	2020 Underlying items £m	2020 Separately disclosed items £m	2020 Total £m	2019 Underlying items £m	2019 Separately disclosed items £m	2019 Total £m
EBITDAR[2]	359.0	152.5	511.5	376.8	(38.3)	338.5
Rent and associated costs	(10.4)	-	(10.4)	(10.0)	-	(10.0)
EBITDA	348.6	152.5	501.1	366.8	(38.3)	328.5
Share based payments	(4.0)	-	(4.0)	(5.5)	-	(5.5)
Depreciation, amortisation and impairment	(112.1)	(177.8)	(289.9)	(99.9)	(186.1)	(286.0)
Share of results from joint ventures and associates	(8.6)	-	(8.6)	(1.1)	-	(1.1)
Group operating profit/(loss)	**223.9**	**(25.3)**	**198.6**	**260.3**	**(224.4)**	**35.9**

1. The calculation of underlying earnings per share has been adjusted for separately disclosed items, and for the removal of foreign exchange volatility arising on financial instruments as it provides a better understanding of the underlying performance of the Group. See note 8 for further details.
2. Included within the Income Statement and Memo above are certain non-statutory measures. The use of these items and the reconciliation to their statutory equivalents is provided above and on page 8 of the report.

The accompanying notes form part of these financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 £m
Profit for the period	2.1	2.1
Other comprehensive income/(expense):		
Items that may be reclassified to profit or loss:		
Currency translation gains/(losses)	170.0	(8.1)
Total items that will be reclassified to profit or loss	170.0	(8.1)
Items that will not be re-classified to profit or loss:		
Re-measurement of defined benefit pension scheme	11.8	(110.0)
Tax on re-measurement of defined benefit pension scheme	(4.1)	38.5
Total items that will not be reclassified to profit or loss	7.7	(71.5)
Other comprehensive income(expense) for the period, net of tax	**177.7**	**(79.6)**
Total comprehensive income/(expense) for the period	**179.8**	**(77.5)**
Attributable to:		
- equity holders of the parent	171.9	(80.6)
- non-controlling interests	7.9	3.1

The accompanying notes form part of these financial statements.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	30 June 2020 £m	31 December 2019 £m	30 June 2019 £m
ASSETS				
Non-current assets				
Goodwill		3,084.6	2,966.4	3,327.5
Intangible assets		2,282.9	2,398.0	2,616.0
Property, plant and equipment		447.1	467.9	437.3
Interest in joint venture		20.5	6.0	16.2
Interest in associates and other investments		31.4	29.9	27.9
Trade and other receivables		2.3	3.3	-
Other financial assets		3.6	2.1	8.2
Deferred tax assets		103.9	124.4	98.6
Retirement benefit assets		78.5	66.6	60.3
		6,054.8	**6,064.6**	**6,592.0**
Current assets				
Trade and other receivables		797.3	477.6	429.5
Income and other taxes recoverable		25.7	9.1	32.3
Derivative financial assets	13	28.0	47.4	35.3
Other financial assets		-	-	2.1
Cash and short-term deposits		469.4	390.1	397.3
		1,320.4	**924.2**	**896.5**
Assets classified as held for sale		**-**	**-**	**28.1**
TOTAL ASSETS		**7,375.2**	**6,988.8**	**7,516.6**
LIABILITIES				
Current liabilities				
Trade and other payables		(754.5)	(678.7)	(655.4)
Balances with customers		(376.2)	(335.4)	(293.6)
Lease liabilities		(65.7)	(75.5)	(72.3)
Interest bearing loans and borrowings	10	(26.1)	(31.5)	(16.0)
Corporate tax liabilities		(66.4)	(35.1)	(54.8)
Provisions		(49.2)	(73.0)	(154.3)
Other financial liabilities	13	(138.2)	(30.7)	(4.0)
		(1,476.3)	**(1,259.9)**	**(1,250.4)**
Non-current liabilities				
Interest bearing loans and borrowings	10	(2,172.9)	(2,084.5)	(2,216.0)
Lease liabilities		(275.5)	(288.0)	(278.0)
Deferred tax liabilities		(343.7)	(358.2)	(386.9)
Provisions		(24.5)	(16.5)	(12.1)
Other financial liabilities	13	(46.4)	(125.8)	(129.6)
		(2,863.0)	**(2,873.0)**	**(3,022.6)**
TOTAL LIABILITIES		**(4,339.3)**	**(4,132.9)**	**(4,273.0)**
NET ASSETS		**3,035.9**	**2,855.9**	**3,243.6**
EQUITY				
Issued share capital		4.8	4.8	4.8
Share premium		1,201.5	1,198.0	1,196.5
Merger reserve		2,527.4	2,527.4	2,527.4
Translation reserve		224.0	54.0	206.9
Retained deficit		(965.5)	(971.4)	(728.8)
Equity shareholder's funds		**2,992.2**	**2,812.8**	**3,206.8**
Non-controlling interests		43.7	43.1	36.8
TOTAL SHAREHOLDERS' EQUITY		**3,035.9**	**2,855.9**	**3,243.6**

The accompanying notes form part of these financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued share capital	Share premium	Merger Reserve	Retained deficit	Foreign currency translation reserve(1)	Attributable to the equity shareholders of the Company	Non-controlling interest	Total shareholders equity
	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2019, as previously reported	**4.8**	**1,196.5**	**2,527.4**	**(491.5)**	**212.6**	**3,449.8**	**38.2**	**3,488.0**
Impact of change of accounting policy	-	-	-	(70.7)	-	(70.7)	-	(70.7)
Restated at 1 January 2019	**4.8**	**1,196.5**	**2,527.4**	**(562.2)**	**212.6**	**3,379.1**	**38.2**	**3,417.3**
(Loss)/profit for the period	-	-	-	(3.4)	-	(3.4)	5.5	2.1
Other comprehensive expense	-	-	-	(71.5)	(5.7)	(77.2)	(2.4)	(79.6)
Total comprehensive (expense)/income	-	-	-	(74.9)	(5.7)	(80.6)	3.1	(77.5)
Share-based payments charge	-	-	-	5.2	-	5.2	-	5.2
Equity dividends	-	-	-	(93.1)	-	(93.1)	(4.5)	(97.6)
Non-controlling interests	-	-	-	(3.8)	-	(3.8)	-	(3.8)
At 30 June 2019	**4.8**	**1,196.5**	**2,527.4**	**(728.8)**	**206.9**	**3,206.8**	**36.8**	**3,243.6**
At 1 January 2020	**4.8**	**1,198.0**	**2,527.4**	**(971.4)**	**54.0**	**2,812.8**	**43.1**	**2,855.9**
(Loss)/profit for the period	-	-	-	(5.8)	-	(5.8)	7.9	2.1
Other comprehensive income	-	-	-	7.7	170.0	177.7	-	177.7
Total comprehensive income	-	-	-	1.9	170.0	171.9	7.9	179.8
Share options exercised	-	3.5	-	-	-	3.5	-	3.5
Share-based payments charge	-	-	-	4.0	-	4.0	-	4.0
Equity dividends	-	-	-	-	-	-	(7.3)	(7.3)
At 30 June 2020	**4.8**	**1,201.5**	**2,527.4**	**(965.5)**	**224.0**	**2,992.2**	**43.7**	**3,035.9**

1. The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

The accompanying notes form part of these financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 £m
Cash generated by operations	11	**302.9**	**260.1**
Income taxes paid		(6.0)	(12.9)
Net finance expense paid		(44.5)	(45.4)
Net cash generated from operating activities		**252.4**	**201.8**
Cash flows from investing activities:			
Acquisitions		(1.9)	(2.3)
Purchase of intangible assets		(44.1)	(57.2)
Purchase of property, plant and equipment		(30.0)	(28.9)
Proceeds from sales of plant, property and equipment including disposal of shops		-	1.4
Investment in joint venture		(23.3)	-
Net cash used in investing activities		(99.3)	(87.0)
Cash flows from financing activities:			
Proceeds from issue of ordinary shares		3.5	-
Net proceeds from derivative financial instruments		13.5	7.1
Lease payments		(42.1)	(39.3)
Repayment of borrowings		(40.2)	(3.1)
Equity dividends paid	7	-	(93.1)
Dividends paid to non-controlling interests		(7.3)	(4.5)
Net cash utilised from financing activities		(72.6)	(132.9)
Net increase/(decrease) in cash and cash equivalents		80.5	(18.1)
Effect of changes in foreign exchange rates		(1.2)	(6.5)
Cash and cash equivalents at beginning of the period		390.1	421.9
Cash and cash equivalents at end of the period		**469.4**	**397.3**

The accompanying notes form part of these financial statements.

1. Corporate information

GVC Holdings PLC ("the Company") is a public limited company incorporated and domiciled in the Isle of Man whose shares are publicly traded. The principal activities of the Company and its subsidiaries ("the Group") are described in Note 3.

2. Basis of preparation

(a) In adopting the going concern basis of preparation in the interim financial statements, the directors have considered the current trading performance of the Group, the principal risks and uncertainties as considered in the 2019 year end longer term viability statement. This includes the modelling of "severe but plausible" downside scenarios including changes in legislation impacting the Group's Online business in key markets, in addition to a cautious scenario for the impact of COVID-19 and the potential for a "second wave" across Europe. At 30 June 2020 the Group had available cash of £0.3bn and available but undrawn facilities of £0.5bn; given the level of the Group's current financing facilities, the first tranche of which does not mature until 2023, and the forecast covenant headroom even under the sensitised downside scenarios, the directors believe that the Group is well placed to manage the risks and uncertainties it faces. As such, the directors have a reasonable expectation that the Group will have adequate financial resources to continue in operational existence and have, therefore, considered it appropriate to adopt the going concern basis of preparation in the interim financial statements.

(b) The Group's annual financial statements for the year ended 31 December 2019 were prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee (IFRS IC) pronouncements as adopted for use in the European Union. The interim condensed consolidated financial statements for the six months ended 30 June 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting as endorsed and adopted for use in the European Union and the Disclosure Rules and Transparency Rules of the UK Financial Conduct Authority.

The financial statements are presented in million Pounds Sterling, rounded to one decimal place. They are prepared on the historical cost basis except for the restatement to fair value of certain financial instruments. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amounts and fair value less costs to sell.

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2019 other than those listed in 2(e).

The interim financial information was approved by a duly appointed and authorised committee of the Board of Directors on 13 August 2020 and is unaudited.

The financial information does not amount to full statutory accounts within the meaning of the Isle of Man Companies Act 2006 and does not include all of the information and disclosures required for full annual financial statements. It should be read in conjunction with the Annual Report and Accounts of GVC Holdings PLC for the year ended 31 December 2019 which was prepared in accordance with IFRS as adopted by the European Union and was filed with the Registrar of Companies in the Isle of Man. This report is available either on request from the Company's registered office or to download from www.gvc-plc.com. The auditors' report on these accounts was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and did not contain a statement under the Isle of Man Companies Act 2006.

(c) Critical judgements and estimates

In preparing these Condensed Consolidated Interim Financial Statements, the Group has made its best estimates and judgements of certain amounts included in the financial statements, giving due consideration to materiality. The Group regularly reviews these estimates and updates them as required. The Group has reviewed its critical accounting estimates, assumptions and judgements considering the impact of COVID-19 and no new critical accounting estimates, assumptions and judgements were identified other than extending the judgement on the "potential impairment of goodwill and other intangible assets" to include whether an indicator of impairment exists at 30 June 2020. Note 9 Goodwill explains the judgement on impairment indicators.

The existing critical accounting estimates, assumptions and judgements set out in note 4.2 of the Group's Annual Report and Accounts for the 12 months ended 31 December 2019 remain relevant to these Condensed Consolidated Interim Financial Statements. COVID-19 has increased the level of uncertainty in making the estimations required in relation to the potential impairment of goodwill and other intangible assets, as discussed in Note 9, and retirement benefit obligations. Whilst there is increased uncertainty, the nature of these critical accounting estimates, assumptions and judgements has not changed and so the disclosure included in the Group's Annual Report and Accounts remains relevant. COVID-19 has been assessed as having no material impact on the Group's remaining critical accounting estimates, assumptions and judgements disclosed in the Group's Annual Reports and Accounts.

2. Basis of preparation (continued)

(d) To assist in understanding the underlying performance, the Group has separately disclosed the following items of pre-tax income and expense:

- profits or losses on disposal, closure or impairment of non-current assets or businesses;
- amortisation of acquired intangibles resulting from IFRS 3 "Business Combinations" fair value exercises;
- corporate transaction costs;
- costs associated with business restructuring;
- changes in the fair value of contingent consideration
- the impact of significant tax legislation; and
- the related tax impact effect on these items.

Any other items are considered individually by virtue of their nature or size. The separate disclosure of these items allows a clearer understanding of the trading performance on a consistent and comparable basis, together with an understanding of the effect of non-recurring or large individual transactions upon the overall profitability of the Group.

The items disclosed separately have been included within the appropriate classifications in the consolidated income statement and are detailed in note 4. The directors have also presented Net Gaming Revenue, Contribution, Underlying EBITDAR and Underlying EBITDA as these are measures used frequently within the industry. All of these items are reconciled within the Income Statement.

(e) Accounting policies

Depreciation

Depreciation is applied using the straight-line method to specific classes of asset to reduce them to their residual value over their estimated useful economic lives.

The estimated useful lives are as follows:

Land and buildings	Lower of 50 years, or estimated useful life of the building, or lease. Indefinite lives are attached to any land held and therefore it is not depreciated
Plant and equipment	3 – 5 years
Fixtures, fittings and equipment	3 -10 years as considered appropriate

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets, unless such lives are indefinite. All indefinite lived assets are subject to an annual impairment review from the year of acquisition. Other intangible assets are amortised from the date they are available for use.

The estimated useful lives are as follows:

Retail licences	Lower of 15 years, or duration of licence
Software	2-15 years
Capitalised development expenditure	3 -5 years
Trademarks and brand names	10-15 years, or indefinite life
Customer relationships	3-15 years

Impairment

An impairment review is performed for goodwill and indefinite life assets on at least an annual basis. For all other non-current assets an impairment review is performed where there are indicators of impairment. This requires an estimation of the recoverable amount which is the higher of an asset's fair value less costs to sell and its value in use. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from each cash generating unit and to discount cash flows by a suitable discount rate in order to calculate the present value of those cash flows. Estimating an asset's fair value less costs to sell is determined using future cashflow and profit projections as well as industry observed multiples and publicly observed share prices for similar gambling companies.

Within UK and European Retail the cash generating units are generally an individual LBO and therefore, impairment is first assessed at this level for licences, property, plant and equipment and right of use ("ROU") assets, any impairment arising booked first to licences then to property, plant and equipment and ROU assets.

2. Basis of preparation (continued)

(e) Accounting policies (continued)

Leases

Leases, other than those with a lease period of less than one year, where the original cost of the asset acquired would be a negligible amount, are capitalised at the inception at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

ROU assets are included within tangible fixed assets at cost and depreciated over their estimated useful lives, which equates to the lives of the leases, after taking into account anticipated residual values. Operating lease rental income is recognised on a straight-line basis over the life of the lease.

ROU assets which are sub-leased to customers are classified as finance leases if the lease agreements transfer substantially all the risks and rewards of usage to the lessee. All other sub-leases are classified as operating leases. When assets are subject to finance leases, the present value of the sub-lease is recognised as a receivable, net of allowances for expected credit losses and the related ROU asset is de-recognised. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance lease income. Finance lease income is recognised in interest income over the term of the lease using the net investment method (before tax) so as to give a constant rate of return on the net investment in the leases.

Separately Disclosed Items

For a full explanation of what is defined as a separately disclosed item and how they are disclosed, please refer to note 2(c).

(f) Updates to IFRS

A number of amendments to IFRSs became effective for the financial year beginning 1 January 2020:

IFRS3	*'Business Combinations'*	Amendments to clarify the definitions of a business	1 January 2020
IFRS7	*'Financial Instruments: Disclosures'*	Amendments regarding pre-placements issues in the context of the IBOR reform	1 January 2020
IFRS9	*'Financial Instruments'*		
IAS 39	*'Financial Instruments: Recognition and Measurement'*		
IAS1	*'Presentation of Financial Statements'*	Amendments regarding the definition of material	1 January 2020
IAS8	*'Accounting Policies, Changes in accounting Estimates and Errors'*		

The standards and interpretations that are issued, but not yet effective, excluding those relating to annual improvements, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective. None of these are expected to have a significant effect on the consolidated financial statements of the Group as set out below:

IFRS4	*'Insurance Contracts"*	Amendments regarding the expiry date of the deferral approach	1 January 2023
IAS1	*'Presentation of Financial Statements'*	Amendments regarding the classification of liabilities	1 January 2023
IAS16	*'Property Plant and Equipment'*	Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	1 January 2022
IAS37	*'Provisions, Contingent Liabilities and Contingent Assets'*	Amendments regarding costs to be included when assessing a contract as onerous.	1 January 2022

3. Segment information

The Group's operating segments are based on the reports reviewed by the Executive management team (who are collectively considered to be the Chief Operating Decision Maker (CODM) to make strategic decisions and allocate resources.

IFRS 8 requires segment information to be presented on the same basis as that used by the CODM for assessing performance and allocating resources, and the Group's operating segments are now aggregated into the five reportable segments as detailed below:

- Online: comprises betting and gaming activities from online and mobile operations. Sports Brands include bwin, Coral, Crystalbet, Eurobet, Ladbrokes and Sportingbet; Gaming Brands include CasinoClub, Foxy Bingo, Gala, Gioco Digitale, partypoker and PartyCasino;
- UK Retail: comprises betting activities in the shop estate in Great Britain, Northern Ireland and Jersey;
- European Retail: comprises all retail activities connected with the Republic of Ireland, Belgium, Italy and Spain (JV) shop estates;
- Corporate: includes costs associated with Group functions including Group executive, legal, Group finance, tax and treasury; and
- Other segments: includes activities primarily related to telephone betting, Stadia, Betdaq, Intertrader and on course pitches.

The Executive management team of the Group have chosen to assess the performance of operating segments based on a measure of net revenue, EBITDAR, EBITDA and operating profit with finance costs and taxation considered for the Group as a whole. Transfer prices between operating segments are on an arm's-length basis in a manner similar to transactions with third parties.

The segment results for the six months ended 30 June 2020 were as follows:

2020	Online £m	UK Retail £m	European Retail £m	All Other Segments £m	Corporate £m	Elimination of internal revenue £m	Total Group £m
NGR	1,245.1	277.9	75.5	20.1	-	(1.9)	1,616.7
VAT/GST	(34.2)	-	-	-	-	-	(34.2)
Revenue	1,210.9	277.9	75.5	20.1	-	(1.9)	1,582.5
Gross Profit	779.6	203.8	34.8	13.5	-	-	1,031.7
Contribution	533.9	202.1	33.6	12.6	-	-	782.2
Operating costs excluding marketing/rental costs	(164.4)	(184.9)	(26.1)	(26.1)	(21.7)	-	(423.2)
Underlying EBITDAR before separately disclosed items	369.5	17.2	7.5	(13.5)	(21.7)	-	359.0
Rental costs	(0.9)	(8.9)	(0.3)	(0.3)	-	-	(10.4)
Underlying EBITDA before separately disclosed items	368.6	8.3	7.2	(13.8)	(21.7)	-	348.6
Share based payments	(1.3)	(0.3)	(0.1)	-	(2.3)	-	(4.0)
Depreciation and Amortisation	(55.7)	(40.1)	(14.6)	(1.7)	-	-	(112.1)
Share of joint ventures and associates	-	-	-	0.2	(8.8)	-	(8.6)
Operating profit/(loss) before separately disclosed items	311.6	(32.1)	(7.5)	(15.3)	(32.8)	-	223.9
Separately disclosed items	(153.7)	207.3	(11.0)	(22.7)	(45.2)	-	(25.3)
Group operating profit/(loss)	**157.9**	**175.2**	**(18.5)**	**(38.0)**	**(78.0)**	**-**	**198.6**
Net finance expenses							(173.8)
Profit before tax							24.8
Income tax							(22.7)
Profit for the period							**2.1**

3. Segment information (continued)

The segment results for the six months ended 30 June 2019 were as follows:

2019	Online £m	UK Retail £m	European Retail £m	All Other Segments £m	Corporate £m	Elimination of internal revenue £m	Total Group £m
NGR	1,045.5	586.8	144.1	35.9	-	(1.7)	1,810.6
VAT/GST	(28.5)	-	-	-	-	-	(28.5)
Revenue	1,017.0	586.8	144.1	35.9	-	(1.7)	1,782.1
Gross Profit	664.3	421.9	72.6	25.3	-	-	1,184.1
Contribution	413.8	419.0	68.7	23.4	-	-	924.9
Operating costs excluding marketing/rental costs	(172.0)	(298.1)	(33.8)	(23.3)	(20.9)	-	(548.1)
Underlying EBITDAR before separately disclosed items	241.8	120.9	34.9	0.1	(20.9)	-	376.8
Rental costs	(0.5)	(8.9)	(0.5)	(0.1)	-	-	(10.0)
Underlying EBITDA before separately disclosed items	241.3	112.0	34.4	-	(20.9)	-	366.8
Share based payments	(2.2)	(0.6)	(0.2)	-	(2.5)	-	(5.5)
Depreciation and Amortisation	(53.9)	(31.8)	(13.4)	(0.6)	(0.2)	-	(99.9)
Share of joint ventures and associates	0.3	-	0.7	0.9	(3.0)	-	(1.1)
Operating profit/(loss) before separately disclosed items	185.5	79.6	21.5	0.3	(26.6)	-	260.3
Separately disclosed items	(178.4)	(5.9)	(11.3)	-	(28.8)	-	(224.4)
Group operating profit	**7.1**	**73.7**	**10.2**	**0.3**	**(55.4)**	**-**	**35.9**
Net finance expenses							(48.2)
Profit before tax							(12.3)
Income tax							14.4
Profit for the period							**2.1**

Assets and liabilities information is reported internally in total and not by reportable segment and, accordingly, no information is provided in this note on assets and liabilities split by reportable segment.

Geographical information

Revenue by destination for the Group, is as follows:

	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 £m
United Kingdom	748.1	978.8
Rest of the World	868.6	803.3
Total	**1,616.7**	**1,782.1**

4. Separately disclosed items

	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 £m
Amortisation of acquired intangibles (1)	158.5	184.3
Impairment(2)	19.3	-
Integration costs (3)	19.6	20.0
Corporate transaction costs (4)	1.6	2.5
Triennial redundancy and associated costs(5)	4.7	2.9
Legal and onerous contract costs (6)	11.9	9.0
Movement in fair value of contingent consideration (7)	23.3	5.6
Other one-offs including issue cost write off (£5.3m)	7.3	0.4
Tax litigation/ one-off legislative impacts(8)	(211.6)	-
Profit on disposal of assets(9)	(4.0)	(0.3)
Total before tax	**30.6**	**224.4**
Exceptional tax charge/(credit)(10)	12.9	(40.6)
Total after tax	**43.5**	183.8

1. The Group has incurred amortisation charges on acquired intangible assets primarily arising from the acquisition of the Ladbrokes Coral Group plc in previous years.
2. During the period the Group recognised a non-cash impairment charge of £19.3m against the Intertrader business as a result of the reduction in forecasts for that business post the COVID-19 pandemic.
3. Costs associated with the integration of Ladbrokes Coral Group plc and GVC businesses.
4. The Group incurred corporate transaction costs primarily in relation to M&A activity and the US licensing process.
5. Costs associated with the shop closure program including redundancy, consultation costs and other costs directly associated with the triennial response strategy, but excluding property related costs which are included in item 6.
6. Legal and onerous contract costs include onerous contracts that have arisen as a result of shop closures and other one-off legal and tax provisions outside the ordinary course of business.
7. The movement in the fair value of contingent consideration on acquisition activity from previous years.
8. Following a favourable ruling by the Upper Tribunal on the lead case in the Ladbrokes VAT claim, a ruling HMRC have elected not to appeal, the Group has recognised an income for its claim, net of associated costs. Net of current tax (included in item 10) the net receivable is £200.0m.
9. Relates to a profit on sale of associate investment. (2019: profit on disposal of property, plant and equipment.)
10. The tax charge on separately disclosed items of £12.9m (2019: £40.6m credit) represents -42.3% (2019: 18.1%) of the separately disclosed items incurred of £30.6m (2019: £224.4m). This differs from the expected tax credit at 19.0% (2019: 19.0%) as the VAT refund is taxable in full, whilst the movement in fair value of contingent consideration and certain corporate transaction costs are not deductible for tax purposes, and lower average overseas tax rates apply to the acquired intangibles amortisation.

5. Finance expense and income

	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 £m
Bank loans and overdrafts	(29.6)	(38.2)
Interest arising on lease liabilities	(7.8)	(8.5)
Issue costs written off (note 4)	(5.3)	-
Finance expense	(42.7)	(46.7)
Losses arising on financial derivatives	(5.9)	(0.9)
Losses arising on foreign exchange on debt instruments	(126.0)	(1.6)
Total finance expense	**(174.6)**	**(49.2)**
Interest receivable	0.8	0.9
Other finance income	-	0.1
Total finance income	**0.8**	**1.0**
Net finance expense	**(173.8)**	**(48.2)**

6. Taxation

The tax charge for the six months ended 30 June 2020 was £22.7m (30 June 2019: credit of £14.4m) of which a charge of £12.9m (30 June 2019: credit of £40.6m) related to separately disclosed items. The effective tax rate before separately disclosed items is 17.7% (six months ended 30 June 2019: 12.4%).

The current period's charge was higher than the UK statutory rate of 19% due to certain costs that are non-deductible for tax purposes and the effect of overseas tax rates.

The deferred tax assets and liabilities are measured at the tax rates of the respective territories which are expected to apply to the year in which the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

In the Budget on 11 March 2020 the Chancellor announced that the standard rate of UK Corporation Tax would increase from the planned 17% rate to 19% on 1 April 2020. This change was enacted on 17 March 2020. The 19% rate has therefore been used in measuring the UK deferred tax items at 30 June 2020.

7. Dividends

	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 £m
Second interim dividend paid to equity holders	-	93.1

No interim dividend has been declared by the directors in light of the uncertainty surrounding COVID-19. On 6 April 2020 the Group announced that the 2019 second interim dividend would be withdrawn.

8. Earnings per share

Basic earnings per share has been calculated by dividing the loss attributable to shareholders of the Company of £5.8m (30 June 2019: £3.4m) by the weighted average number of shares in issue during the six months of 582.8m (30 June 2019: 581.9m).

The calculation of adjusted earnings per share before; separately identified items, foreign exchange movements on financial indebtedness and gains on derivative financial instruments, is included as it provides a better understanding of the underlying performance of the Group. Separately disclosed items are defined in note 2 and disclosed in note 4.

	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 £m
Loss attributable to shareholders	**(5.8)**	**(3.4)**
Loss arising from financial instruments	5.8	0.9
Loss arising from foreign exchange debt instruments	126.1	1.6
Separately disclosed items after tax (note 4)	43.5	183.8
Adjusted profit attributable to shareholders	**169.6**	**182.9**
Weighted average number of shares (million):		
Shares for basic earnings per share	582.8	581.9
Potentially dilutive share options and contingently issuable shares	9.1	2.6
Shares for diluted earnings per share	591.9	584.5

	Standard earnings per share Six months ended 30 June		Adjusted earnings per share Six months ended 30 June	
Stated in pence	2020	2019	2020	2019
Basic earnings per share				
From (loss)/profit for the period	(1.0)	(0.6)	29.1	31.4
Diluted earnings per share				
From (loss)/profit for the period	(1.0)	(0.6)	28.7	31.3

9. Impairment

IAS 36 Impairment of Assets states that an impairment review must be carried out at least annually for any indefinite lived assets, such as goodwill. Furthermore, it is necessary to assess whether there is any indication that any other asset, or cash generating unit (CGU), may be impaired at each reporting date. Should there be an indication that an asset may be impaired then an impairment review should be conducted at the relevant reporting date. The current global pandemic and its impact on the Retail environment may be considered a potential trigger for impairment and therefore we have assessed whether or not an impairment is required.

The impairment reviews performed to assess whether or not an impairment is required at 30 June utilised the latest 2020 and outer year forecasts for the Retail businesses and apply the same methodology as used in the 2019 year end impairment review (as disclosed in the 2019 Annual Report and Accounts). The updated impairment reviews do not highlight any indication of impairment at the half year, with no reasonable downside scenario crystallising an impairment.

Whilst there are no current indicators of impairment in Retail, the directors are conscious of the ongoing economic uncertainty caused by the global pandemic. As such, there is a potential risk for future impairments should there be a significant change in the economic outlook, versus those trends we anticipate today, as a result of the ongoing impact of COVID-19.

During the half year the Group recognised a £19.3m impairment against its financial services business, Intertrader. This impairment has arisen as a result of the reduced profit forecasts for that business following the impacts of COVID-19 on its underlying trading.

10. Net debt

The components of the Group's net debt are as follows:

	30 June 2020 £m	30 June 2019 £m
Current assets		
Cash and short-term deposits	469.4	397.3
Current liabilities		
Interest bearing loans and borrowings	(26.1)	(16.0)
Non-current liabilities		
Interest bearing loans and borrowings	(2,172.9)	(2,216.0)
Accounting net debt	(1,729.6)	(1,834.7)
Cash held on behalf of customers	(376.2)	(293.6)
Fair value swaps held against debt instruments (derivative financial assets)	28.0	35.3
Balances held with brokers	144.1	96.7
Balances held with payment service providers	110.0	67.0
Adjusted net debt	**(1,823.7)**	**(1,929.3)**
Lease liabilities (including leases arising on adoption of IFRS16)	(341.2)	(350.3)
Net debt including lease liabilities	**(2,164.9)**	**(2,279.6)**

Cash held on behalf of customers represents the outstanding balance due to customers in respect of their online gaming wallets.

11. Note to the statement of cash flows

	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 £m
Group operating profit	198.6	35.9
Impairment	19.3	1.8
Depreciation of property, plant and equipment	70.7	55.3
Amortisation of intangible assets	199.9	228.9
Profit on disposal of assets	(4.0)	(0.3)
Share-based payments charge	4.0	5.5
Increase in trade and other receivables	(293.7)	(36.0)
Increase/(decrease) in trade and other payables	92.5	(1.7)
Increase/(decrease) in other financial liabilities	26.0	(27.9)
(Decrease)/increase in provisions	(19.0)	5.5
Share of results from joint ventures and associates	8.6	1.1
Non-cash pension related items	-	(2.0)
Non-cash separately disclosed items	-	(6.0)
Cash generated by operations	**302.9**	**260.1**

12. Related party transactions

During the period, Group companies entered into the following transactions with related parties who are not members of the Group:

	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 £m
Equity investment		
- Joint venture [1]	-	0.9
Sundry expenditures		
- Associates [2]	19.8	42.3

(1) *Equity investment in Sportium Apuestas Deportivas SA.*
(2) *Payments in the normal course of business made to Sports Information Services (Holdings) Limited.*

The following table provides related party outstanding balances.

	30 June 2020 £m	31 December 2019 £m
Loan balances outstanding		
- Joint venture	-	0.9
Other payables outstanding		
- Associates	(1.5)	(0.1)

During the period the Group sold its investments in 49's Limited to Sports Information Services Holdings Limited for £4.0m. See note 4.

13. Financial instruments

Details of the Group's borrowing are set out in note 10.

Fair value of financial instruments

The major component of the Group's derivative financial assets measured at fair value consist of currency swaps held against debt instruments of £28.0m (30 June 2019: £35.3m, 31 December 2019: £47.4m). The fair value of the Group's other financial assets at 30 June 2020 is not materially different to its original cost.

The major components of the Group's financial liabilities measured at fair value consist of; deferred and contingent consideration £165.6m (30 June 2019: £114.6m, 31 December 2019: £134.0m), Ante post liabilities £16.6m (30 June 2019: £16.3m, 31 December 2019: £20.1m), and financial guarantee contracts £2.4m (30 June 2019: £2.7m, 31 December 2019: £2.4m).

Financial assets and financial liabilities measured at fair value in the Statement of Financial Position are grouped into three levels of a fair value hierarchy. The three levels are defined on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data

There are no reasonably probable changes to assumptions or input that would lead to material changes in the fair value determined, although the final value will be determined by future sporting results.

The Group's financial assets and liabilities that are measured at fair value after initial recognition fall under the 3 levels of the fair value hierarchy as follows:

- Level 1 - £nil assets (30 June 2019: £35.3m, 31 December 2019: £nil), and £nil liabilities (30 June 2019: £nil, 31 December 2019: £nil).
- Level 2 - £34.7m assets (30 June 2019: £4.5m, 31 December 2019: £51.6m), and £nil liabilities (30 June 2019: £nil, 31 December 2019:£nil).
- Level 3 - £4.9m assets (30 June 2019: £7.0m, 31 December 2019: £4.9m), and £182.2m liabilities (30 June 2019: £137.3m, 31 December 2019: £154.1m).

There have been no transfers of assets or liabilities recorded at fair value between the levels of the fair value hierarchy.

14. Contingent liabilities

Greek tax

In the year ended 31 December 2018, the Group recognised a charge of £186.8m in the Income Statement within separately disclosed items for potential Greek tax liabilities for the years 2010 to 2017. Of the charge recognised, €51.4m (£46.1m) related to 2010/11 for which the Group received an assessment of €186.8m in 2017.

2010/11
The Group's appeal against the original assessment in respect of 2010 and 2011 was heard before the Administrative Court of Appeal in Athens on 13 January 2020. Whilst we do not expect to hear the verdict until 2021, the Directors remain confident that the Court will find that the original assessment was out of all proportion to the size of the Group's Greek business at the time.

By 30 June 2020 the Group had paid all of the 2010/2011 assessment of €186.8m with the last payment made in January 2020. As at 30 June 2020, the total payments made in respect of the Assessment exceed our best estimate of the liability for these years by £133.0m, and accordingly this is recorded as a receivable in the Group's balance sheet (2019: £80.7m). In the event of a successful appeal, recovery of the debtor will be through either a repayment or an ability to offset future tax liabilities.

2012-2017
There have not been any developments in the Greek Tax position since the year end, with the Group still awaiting the final sign-off of the 2015-2017 tax re-filings. The Group continues to make payments against the re-filed returns and, at the half year holds a provision of £32.1m for the remaining tax and associated advisor fees that are still due.

The statutory window in Greece for the tax authorities to conclude their audit work is generally six years from the end of the relevant tax year. As such, the conclusions of the tax audits and any associated tax payments remains uncertain.

14. Contingent liabilities (continued)

Austrian betting and gaming taxes

Since the acquisition of bwin.party in 2016, the Group has fully provided for, but not fully paid, betting and gaming taxes on Austrian revenues as a result of ongoing litigation over the Austrian authority’s right to charge taxes on overseas companies. As at 30 June 2020, the amount accrued by the Group amounts to €109.0m (2019: €75.9m). The litigation is expected to be resolved during 2020.

15. Subsequent events

On 28 November 2019, a subsidiary of the Group (GVC Holdings UK Limited) received an order requiring it to produce information to HM Revenue & Customs ("HMRC") relating to the Group's former Turkish facing online gambling business. At that time, the Group understood that HMRC's investigation was directed at a number of former third party suppliers, relating to the processing of payments for online gambling in Turkey.

Prior to 20 July, it had been understood that no GVC entity was a subject of HMRC's investigation, following requests for clarity from HMRC as to the status of its investigation. On 20 July 2020 however, HMRC informed the Group that it was widening the scope of its investigation and is now examining "potential corporate offending" by an entity (or entities) within the GVC Group which HMRC has not yet identified.

HMRC has not yet provided details of the nature of the historic conduct it is investigating, with the exception of a reference to section 7 Bribery Act 2010, nor has it clarified which part of the GVC Group is under investigation. In the meantime, the Group continues to co-operate fully with HMRC regarding the provision of information.

The group disposed of its Turkish facing business in December 2017.