William HILL

DELIVERING ON OUR STRATEGY

Annual Report and Accounts 2020
William Hill PLC

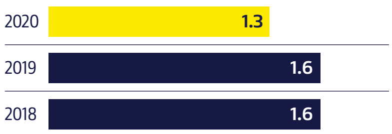
CONTENTS

2020 PERFORMANCE HIGHLIGHTS

R

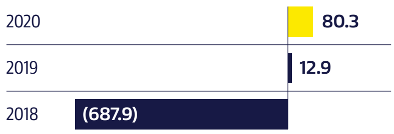
Net revenue[1] (£bn)

£1.3bn



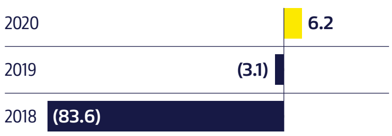
Profit/(loss) before interest and tax[2] (£m)

£80.3m



Basic earnings/(loss) per share (p)

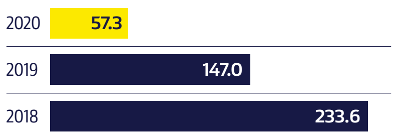
6.2p



R

Adjusted operating profit[3] (£m)

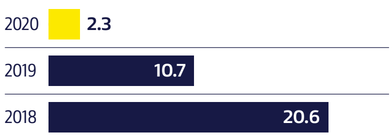
£57.3m



R

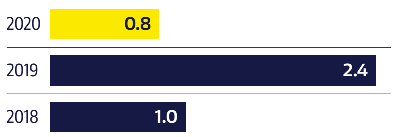
Basic, adjusted earnings per share[4] (p)

2.3p



Net debt/EBITDA (x)

0.8x



Some imagery has been taken before the implementation of measures such as social distancing and recommendation to wear a mask.

Pages 1 to 53 form the Strategic Report of William Hill PLC for the 52-week period ended 29 December 2020.

The Strategic Report has been approved by the Board of William Hill PLC and signed on behalf of the Board by the Chief Executive Officer and the Chief Financial Officer.

1. Net revenue is an industry term equivalent to revenue as defined in the notes to the financial statements.
2. We achieved a statutory profit of £80.3m due to a net total of £23.0m exceptional credit in relation to VAT income received in the period, partially offset by a Retail impairment charge and costs relating to the transaction with Caesars Entertainment, Inc.
3. Adjusted operating profit is defined as profit before interest and tax, excluding exceptional items and other defined adjustments. Further detail on exceptional items and adjusted measures is provided in note 3 to the financial statements.
4. Adjusted EPS is calculated using adjusted profit after tax and is used in evaluating performance for dividend policy purposes. Further detail on adjusted measures is provided in note 3 to the financial statements. The calculation of EPS measures is shown in note 11 to the financial statements.

R This performance metric is linked to Directors' remuneration (see page 85 onwards).

OUR PURPOSE IS TO SAFELY CONNECT OUR CUSTOMERS WITH THEIR FRIENDS AND SPORTS THROUGH A MARKET-LEADING BETTING AND GAMING EXPERIENCE

A MEMORABLE 2020

ROGER DEVLIN, CHAIRMAN

> *I WOULD LIKE TO THANK THE WILLIAM HILL TEAM FOR THEIR DEDICATION AND RESILIENCE."*

2020 has been a year to remember, bringing further consolidation within the industry alongside the resurgence of regulatory changes in many countries. In any typical year these would be material developments, but in 2020 this happened against the backdrop of the Covid-19 pandemic and the rapid changes it brought with it.

I would like to thank the entire William Hill team for their dedication and resilience throughout this year. From our shop colleagues to our IT developers and our customer service teams, William Hill delivered a world-class product, safely and responsibly. We looked after our customers, suppliers, and all stakeholders by upholding the values and culture which have made us successful over many years. We were able to improve our customer experience, strengthen the balance sheet and secure an offer valuing our equity at c.£2.9bn and so delivering a clear outcome for our shareholders.

Significant progress

Our year started well, with strong growth in Online and the US. However, this early momentum was disrupted by the onset of the Covid-19 pandemic in March and the necessary closure of our Retail estate. While live sporting events were cancelled around the world, we used the time wisely to upgrade systems, launch new products and enhance player safety. We took decisive action to preserve liquidity and strengthen the balance sheet, cancelling the final dividend and raising £218.6m through a successful equity placing in May. In conjunction with the VAT refund of £208.3m, the Group had sufficient liquidity to withstand the uncertain trading conditions, while maintaining investment in the business.

As the year unfolded, the revitalised leadership team delivered on the Group's strategic growth ambitions through international diversification and greater digital capability. The International Online business performed well while the UK Online business returned to growth. Although we elected not to re-open a small portion of our Retail estate, we protected jobs, topped up wages to full pay and repaid the furlough scheme monies.

In the US, we materially expanded our geographic and media footprint, leveraging the existing partnership with Caesars Entertainment, Inc. (Caesars) and commencing new partnerships with CBS Sports and ESPN. The reinvigoration of our product and technology suite gained traction across the Group, particularly evident in the UK and US.

The recommended cash offer

The rapid growth now evident in the US sports betting and iCasino market is creating an intensely competitive environment, requiring significant investment to maximise growth opportunities. This material execution risk is coinciding with the increased possibility of further regulatory intervention in the UK and Europe.

The compelling progress we made in the past 18 months and our reinforced financial flexibility place us in a stronger competitive position. However, we also recognised that significant marketing spend, and multi-year investment, is required to realise our growth ambitions, along with the need to broaden the scope of our relationship with Caesars.

Following an unsolicited approach from Apollo Management International LLP in August, the Board conducted a private auction, culminating in the cash offer from Caesars of 272p per share, which we unanimously recommended. During the process, the interests of all stakeholders were considered and we concluded that the offer took account of the potential for further regulatory

2.3p
Basic, adjusted earnings per share[1]

272p
Cash offer per share[2]

> *PROTECTING OUR CUSTOMERS WHILE THEY ENJOY THIS LEGITIMATE PASTIME HAS BEEN OUR HIGHEST PRIORITY."*

disruption, and for Covid-19 to have a longer-term impact on trading. The offer provides a clear outcome for our shareholders and recognises the value of the William Hill team.

Following the shareholders' approval of the offer on 19 November, Caesars' current expectation is that the necessary competition and regulatory approvals will be obtained in the second quarter of 2021 and possibly as early as the end of March 2021.

Reconciling entertainment and regulation

People have gambled since time immemorial. It is a popular, fun activity and today nearly half[3] the UK adult population takes part in some form of gambling. Sports betting enhances our customers' connection to their sport and to their friends. Evidence suggests that 0.3%[3] of the UK population suffer from problem gambling. This is still too many and the industry is acting with purpose and will continue to do more.

Throughout this extraordinary year, protecting our customers while they enjoy this legitimate pastime has been our highest priority and this commitment is embedded in our culture and values. In keeping with our concerns for player welfare, our employee training and sophisticated systems deliver a package of measures to encourage customers to stay in control and play safely. We have maintained this messaging in media campaigns throughout the year, repurposing some of our advertising to emphasise safer play, while increasing our contribution to research, prevention and treatment.

As the UK Government embarks on the Gambling Act Review we continue to engage with all relevant authorities to encourage balanced and evidence-led regulation that will make licensed betting safer in all the markets we operate in. If regulation is not perceived to be proportionate there is a danger that players will migrate to unlicensed operators in offshore jurisdictions.

We recognise that we are one of the most trusted brands in the industry and we remain committed to preserving that.

Board changes

During 2020 we welcomed Matt Ashley as Chief Financial Officer (CFO). Matt joined William Hill from National Express Group PLC where he was CFO before becoming the President and Chief Executive Officer (CEO) of their North American business. Matt's wealth of international financial and US experience has further strengthened the calibre of our leadership team.

Ruth Prior notified the Board of her intention to step down as CFO in January 2020, leaving the business on 15 May after the AGM. We thank her for all she accomplished through a period of considerable change.

A note of thanks

The William Hill brand is 87 years old. It is familiar and widely respected. Under Ulrik's leadership the business has made significant progress and the operational advancements implemented in the past year are gaining traction and building momentum. The team has a track record of executing its strategic ambitions and delivering growth.

As I conclude my review of this historic year, on behalf of the Board I would like to thank our shareholders for their support, and say to our employees: it is the quality of your service, your respect for the individual and your dedicated teamwork that has differentiated us.

We have been a subsidiary, we have been private and we have been public. Under each ownership model we have adapted and thrived. Now, as Caesars intends to seek a new owner for the UK and International operations, William Hill embarks on a new chapter with confidence for the future founded in the strength of our reputation and our people.

Roger Devlin
Chairman

1. Adjusted EPS is calculated using adjusted profit after tax and is used in evaluating performance for dividend policy purposes. Further detail on adjusted measures is provided in note 3 to the financial statements. The calculation of EPS measures is shown in note 11 to the financial statements.
2. On 30 September 2020, the boards of William Hill, Caesars UK Bidco Limited ('Caesars UK Bidco') and Caesars Entertainment, Inc. ('Caesars') announced they had reached agreement on the terms of a recommended cash acquisition pursuant to which Caesars UK Bidco shall acquire the entire issued and to-be-issued share capital of William Hill not already owned by or on behalf of the Caesars Group for a cash price of 272p per share.
3. Gambling Commission statistics and research release. Gambling behaviour in 2020: Findings from the quarterly telephone survey. Statistics on participation and problem gambling year to December 2020.

GROUP AT A GLANCE

BRINGING CUSTOMERS A GREAT SPORTS BETTING AND GAMING EXPERIENCE

WILLIAM HILL TODAY

A proud 87-year heritage

Founded in the UK in 1934, William Hill is a recognised and trusted brand in the global sports betting and gaming market.

C.12,000 employees worldwide

We employ nearly 12,000 people in nine countries globally and are united in our Group value to always 'Go one better'.

Operating in 13 locally licensed countries

We are serving many other markets from our Malta hub.

Go one better

- Eyes on the customer
- Give a damn
- Own it
- On the same side
- 'It'll do' will never do

GROUP NET REVENUE[1]

By geographical market

UK	64%
International	23%
US	13%

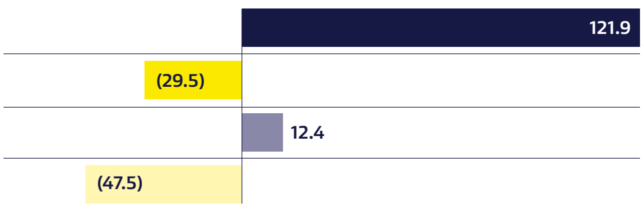
By business

Online	61%
Retail	26%
William Hill US	13%

GROUP ADJUSTED OPERATING PROFIT[2]

By reporting segment (£m)

£57.3m



- Retail
- Corporate costs and other
- Online
- US

1. Net revenue is an industry term equivalent to revenue, as defined in the notes to the financial statements.
2. Adjusted operating profit is defined as profit before interest and tax, excluding exceptional items and other defined adjustments. Further detail on exceptional items and adjusted measures is provided in note 3 to the financial statements.

ONLINE

Our Online business has been operating since 1998

We are one of the leading online betting and gaming providers to customers in the UK, Southern Europe and the Nordics. Our acquisition of Mr Green in 2019 enhanced our European footprint and diversified our geographic reach. More than three million customers gambled with Online in 2020, and our customers have access to more than a million betting opportunities every week, enhancing the fun of gaming and adding a connection to friends and watching a match.

Read more about our Online business on pages 20-21.

Unique active players

>3.2 million

Revenue per active player

£252

Online net revenue – split by product

40%	60%
Sportsbook	Gaming

RETAIL

William Hill is a familiar presence on the UK high street, where it has been taking bets since 1966

As at 29 December 2020, we had 1,414 licensed betting offices (LBOs) nationwide. Following new regulations implemented on 1 April 2019, limiting machine stakes to £2 maximum and the effects of the Covid-19 pandemic, we remodelled our Retail estate, creating a sustainable business for the future. Our proprietary Self-Service Betting Terminals (SSBTs) are more widely available, with average density per shop increasing to 2.5. Our customers enjoy an omni-channel experience through our Plus scheme and with the customer service support of our Retail colleagues.

Read more about our Retail business on pages 22-23.

Number of LBOs

1,414

SSBT density per shop

2.5

Retail net revenue – split by product

60%	40%
Sportsbook	Gaming

US

William Hill US was created in 2012 by merging three small sports book operators under the William Hill brand

In May 2018 the Supreme Court of the United States overturned the Professional and Amateur Sports Protection Act (PASPA), driving states to legalise and regulate sports betting and online gaming. We expanded our market-leading access to 26 states[4] through our joint venture with Caesars Entertainment, Inc. following which 14 states were live at year-end.[3,4] William Hill has agreements with America's leading sports media brands, CBS Sports and ESPN, which feature our US sports betting data and app.

Read more about our US business on pages 24-25.

States live[3,4]

14

Amount wagered[5]

US$3.2bn

US net revenue – split by operation

54%	46%
Online	In-person

William Hill was floated on the London Stock Exchange in 2002 at an offer price of 225p per share and has a strong track record of delivering cash-generative growth. We have sustained dividend payments to our shareholders for 17 of our 18 years as a listed UK PLC, interrupted only by the capital preservation actions we undertook in 2020 as a result of the pandemic to strengthen and position our balance sheet for the future.

William Hill has reached agreement with Caesars Entertainment, Inc. on the terms of a recommended cash acquisition, under which William Hill shareholders will be entitled to 272 pence in cash for each share. Following the Court Meeting and General Meeting on 19 November 2020 to approve the Scheme of Arrangement, the requisite majority of William Hill shareholders voted to pass the Special Resolution and implement the Scheme.

The current expectation is that the remaining approvals required to be obtained from the relevant US gaming authorities will be received in time to enable the acquisition to complete early in the second quarter of 2021, and possibly as early as March 2021.

Net debt/EBITDA

0.8x

Group net revenue split by:

53%	47%
Sportsbook	Gaming

Group net revenue split by:

67%	33%
Online	In-person

3. As at 29 December, 14 states were live. At the time of publication on 4 March 2021, 15 states were live with the addition of Virginia in February.
4. When referring to states this includes Washington D.C..
5. Amount wagered includes direct wagers and indirect wagers in our capacity as a service provider.

A YEAR LIKE NO OTHER

ULRIK BENGTSSON, CHIEF EXECUTIVE OFFICER

> *I AM IMMENSELY PROUD OF THE WILLIAM HILL TEAM. THEIR RELENTLESS FOCUS ON CUSTOMER, TEAM, EXECUTION DELIVERED SOLID RESULTS IN 2020."*

Last year our priority was a step-change in the long-term competitiveness of William Hill, expressed by our relentless focus on three strategic priorities: Customer, Team, Execution. This focus served us well during 2020 and we have made significant progress, increasing our digital capability, improving our product and expanding our international footprint.

A business is defined by its culture, which is embodied in its values. I am immensely proud of what the William Hill team has achieved this year under the most extraordinary circumstances, by living those values. The Covid-19 pandemic has impacted almost every aspect of our business and our lives, and we are now living and working in a world where offering a digitally accessible product, and being able to work remotely and remain productive, are more important than ever.

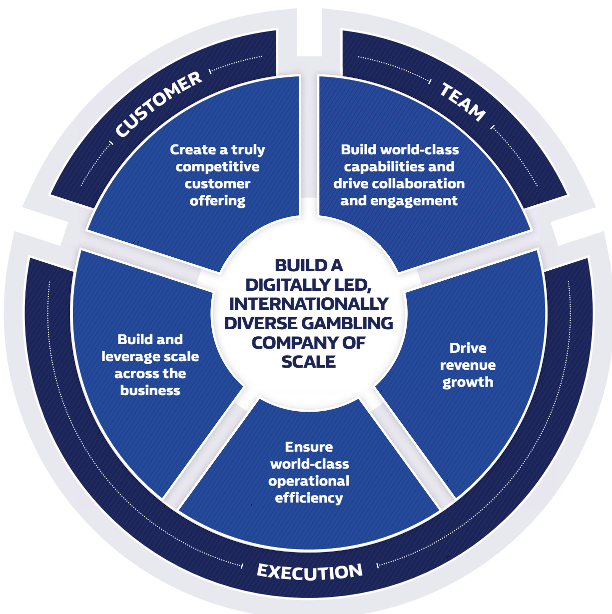
We anticipate that the pandemic will bring about systemic and structural change in our customers' behaviour as they conduct more business and access more leisure activities online. Our product lends itself to be digitally delivered and, by increasing the velocity of product development and by continuously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

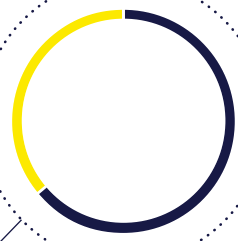
What we delivered

This year we saw real progress right across the Group, with all digital businesses delivering record revenue and clearly benefitting from the changes we have been making. We rapidly adapted to the Covid-19 pandemic, demonstrating innovation and resilience, to generate £57.3m adjusted operating profit and secured an offer for the Company of c.£2.9bn.

In 2019, we said we were going to create a truly competitive offering to win with the customer. We continued developing our proprietary technology platform, deploying a steady stream of product improvements and this year's UK Online customer Net Promoter Scores (NPS) reached levels not seen since enhanced customer due diligence measures were introduced in 2018.

Our strategic priorities





90%
Employee engagement – participation rate[2]

16%
Online International net revenue growth

Global diversification

● UK	64%
● Non-UK	36%

Our International customer NPS for both William Hill and Mr Green brands maintained its high rating and Retail increased customer NPS by 12%, driven by customer service and the quality of our Retail product.

Online growing

Being a digitally led, internationally diverse business, offering a broad range of products, is the key to building corporate resilience and sustainable earnings.

International Online performed strongly throughout the year to grow net revenue 16%. While regulatory developments in Germany came into effect in October, there remain many areas of high growth, notably Sweden, Denmark and Italy. We continued to pursue our expansion strategy entering the regulating Latin American market by acquiring a majority stake in Alfabet S.A.S., a licensed Colombia operator branded as BetAlfa.co, and receiving a licence in the province of Buenos Aires.

UK Online benefitted when live sport resumed, with favourable gross win margins throughout the year. Continuous platform and product enhancements enabled a better product experience and greater marketing efficiencies, leading to net revenue growth of 5%.

Retail responding swiftly

Our decisive action in 2019 to remodel the UK Retail estate increased our endurance in a crisis. It was a challenging year for Retail and revenue was down 30% on a like-for-like[1] basis.

Driven by our expectation of a systemic change in our customers' playing behaviour, 119 shops remained closed following the first UK lockdown.

The UK Government's swift action to support businesses with job retention payments in the immediate aftermath of the Covid-19 lockdown enabled us to protect the jobs of over 7,000 employees in our Retail business, where we kept wages topped up to 100% while our people were furloughed. Following the good performance of our Retail and Online businesses we repaid those furlough funds received and have since forgone further Government job support.

Operational efficiency delivering new opportunities

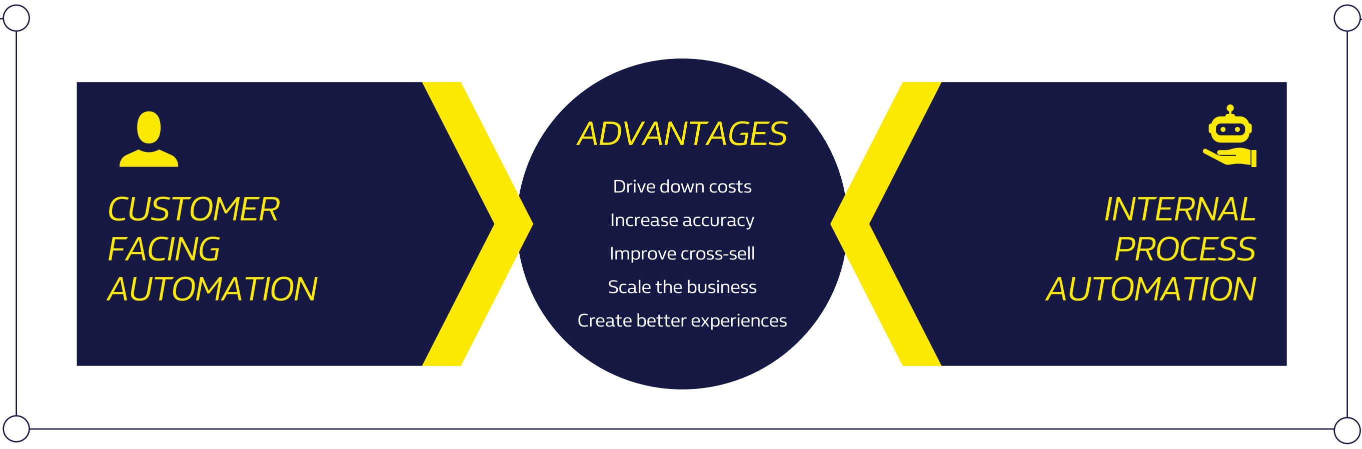
During the year we commenced the merger of our UK Online and Retail operations to achieve a single view of our UK customers, served by one team with one goal, with the intention of growing our UK market share. The combination will deliver significant operational and revenue synergies and early indicators are encouraging as we leverage our Plus loyalty scheme.

We have taken great strides to improve efficiency and productivity in all areas and at all levels, which has led to a reduction in costs and improved marketing efficiencies, generating annualised savings of £16.5m. Stephen Parry, our new Chief Operating Officer, is leading a programme to improve our operational efficiency and further automate and streamline processes.

By introducing several cloud-based solutions, we will be automating a large number of internal processes, making our response times to customers quicker and more accurate.

William Hill International team in action.

1. Where like-for-like (LFL) results are stated, this compares the trading performance of the shops that were open and trading in 2020 (subject to Covid-19 restrictions) to their 2019 performance. During 2020 when the full estate was closed due to Covid-19 the 2019 comparator was included. As shops re-opened on a phased basis from week 24 the comparator was only included from the first full week of trade (daily for weeks 24 to 26).
2. 90% participation in our employee engagement survey, 'Your Say'.



We are also building a new capability to interact with our customers, making it easier for them to contact us and enabling us to offer more personalised services and products.

Growing scale in the US

We made substantial progress building scale in the US, opening in five new states and launching iCasino in New Jersey, and we concluded 2020 with 19% market share. Mobile handle[3] (staking) grew 28% and, although casinos experienced a variety of pandemic related closures and restrictions, in-person handle decreased only 10%, demonstrating the popularity and resilience of the in-person experience. Gross win margins benefitted from favourable results, leading to net revenue growth of 32%.

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

The global pandemic impacted US casinos, with many closed for long periods, and live sport was disrupted, seeing the NFL, NBA, MLB and NHL seasons shortened and rescheduled. We took the early decision to redirect our focus, using the time to maximum effect to accelerate the development of our market-leading proprietary platform, Liberty. Consequently, we can now go live rapidly in new states. In the second half of 2020 we introduced mobile in five new states and, in the first quarter of 2021, we launched mobile and iCasino in Michigan and mobile went live in Virgina.

As we gain additional access and new states regulate sports betting and iCasino, we are well positioned for swift launches and we are clearly benefitting from our expanding relationship with Caesars.

3. US staking is based on total US$ amounts wagered through direct and indirect channels.

Balance sheet strengthened

You can read more in the financial review (pages 41-47) about the financial progress we accomplished, from our new Chief Financial Officer, Matt Ashley, who joined just as the pandemic first struck. We took steps to protect our cash flow, delivering cost savings, cancelling the final dividend and stopping all salary increases and bonuses for the year.

We agreed covenant waivers with our lenders and strengthened the balance sheet, facilitating the repayment of a £203m 2020 bond in June. We raised £218.6m in June through the equity placing, and successfully concluded the VAT refund claim, receiving net cash proceeds of £208.3m in the second half of 2020. The consequence being our year-end net debt/EBITDA of 0.8x is below our target range of 1-2x, despite the Covid-induced temporary dip in net revenue and EBITDA.

How our people delivered

Eighteen months ago, when I became CEO, I asked the team for a relentless focus on three strategic priorities:

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

Our Customer, Team, Execution strategy is now a proven success, but not necessarily in the way I might have predicted. As I first put pen to paper over a year ago, we had not yet heard of Covid-19. However, by holding fast to our strategy and values, we delivered real progress in 2020.

For our ambitious plans to succeed, it is essential we bring our people with us. In 2019, we committed to develop the capabilities of our organisation, build a digital-led team and drive engagement across the Group. We reinvigorated the senior leadership team and improved the end-to-end employee experience, attracting and retaining talent. Our recent employee engagement survey provided firm evidence that we are succeeding with employee NPS, based on an exceptional participation rate of 90%, increasing by 25 points.

Building a high-trust culture

The global pandemic has challenged us all. We have used the experience to listen to and act on colleague feedback to drive a step change in our culture, to give employees a greater feeling of empowerment and to build on our high-trust culture. Employees told us that the enforced lockdowns gave them the opportunity to get more balance into their working lives, and we have acted to ensure we capture the best of this benefit for the long term.

I am also proud of the way we supported colleagues throughout the year with our extensive and award-winning well-being programme. Furthermore, we recognised that there was more we could do to build on our diversity and inclusion programme and we were delighted to see our progress reflected in the Financial Times Diversity Leaders Index where William Hill was ranked 150 out of 850, an improvement of 132 places, and the highest position of any gambling operator.

Whilst we moved swiftly to safeguard our businesses, our employees, and our customers, it was the way the whole team reacted that really made me proud. It would be inappropriate to single out one person or act of kindness, and our Sustainability Report addresses this in more detail (pages 26-39). However, I was inspired by, and thankful for, the ingenuity and creativity of so many of the people in our Company.

They have taken the challenges head on, producing some outstanding contributions to the Company and their communities. When live sport was restricted, we launched new markets and events for our customers, taking 3.4 million bets on Esports and table tennis during the first UK national lockdown. Some of our IT team converted their homes to build and supply IT equipment to colleagues. Others have delivered care packages to the NHS, used 3D printers to make PPE for local hospitals and arranged meal deliveries for medical staff. Every one of them has truly lived the William Hill values of 'give a damn' and 'go one better'.

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

Belong, our new identity for diversity and inclusion. We have set out to achieve a business-wide culture shift, celebrating our differences to bring us together, and challenging our business for the better. We want our colleagues to feel they belong, and are represented and respected at all levels of the business.

Balance is about flexible ways of working, where our people can find a successful work/life balance. We are creating a high-trust culture, tied to our values, that empowers colleagues to work flexibly in ways that suit them.

Build is an initiative to add skills and capabilities that make William Hill known as the betting and gaming company that enables personal growth and development. We have added executive roles dedicated to product and technology, brand and operational excellence, and have reinvigorated the leadership team with the benefits already cascading through the Company.

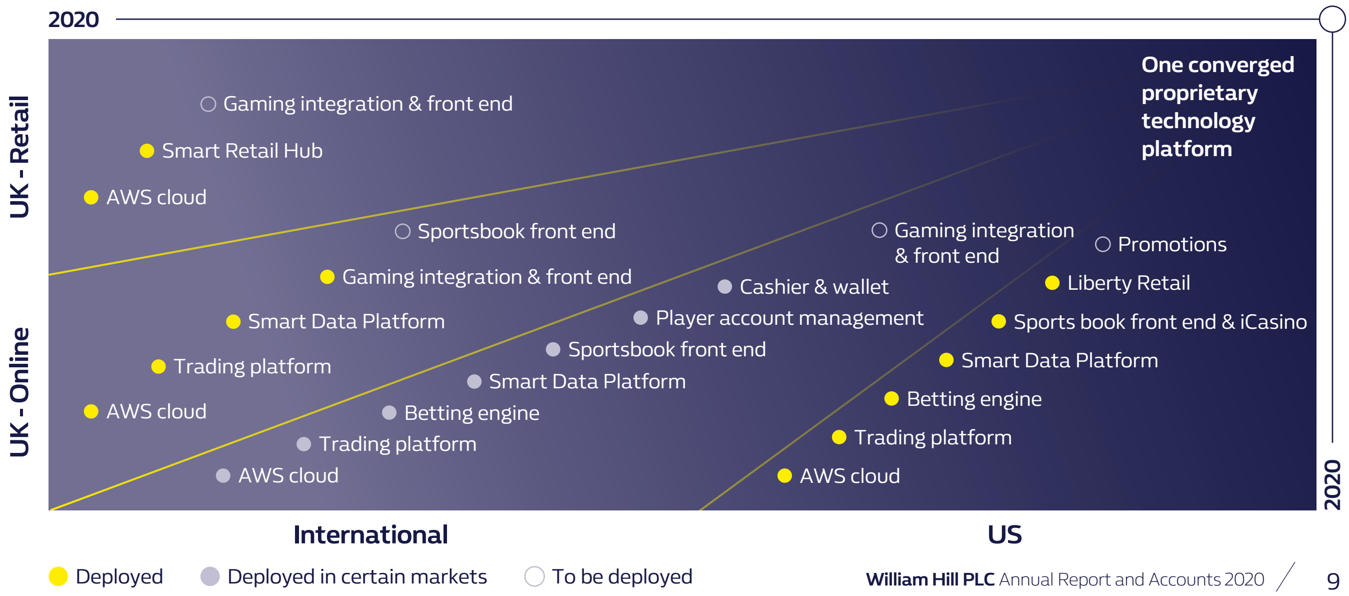
As we look forward to operating under new ownership we are sensitive to the uncertainty this could lead to for our team. Therefore, we have put in place a comprehensive communications programme, increasing the frequency of updates. In addition, the Board has secured a number of concessions for colleagues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

Enhancing our technology platform

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

In 2020, our online customers enjoyed faster app speeds and our platform is now one of the fastest in the UK, enabled by our migration to cloud computing with AWS (Amazon Web Services).

Converging our proprietary technology platform



OUR STRATEGY

To deliver our international and digital growth ambitions, we are focused on three strategic priorities: Customer, Team, Execution. Customer protection is at the heart of our culture, and we are committed to safer gambling.

Our ambition

Build a digitally led, internationally diverse gambling company of scale

Strategic priorities

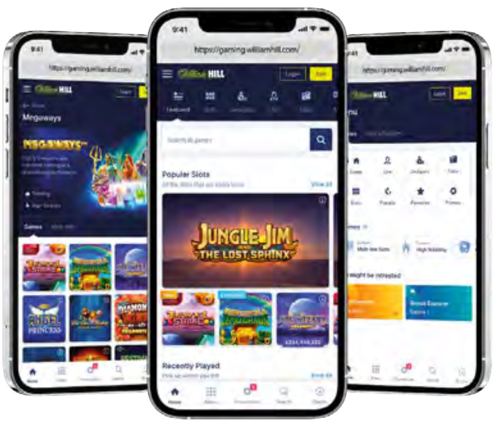
Customer

Competitive offering that wins with the customer. Achieved through continuous innovation, increasing personalisation and best-in-class customer support, while protecting our customers

PLAYER SAFETY

Our Smart Data Platform is now live, facilitating the real-time personalisation of customer journeys which, in conjunction with the launch of a new home page, has delivered a responsive and personalised experience.

A complete redesign of our betslip, the most significant update to the sportsbook experience in five years, has facilitated greater cross-sell from sports to gaming, and enabled us to launch new promotions in the UK. Our overhauled gaming experience has been rolled out to all our gaming assets. As a result of these actions, our gaming experience is now one of the best in the market.[4]



4. Source: Google Lighthouse scores.

The International team migrated the Spanish and Italian business onto our new sportsbook and gaming platforms, allowing increased flexibility and a better customer experience and launched Mr Green in Spain and Latvia.

In the US, during 2020, we expanded our digital presence into more states and deployed iCasino in New Jersey. In addition, the growing US technology team made outstanding progress taking our digital presence into five new states and migrating Iowa onto the new Liberty platform. We collaborated with CBS Sports and ESPN, leading to the William Hill brand having an exclusive or co-exclusive presence respectively on two of North America's leading sports media platforms, enabling cost-efficient marketing and customer acquisition.

A culture of continuous improvement is now embedded in our process, and winning with our customers.

Safeguarding our customers

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

Execution

Drive revenue growth, ensure world-class operational efficiency, and build and leverage scale across the business to become known as a company that delivers what it says it will

Team

Build world-class capabilities, driving a culture of collaboration and engagement. Our people are talented achievers who are passionate and engaged, with drive and ambition

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

Achieving this optimal balance is essential for protecting the many who choose to enjoy sports betting or gaming. Countries that have recently strengthened gambling regulations excessively have reduced channelisation (the use of regulated operators), pushing customers to seek unregulated operators, where they receive no protection and generate no tax revenues. In the UK, unregulated gambling sites were visited c.27 million times in a year[5] and the proportion of UK online gamblers that have used an unlicensed operator in the last 12 months has doubled in the last two years from 2.2% to 4.5%. Elsewhere, channelisation in Europe in 2019 was only 73.5%[6] which means over a quarter of gamblers are playing without protection. Player safety will always remain one of our highest priorities and we will continue to work with governments and regulators to seek a fair regulatory framework.

5. Source: PwC 2021 - Review of unlicensed online gambling in the UK.
6. Source: European Gaming and Betting Association and H2 Gambling Capital, www.h2gc.com.

Looking forward

One of my key messages in last year's Annual Report was a renewed focus on the long-term competitiveness of William Hill, leading to growth through competitive products, smart retail and engaged talented teams: Customer, Team, Execution.

As we deliver on our ambitions to accelerate growth and diversify internationally, we also recognise the responsibility we have to ensure the products and services we offer allow our customers to play safely. We are committed to working with all stakeholders to create partnerships, solutions and policies that will create a long-term, sustainable betting and gaming ecosystem that keeps players safe.

Companies that come through challenges such as those we have experienced in 2020 emerge stronger. What we will remember from this year is how we stood together, moved William Hill forward and created significant value for our shareholders. We have made material strategic and operational progress during an extraordinary year, we are winning with our customers and our team, and we are advancing the long-term competitive position of William Hill.

Looking forward, inevitably 2021 will see significant changes within the Group. As William Hill embarks on a new chapter, our strategic priorities - Customer, Team, Execution - are thriving. Our internal capabilities now match our external opportunities and we look forward to an exciting future under new ownership.

Ulrik Bengtsson
Chief Executive Officer

MARKET OVERVIEW

THE CHANGING GLOBAL SPORTS BETTING AND GAMING MARKET

Regulation and unlicensed operators

Many countries have gambling legislation in place. Governments are now responding to demand for digital protection by introducing online regulations, which creates both opportunities and challenges.

The US has recognised that a prohibition on sports betting and online gaming is no longer constitutional or effective at stopping such activities. A large legal market is growing, with diverse new regulations on a state-by-state basis.

More mature European markets have recently seen regulatory change, with greater restrictions introduced. The UK Government has commenced a review of gambling legislation while new restrictions were implemented across Europe in response to the Covid-19 pandemic.

On average, only 74%[1] of online gambling in Europe happens through licensed operators (channelisation). Customers who play with unlicensed operators fall outside the umbrella of regulation and do not receive adequate safeguarding, nor does it protect the tax base.

Customer protection and sustainability

It is in everybody's interest for gambling companies to meet the expectations placed upon them by society, while striking an appropriate balance between regulatory goals and commercial objectives.

There are general measures that all good corporate citizens need to take, such as complying fully with GDPR data protection requirements. Other measures are industry-specific, including more sophisticated tools to monitor player behaviour and encourage people to gamble safely.

In both cases, customers need to believe that a company is behaving in an ethical and responsible manner. Sports betting and gaming is a highly competitive industry, providing consumers with a broad choice of products from a variety of operators. Therefore, it is a commercial imperative that we operate legitimately and transparently in order to protect our customers, meet regulatory requirements and, in so doing, create long-term stakeholder value.

How we respond

The most effective solution is for the industry to collaborate with governments and regulators to build a sustainable business model through shared responsibility and self-regulation.

William Hill, along with its peers, is a member of the Betting and Gaming Council, which has produced a Code of Conduct to establish a strong standard for membership. The industry standard reflects the desire to support a safe and enjoyable gambling environment. In addition, William Hill has signed up to a package of Safer Gambling Commitments.

We continue to focus our activities on regulated markets, engage frequently with governments and regulators and welcome regulation that is based on the growing body of credible evidence provided by the industry.

1. Source: European Gaming and Betting Association and H2 Gambling Capital, www.h2gc.com.

Customer protection is one of William Hill's highest strategic priorities. We put player safety at the heart of everything we do and it is embedded in our culture and values.

We have strengthened our dedicated customer protection team and invested in training, while also improving our technology and processes to safeguard our customers. We utilise behavioural-science-based technology to monitor patterns of play for markers of harm and intervene to protect our customers.

We took additional actions in 2020 to develop our customer protection measures. Guard rails were implemented to encourage our customers to take regular breaks, and we increased safer gambling interactions threefold, while advertising campaigns encouraged players to take control of their gambling actions and set limits.

Consolidation and internationalisation

There has been substantial consolidation across the industry in recent years, among operators and suppliers, as the global gambling industry seeks both geographic and product diversification, and greater scale and efficiency. 2020 witnessed the continuation of this trend, with the acquisition by Flutter Entertainment of The Stars Group and the combination of NetEnt with Evolution Gaming.

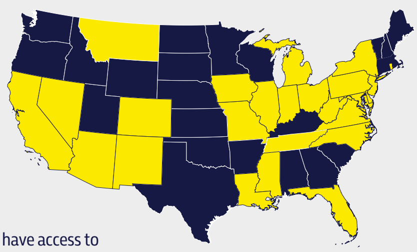
Throughout 2020, European operators continued to enter partnerships and arrangements to gain access to the emerging US sports betting market. This contrasted with mergers and acquisitions in prior years, much of which targeted multi-brand strategies, value creation through UK consolidation and opportunities for cost synergies.

Following a number of 'mega-mergers' in recent years, industry commentators[2] now expect the focus to turn towards bolt-on deals for access to high-growth, regulated markets. As regulation increases in more mature markets, operators will continue to seek greater scale across which to spread the growing cost.

We have provided sports betting in the US since 2012. We established a partnership with Eldorado Resorts, Inc. (Eldorado) in 2018 and, through their acquisition of Caesars Entertainment, Inc. (Caesars), we have continued to expand our access to 26 states[3] adding media partnerships with CBS Sports and ESPN. In August 2020, we completed the acquisition of CG Technology, increasing our presence on the iconic Las Vegas Strip.

Through our acquisition of Mr Green in January 2019 we expanded our global reach and online gaming capability. Mr Green has continued to explore opportunities in high-growth markets, launching Mr Green in new countries, acquiring a majority stake in the Colombia-licensed operator Alfabet S.A.S., and being awarded a licence in the province of Buenos Aires.

Access to 26 US states



States we have access to

2. Source: https://gc.vixio.com/insights-analysis/diversification-driving-m-and-says-experts.
3. When referring to states, this includes Washington D.C..

Competitive product and migration to digital

Our products need to be competitive in today's sports betting and gaming market, which offers many digital and retail alternatives and easy switching between them. Our customers expect a seamless, fast and personalised experience which also safeguards them.

Today, only 20%[4] of total worldwide gambling happens online. However, the continued migration by customers from retail to online and mobile channels is unmistakable, accelerated by the physical restrictions implemented in response to the Covid-19 pandemic. Therefore, operators must adapt their retail and online offerings to succeed.

The provision of an entertaining and bespoke experience, that simultaneously protects customers, requires a global modular architecture and effective use of data profiling to tailor the customer experience. A flexible and scalable platform, incorporating best-in-class products, is required to minimise operational costs and deliver personalised offers while remaining compliant.

We are building a modern technology stack powered by a cloud platform, combined with an operational emphasis on Customer, Team, Execution and we have continued to enhance the competitiveness of our product. During 2020 we upgraded our digital offering, accelerated the velocity of product and technology deployments, and implemented initiatives to streamline ways of working.

Our focus on getting the basics right delivered faster product releases. We launched a gaming platform refresh, new sportsbook front end and new betslip. Consequently, our customers benefitted from faster digital performance, easier navigation and a better user experience, reflected in our rising Net Promoter Scores (NPS).

4. Source: H2GC - Global gambling gross win data, January 2021.

OUR BUSINESS MODEL

HOW WE CREATE VALUE

INPUTS

People
Our people are passionate about William Hill and our products. Our culture is centred around winning with the customer and on delivering a great customer experience. Our values promote continuous improvement and encourage them to keep their eyes on the customer to deliver an exciting experience.

Brand and reputation
Our brand, which is rooted in the values of integrity and customer service, has grown to become one of the most trusted and most recognised in sports betting and gaming, supported by our long track record, our retail presence and investments in marketing.

Intellectual property
Our business calls for highly specialised skills, from trading and risk management to product development, data management, digital marketing and regulatory compliance. Our investment in technology and people has built proprietary and bespoke technology systems to support our competitive differentiation and a great customer experience.

Partnerships
Our valuable partnerships and third-party relationships complement our in-house capabilities. We use a combination of proprietary tools and third-party suppliers to offer our customers a great sports betting and gaming experience.

Financial capital
We fund our investments in people, product, marketing and technology with cash generated from our own operations. Where necessary we draw on external providers of capital, principally banks, for short-term debt facilities, and bond and equity holders for longer-term funding requirements.

CUSTOMER EXPERIENCE

What customers bet on
We offer our customers global sports betting opportunities and a broad variety of gaming products.

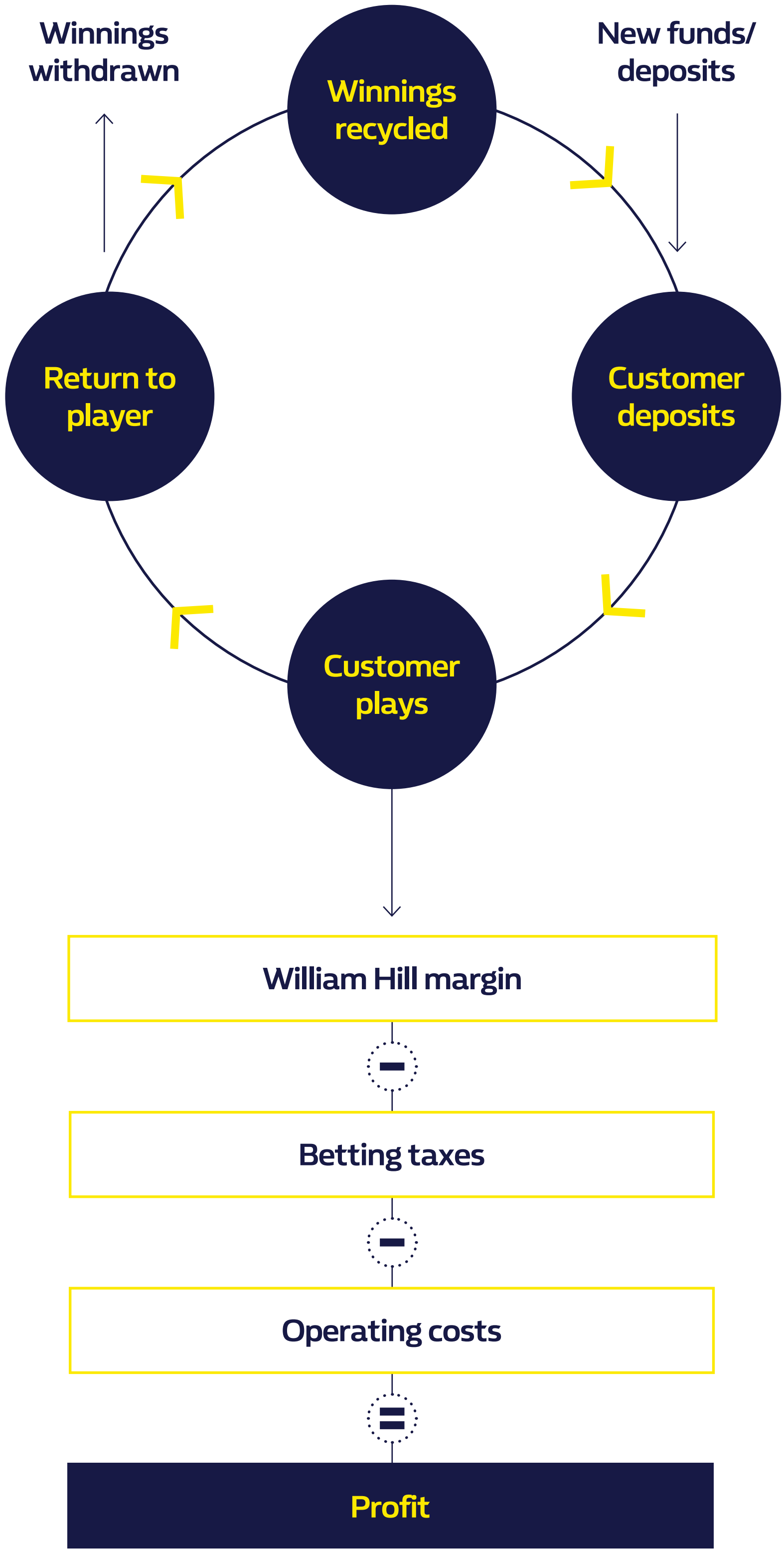
Where customers bet
We provide sports betting and gaming through both retail and online channels. Within our retail environments, our customers can use our proprietary Self-Service Betting Terminals (SSBTs), our kiosks, or place a bet over the counter.

How we attract and retain customers
The William Hill brand has 87 years of history and a proud heritage as a trusted bookmaker. This is complemented by our increasingly personalised and seamless user experience as well as the service provided by both our Retail colleagues and Online customer service support teams.

Safer gambling
Our approach to player safety is embedded in our culture, values and business model: sustaining a culture of customer protection, encouraging safer gambling, and operating with integrity. We are a member of the Betting and Gaming Council and we are actively involved in the development of the Safer Gambling Commitments.

See page 28.

FINANCIAL MODEL



VALUE CREATED

Customers

85%

Customer Satisfaction Score (CSAT)

Employees

+25 points

Employee Net Promoter Score (eNPS)

Shareholders

43%

Total return 2020

Regulators, governments and wider industry groups

£2.1m

Voluntary contribution to Research, Prevention and Treatment (RPT)

Key suppliers

£85.4m

Levies, sponsorship and picture payments

Community and environment

£292.2m

Taxes and gambling duties

STAKEHOLDER ENGAGEMENT

ALIGNING OUR LONG-TERM STRATEGY WITH OUR STAKEHOLDERS

Customers

Our customers have access to more than a million sports betting and gaming opportunities every week.

Our business and livelihood depend upon our customers. Building strong relationships with them, using the expertise of our teams, ensures we gain a deep understanding of their needs, allowing us to identify areas of support.

Our competitive customer offering is achieved by protecting customers, improved product personalisation and innovation and best-in-class customer support.

How we engage

- Our distinctive brand appeals to both recreational and digital players, promoting safer gambling behaviours
- We provide a number of tools for customers to use to monitor and restrict their sports betting and gaming, including a 24/7 customer support team
- We invested in a suite of messages across our digital marketing and social media channels, including on safer gambling
- We work with our customers in the development of new, redesigned, improved products

How we measure

- We regularly measure the quality of our service performance through customer satisfaction, Net Promoter Scores, surveys and web analytics
- In a recent survey, run after Safer Gambling Week 2020, 91% of customers surveyed mentioned being aware of at least one safer gambling tool with William Hill. There is therefore high awareness of the tools we offer to help them stay in control of their betting activity

Employees

We work in an exciting industry and employee engagement is critical to our future success.

During an uncertain year, our employees have worked hard to support the business and sustain our culture.

Empowerment, career development, health and well-being and social responsibility are all areas our employees have told us they consider important in the workplace.

How we engage

- Our approach to employee engagement is channelled through: our strategic narrative; management team and the Board; employee voice enablers; and organisational integrity through our values
- All colleagues have the opportunity to provide feedback through employee engagement surveys, forums and apps such as Slido and Yammer
- All employees have access to the independent whistleblowing hotline

How we measure

- In the 2020 'Your Say' survey, participation levels remained high at 90% and our employee engagement score increased by 25 points
- In the same survey, 85% of colleagues stated they 'agree' William Hill is committed to being an ethical and responsible company
- We continue to monitor and develop our approach to performance management, to promote a culture of continuous improvement
- Mandatory training is provided to all employees to align and embed our culture and values

Shareholders

Our shareholders play an important role in monitoring the performance of the Company.

We recognise the importance of the activities and outcomes of stewardship and regularly engage with investors and shareholders on our: financial performance, strategy and business model; Environmental, Social and Governance performance; and our approach to governance and Board leadership.

How we engage

There is an active engagement with institutional investors including:

- Full-year and half-year presentations;
- Investor days
- One-on-one investor meetings with the Chairman, CEO, CFO and the Remuneration Committee Chair

At two, remotely held shareholder meetings, all shareholders were able to submit questions beforehand

At the General Meeting all shareholders could virtually attend, ask questions and vote on the resolutions

How we measure

- All resolutions at the 2020 Annual General Meeting were passed
- All resolutions at the November 2020 General Meeting were passed
- Strong support for the equity placing from new and existing shareholders

Other key metrics:

- Earnings per share
- Total dividends paid
- Total Shareholder Return
- Dividend yield
- Dividend cover

The Board's Statement on s172(1)

The Board of Directors, in line with their duties under s172 of the Companies Act 2006, act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard to a range of matters when making decisions for the long term. Key decisions and matters that are of strategic importance to the Company are appropriately informed by s172 factors.

Through an open and transparent dialogue with our key stakeholders, we have been able to develop a clear understanding of their needs, assess their perspectives and monitor their impact on our strategic ambition and culture. As part of the Board's decision-making process, the Board and its Committees consider the potential impact of decisions on relevant stakeholders whilst also having regard to a number of broader factors, including the impact of the Company's operations on the community and environment, responsible business practices and the likely consequences of decisions in the long-term.

Regulators, governments and wider industry groups

We have an open and transparent dialogue with the regulatory and industry bodies that we work with.

Building public trust in the industry through raising industry standards in sports betting and gaming and creating a safe and enjoyable gambling environment for customers is fundamental to our business.

- We maintain strong relationships with national and local government bodies such as the Department for Digital, Culture, Media & Sport, the GB Gambling Commission and local licensing authorities
- We have a calendar of ongoing regulatory and political engagement events and have contributed to various sector-related consultations

- We continue to work with other industry-leading companies to raise customer protection standards through the Safer Gambling Commitments. Progress against these commitments is monitored and tracked
- We adhere to and monitor compliance against the Industry Code for Socially Responsible Advertising
- In 2019, we, together with other major operators, committed to increase funding for research, prevention and treatment from 0.1% of UK gross gambling yield to 1% over four years

Key suppliers

We have established long-term partnerships that complement our in-house expertise, and have built a network of specialised partners within the industry and beyond.

The Board fosters strong supplier relationships, ensuring suppliers are treated fairly and ethically.

- We have an open, constructive and effective relationship with all suppliers through regular meetings which provide both parties the ability to feed back on successes, challenges and the future roadmap
- The Company's whistleblowing hotline is available to suppliers to allow them to raise any concerns anonymously and all issues are tracked and monitored

- We regularly monitor the relationship and engagement approach with our third-party suppliers
- Suppliers considered critical to the business are audited annually to assess their compliance with Anti-Bribery and Corruption, Modern Slavery, GDPR and Information Security regulations
- We publish our Modern Slavery Statement on the Company's website and include KPIs to track progress
- Payment policies, practice and performance are reported through the Government's Payment Practices Reporting portal

Community and environment

We are committed to making a positive contribution to the communities within which we operate, including through payment of taxes, reducing our environmental impact and creating employment opportunities.

- Through the William Hill Foundation, we are focused on improving mental well-being, through colleague support, community programmes and employment opportunities and innovations addressing problem gambling
- The Foundation provides seed funding to pilot new ideas and draw on the skills and expertise within the Group to support organisations working to tackle problem gambling
- The Foundation's hardship fund supports colleagues across the Group when they face financial hardship

- During the year the Company raised £70,000 for our charity partners Alzheimer's Society and Alzheimer's Scotland
- The Foundation's hardship fund made 15 grants in 2020
- Our Environmental Policy includes KPIs to track our efforts to reduce our environmental impact
- During the year, we further reduced our carbon footprint by 48%
- Taxes and gambling duties paid in 2020 of £292m

Illustrations of how s172 factors have been applied by the Board can be found throughout the Strategic Report on pages 1-25 and in the Chairman's Governance Statement on pages 58-60 and in the Corporate Governance Report on pages 61 - 73. For example, information on how we respond to the changing global gaming market can be found on pages 12-13; for details on how we have considered the impact of the Company's operations on the community and environment see pages 37-39; for capital allocation and investment decisions, see pages 41-47; and for an example of how the Board considered its stakeholders in decisions which were made as a consequence of the Covid-19 pandemic see pages 64-65. The Non-Financial Information Statement on page 40 should also be used to identify information relevant to s172 factors including for example, how the Company maintains high standards of business conduct. The table above sets out our key stakeholder groups, how we engaged with them throughout the year and how we measured the effectiveness of the engagement. Read more about how the Board consider the views of shareholders, employees, customers and other key stakeholders in their decision-making on pages 64-65.

KEY PERFORMANCE INDICATORS

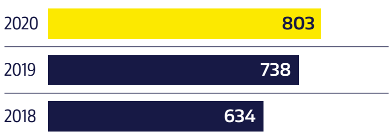
DRIVING OUR PERFORMANCE

Key Performance Indicators (KPIs) enable us to objectively track business performance over time. In 2018 we defined our long-term ambition to be a digitally led and internationally diverse business. In 2019 this was underpinned by the operational strategy of Customer, Team, Execution, which the Group's KPIs are aligned to.

GROUP KPIs

Online net revenue[1] (£m)

£803m



Online net revenue and its growth is a key indicator of the Group's ambition to be digitally led and internationally diverse.

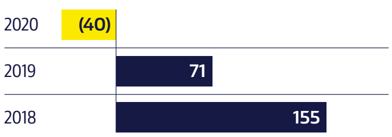
The Online segment of the Group incorporates all online markets outside the US. In 2020, Online net revenue was up 9% year-on-year at £803m.

In a year where sporting events were disrupted by Covid-19 the Online division was able to provide its customers with access to sporting content such as Russian table tennis and Belarusian football that saw staking levels remain between 30% and 50% of normal levels for much of the second quarter; quickly returning to pre-Covid-19 levels when sport resumed.

Gaming performed well throughout the year, especially across our Mr Green brands which operate predominantly outside of the UK.

Cash generated by Retail (£m)[2]

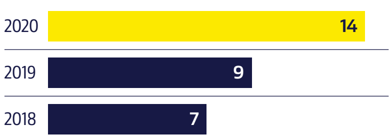
£(40)m



When open and trading without restrictions Retail is a cash-generative business that enables the Group to fund growth in other segments. In 2020, the restrictions from the Covid-19 pandemic resulted in its shops being closed or trading with restrictions for much of the year. When furloughed, colleagues were paid 100% of their wages and the furlough monies of £24.5m were repaid in the second half. As such, Retail experienced a cash outflow of £(40)m, comprising EBITDA[3] of £(7)m, capital expenditure of £(5)m and exceptional cash costs of £(28)m relating to the exit from shop leases that were closed in 2019 and 2020.

Market entry in the US

14 states[4]



Since the Professional and Amateur Sports Protection Act (PASPA) was overturned in May 2018, US states have been able to grant sports betting licences.

During 2020, we went live in five new states bringing the total number of states we operate in to 14 at the year-end. Shortly after the year-end this increased to 15 states with the addition of Virginia in time for the Superbowl.

Through our partnership with Eldorado Resorts, Inc. and now Caesars Entertainment, Inc. as well as a number of other independent deals, we have access to 26 states, which covers two-thirds of the US population.

1. Net revenue is an industry term equivalent to revenue as defined in the notes to the financial statements.
2. Cash is EBITDA (excluding impact of IFRS 16) less capital expenditure, less exceptional cash items.
3. Earnings before interest, taxation, depreciation and amortisation.
4. When referring to states this includes Washington D.C..

CORPORATE RESPONSIBILITY KPIs

Employee engagement participation (%)

90%

Employee engagement participation reflects the proportion of our colleagues who participate in our annual employee survey 'Your Say', which measures colleague satisfaction with working for William Hill and highlights areas for improvement.

In 2020, our overall engagement score improved by 25 points and our KPIs of engagement, enablement, and empowerment all improved by between 6 and 9 percentage points. We saw improvements in 12 of the 14 areas we track.

We are pleased that we have seen a year-on-year increase in the number of colleagues who believe we are a responsible company.

Customer Satisfaction Score (CSAT) (%)

85%

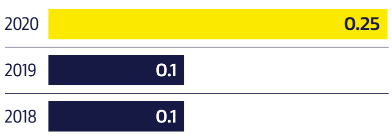
Our Customer Satisfaction (CSAT) score is measured by asking customers to rate our customer service after a chat or email interaction. For William Hill, the customers rate 'how easy' the service experience was on a 0-10 scale and for Mr Green the CSAT is measured by letting the customer rate the chat with a thumbs up or down.

In 2020 a combined CSAT score of 85% was achieved, through a focus on key contact areas such as settlement, withdrawals and verification powered by analytics reporting, as well as reducing waiting times and handling time on chat.

Contribution to safer betting and gaming (%)

0.25%

of UK gross gambling yield



Our contribution to safer betting and gaming reflects our intention to increasingly self-regulate and comply with licensing requirements.

In July 2019, we voluntarily committed to increase our funding for research, prevention and treatment (formerly referred to as research, education and treatment) from 0.1% of UK gross gambling yield to 1% over four years. This increase is staggered across the period and for 2020 represented 0.25%.

STRATEGY IN ACTION

STRATEGY

The migration online of sports betting and gaming is unmistakable. With only c.20% of all global gambling[1] happening online, the penetration of digital remains relatively low. However, the restrictions placed upon the retail format during 2020 are driving a structural change and customers accelerated their use of digital channels in 2020.

Large regulated markets like the UK are maturing while other global markets continue to exhibit strong growth online. This represents an opportunity for well-positioned, strong brands like William Hill and Mr Green. In line with our ambition to grow our digital capability and diversify internationally, our online strategy will continue to build our presence outside the UK with faster growth profiles, whilst strengthening our position in the UK.

Performance

To succeed in today's global gambling market, operators need a competitive customer offering with enhanced in-built customer protection tools. Our strategy to drive our digital capability has begun to bear fruit with a steady stream of product and platform upgrades building real momentum as the year progressed. This was the first full year operating the Mr Green brand from our Malta hub, enabling further expansion into new territories as we continue to diversify our product, brand and geographic exposure. In 2020, 37% of revenues originated outside the UK (2019: 35%) and statutory net revenue increased 9%.

1. H2GC - Global gambling gross win data, January 2020.

Regulatory backdrop

Both UK and International operations faced extensive regulatory pressures during 2020. While some were temporary and applied in response to the Covid-19 pandemic, others were structural. The UK implemented a ban on the use of credit cards online. Germany introduced a complex set of measures in relation to gaming in October, including deposit limits of €1,000 per month and the removal of live casino, resulting in a reduction in net revenue of 30% in the fourth quarter.

We worked swiftly to comply and ensure our customer protection is of the highest standard, implementing guard rails and significantly increasing safer gambling interactions.

UK building momentum

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

The year started well, growing 6% in the first 10 weeks prior to the first UK lockdown and the interruption of live sport. Whilst the second quarter was materially impacted by an absence of live sports events, the second half benefitted from a full sporting calendar combined with new product roll-outs and favourable sports outcomes to deliver net revenue growth for the year of 5%. We continued to focus our marketing strategy on yield, reducing spend by 2%, as our technology developments enabled a carefully targeted application of the budget. As a result, while unique actives fell 1%, average revenue per user (ARPU) increased 6%.

International expansion gaining traction

Online International began 2020 confidently as new product roll-outs gained traction. With the full integration of the Mr Green acquisition completed at the start of the year, the international team, which has extensive global expertise, further refined its consolidation in the Malta hub. The ongoing platform improvements enabled faster entry into new markets, and we were able to accelerate the regional multi-brand expansion strategy. The Mr Green brand was launched in Spain and Latvia and we commenced entry to the rapidly regulating Latin

Gaming net revenue

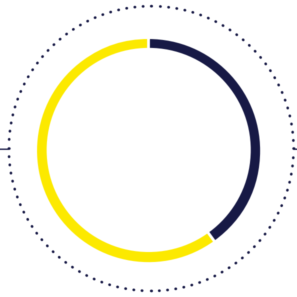
+12%

£482.2m

Sportsbook net revenue

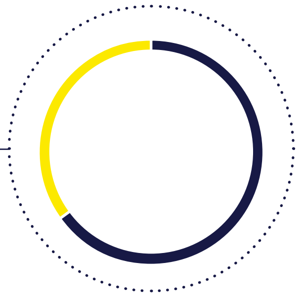
+4%

£320.6m



Online net revenue – by product (%)

Sportsbook	40%
Gaming	60%



Online net revenue – by market (%)

UK	63%
International	37%

American market, acquiring a majority stake in Colombian operator, Alfabet S.A.S., which operates the brand BetAlfa.co. Since the end of the financial reporting period, we secured a new licence in the Argentinean province of Buenos Aires.

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

Gaming remained strong throughout the year and we grew double digits in the majority of our international markets, most notably in Sweden and Denmark. As a result, International net revenue grew 16%.

Online operating profit

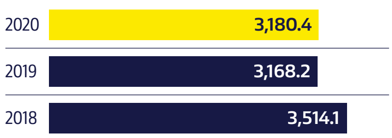
Cost of sales increased 14%, primarily reflecting the increase in UK remote gaming duty, which was implemented in April 2019, and the mix shift towards gaming. Operating costs increased 8%, primarily reflecting an increase in the targeted marketing budget for International, resulting in an adjusted operating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

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

Online performance measures

Unique active players ('000)

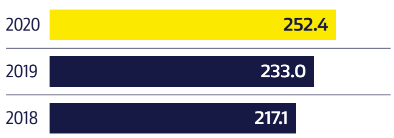
0%



Unique active players were flat in 2020, demonstrating the success of our reinvigorated customer offering combined with an efficient marketing strategy, offset by the absence of customer acquisition drivers, for example UEFA Euro 2020.

Revenue per unique active player (£)

+8%



Revenue per unique active player reflects the average net revenue generated from customers (ARPU) who have used our products during the year, for UK and International combined. ARPU was up 8%, driven by our renewed focus on controlled and efficient marketing.

Sportsbook margin (%)

+1.3ppts

Sportsbook margin gives an indicator of how sporting results have affected our performance during the year. Our normalised range for Online is 7-8%. In 2020, the gross win margin increased 1.3 ppts reflecting favourable sports results.

2. Adjusted operating profit is defined as profit before interest and tax, excluding exceptional items and other defined adjustments. Further detail on exceptional items and adjusted measures is provided in note 3 to the financial statements.

RETAIL

STRATEGY

William Hill has been operating Licensed Betting Offices (LBOs) since 1966 and is one of the most trusted brands in the UK market with a visible and valuable high street presence. The betting shop is an established part of the community and has remained popular during the rapid growth of digital gambling.

In recent years, the UK LBO landscape has undergone significant structural change. The implementation of the £2 stake limit on B2 gaming machines in April 2019 was followed this year by the far-reaching impact of the Covid-19 pandemic and the attendant national and regional lockdowns and restrictions.

Against this backdrop, we remodelled the UK estate to ensure a profitable, sustainable and cash-generative footprint with strong foundations for the future of the whole UK business.

Performance

Retail performance during 2020 reflects a number of significant dynamics: the first anniversary of the implementation of the £2 stake limit on B2 gaming machines in April 2019; a year since implementing our shop closure programme in September 2019; and a series of UK national and regional lockdowns in response to the Covid-19 pandemic. As a consequence, Retail net revenue fell 30% on a like-for-like[1] (LFL) basis.

Operating with agility

The pandemic has had a material impact on the operation and profitability of the retail estate, with all our 1,414 shops (2019: 1,568) impacted by the various lockdowns and tier restrictions at some point during 2020. Nonetheless, we began the year in a strong position, having completed the closure of 713 shops in response to the £2 stake limit in September 2019. We completed the sale of 35 shops in Northern Ireland and the Isle of Man to BoyleSports in the first half. We also concluded negotiations with our landlords in the second half to secure sustainable commercial terms.

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

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

When open, we focused on operating the estate safely, protecting our customers and colleagues and responding swiftly to Government restrictions. We set the standard for retail operations, implementing extensive measures to ensure a Covid-safe environment and creating an in-shop experience which achieved a safety rating of 9.4/10.[2] We increased the

1. Where like-for-like (LFL) results are stated, this compares the trading performance of the shops that were open and trading in 2020 (subject to Covid-19 restrictions) to their 2019 performance. During 2020 when the full estate was closed due to Covid-19 the 2019 comparator was included. As shops re-opened on a phased basis from week 24 the comparator was only included from the first full week of trade (daily for weeks 24 to 26).
2. Market Force mystery shopping update - The Guest Experience.

Gaming net revenue LFL

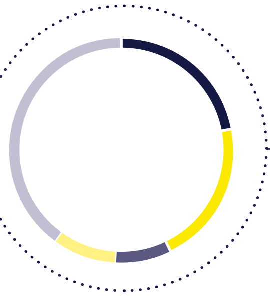
-35%

£139.8m

Sportsbook net revenue LFL

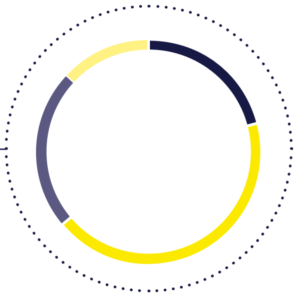
-26%

£209.4m



Retail net revenue – by product (%)

Horse racing	22%
Football	21%
Greyhounds	8%
Other sport	9%
Gaming machines	40%



UK market share – by number of LBOs[6] (%)

William Hill	21%
Entain	43%
Betfred	23%
Other	13%

density of our proprietary Self-Service Betting Terminals (SSBTs) to 2.5 per shop (2019: 2.4) and expect to reach a density of 2.7 when shops re-open and we redistribute the unallocated units across the estate. The proportion of sports wagers placed in this way rose to 26% (2019: 19%) while our shop colleagues facilitated more than 1 million 'call over bets'.

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

Through disciplined cost management we were able to reduce our operating expenses by 35% while cost of sales fell 53%, in line with net revenue. However, our Retail operating cost base is primarily fixed. As a result, Retail generated an adjusted operating loss[3] of £29.5m (2019: adjusted operating profit[4] £83.2m).

One team: One goal

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

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

Retail performance measures

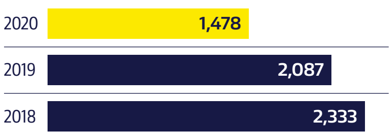
Sportsbook margin (%)

+1.4ppts

Sportsbook margin gives an indicator of how sporting results have affected our performance during the year. Our normalised range for Retail is 17-18%. In 2020, the gross win margin increased 1.4 ppts, reflecting bookie-friendly sports results.

Retail estate shop numbers[5]

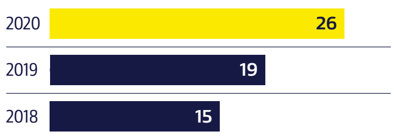
-29%



The UK LBO estate has undergone a material change in size in recent years. This has been driven primarily by regulatory changes, notably the £2 stake limit on gaming machines. William Hill took decisive action in 2019 to remodel the estate, closing 713 shops, followed by a further 119 closures in 2020 due to Covid-19 restrictions.

SSBT staking (%)

+7ppts



SSBT staking as a percentage of total staking represents the mix between placing bets on a machine or over-the-counter. Reallocation of the machines across the estate after the shop closure programme increased density to 2.5 machines per shop. The proportion of all sports bets placed in this way increased to 26%.

3. Adjusted operating loss is defined as loss before interest and tax, excluding exceptional items and other defined adjustments. Further detail on exceptional items and adjusted measures is provided in note 3 to the financial statements.
4. Adjusted operating profit is defined as profit before interest and tax, excluding exceptional items and other defined adjustments. Further detail on exceptional items and adjusted measures is provided in note 3 to the financial statements.
5. Average retail estate shop numbers for the financial year.
6. Company websites, June 2020.

STRATEGY

The legal sports betting marketplace in the US has been transformed since the Professional and Amateur Sports Protection Act was overturned in May 2018. Since then, William Hill US has put in place the building blocks to grow a market-leading nationwide business of scale.

The US is expected to be one of the largest sports betting and iCasino markets, with addressable market size forecasts ranging up to US$30bn to US$35bn[1]. To succeed, a market-leading operator requires a strong brand and media presence, extensive market access, best-in-class technology platform and product and a world-class team. Through the growth of our team and our partnership model we have secured these capabilities and we are optimally positioned to ensure we participate in the rapid growth of this new market.

Performance

2020 was a transformative year for our US business. We grew the team, expanded our nationwide presence, and accelerated the development of our proprietary technology platform. These achievements were delivered under the most challenging circumstances where major league and college sports were suspended for long periods, casinos were periodically closed or maintained restricted access, and our colleagues were temporarily furloughed. Nevertheless, our team remained focused and committed and we grew total amounts wagered directly and via service providers for the eighth consecutive year to US$3.2bn, extended our live operations to five new states and launched iCasino. Depicted above, our team in Las Vegas (where registration for sports betting happens in-person) demonstrated their resilience and creativity by establishing Covid-safe, drive-through registration for new customers.

Valuable partnership model leverages powerful brand associations

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

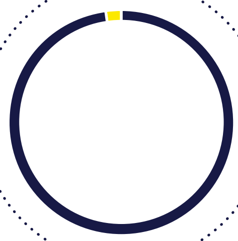
In January 2019, we entered a strategic partnership with Eldorado Resorts, Inc. (Eldorado), granting us the exclusive right to operate all their in-person sports books, and the first mobile licence ('skin') in states where online betting is permitted. In July 2020, Eldorado completed the acquisition of Caesars, creating the largest and most diversified gaming operator in the US, with some of the world's most prestigious gaming brands. Consequently, this confirmed our access to 26 US states[2], covering two-thirds of the US population. The recommended cash offer made by Caesars for William Hill in September acknowledges the value of this partnership and the complementary expertise the combined group will have to better serve our customers.

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

1. Caesars Entertainment, Inc. scheme document https://investor.caesars.com/static-files/69f966f5-ff04-4dcb-a87f-971ab920a09d
2. As at 29 December, 14 states were live. At the time of publication on 4 March 2021, 15 states were live with the addition of Virginia in February.

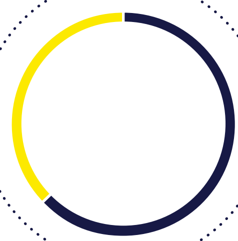
Sportsbook net revenue
£155.2m
+34%

Gaming net revenue
£3.9m



US net revenue – by product (%)

Sportsbook	98%
Gaming	2%



US handle – by format (%)

Online	63%
In-person	37%

Accelerated technology development and nationwide expansion

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

While the pandemic-related disruptions materially impacted our in-person retail experience, the US remained an exciting source of strong growth. As of 4 March 2021 we have access to 26 states, operate more than 170 venues in 15 states[2] (2019: nine), of which 11 are taking mobile bets (2019: four) and two offer iCasino (2019: nil) following further launches in Michigan and Virginia in 2021.

US operating profit[3]

The year started positively, driven by strong wagering growth. After the major sports leagues rescheduled their seasons and casinos re-opened, we experienced a material acceleration in growth in the second half. Operator-friendly sports results increased gross win margins by 1.0ppt to 7.7%, and combined with total wagering growth of 10% to drive net revenue up 32% to £167.3m. We took 63% of handle, placed directly and indirectly, through online channels, and we concluded the year with 19% pro-forma market share.[4]

Cost of sales increased in line with net revenue growth, rising 43%. We grew the team through a mix of new hires and onboarding the Caesars and Cantor sports book teams. As a consequence of our disciplined cost management, expenses increased 21%, leading to an adjusted operating profit[5] of £12.4m.

US performance measures

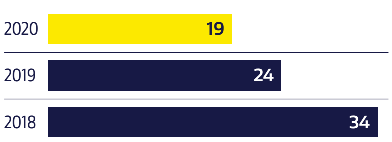
Sportsbook margin (%)

+1.0ppts

Sportsbook margin gives an indicator of how sporting results have affected our performance during the year. Our normalised range for the US is 6-7%. In 2020, the gross win margin increased 1.0 ppt, reflecting operator-friendly sports results.

Sports betting market share (%)

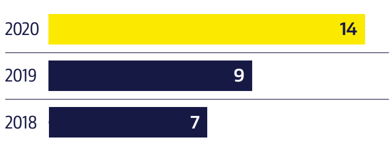
-5ppts



Sports betting market share data shows the presence of William Hill in-person and online activity nationwide, including states in which we are not yet live. Through our partnership model we have access to 26 states, covering two-thirds of the US population. 2020 market share was impacted by the Covid-19 restrictions on the in-person format.

Number of live states[6]

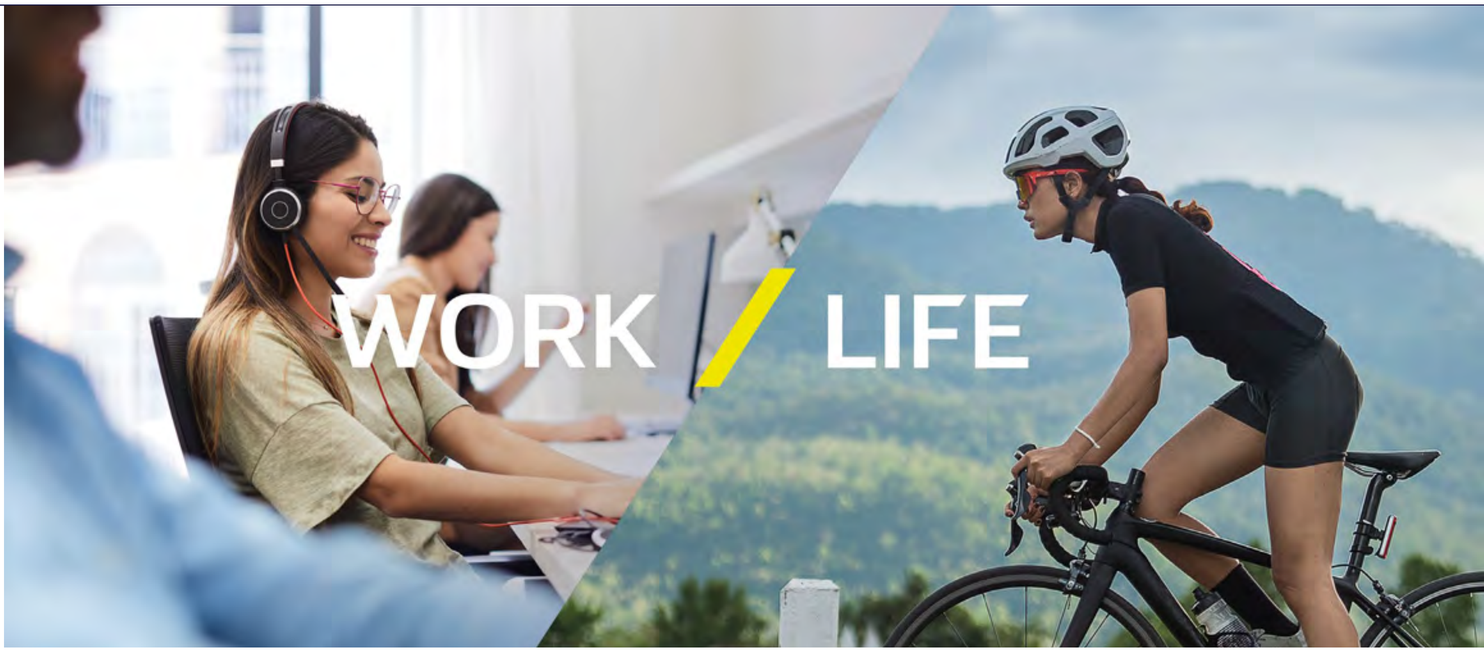
+5



The number of states in which we have live operations is growing. In combination with our partner, Caesars, we have access to 26 states; as of 4 March 2021 we are live in 15 states, with 11 taking handle online and two live for iCasino, having launched mobile and iCasino in Michigan in January 2021 and Virginia on mobile in February 2021.

3. Performance data is based on GBP unless stated otherwise.
4. Pro-forma market share is based on US$ handle and includes Caesars and Cantor 'last twelve month' handle.
5. Adjusted operating profit is defined as profit before interest and tax, excluding exceptional items and other defined adjustments. Further detail on exceptional items and adjusted measures is provided in note 3 to the financial statements.
6. As at 29 December 2020.

SUSTAINABILITY



2020 was an extraordinary year. The advent of the global Covid-19 pandemic had a profound impact on how we work across William Hill. Throughout 2020, we adapted quickly and were highly agile to ensure that we protected our business and kept our colleagues and customers safe. At the same time, we maintained our commitment to sustainability and our progress against the four priority areas of:

- protecting our customers and driving safer gambling improvements;
- building a strong culture of empowerment and improvement to engage colleagues;
- operating with integrity; and
- making a positive contribution to the community.

At the start of the year, prior to the onset of the pandemic, we went ahead with engagement events with colleagues, including our leadership event, in January 2020. This event brought our strategy to life and focused on areas of improvement, including safer gambling.

With the onset of the pandemic in the first quarter of 2020, our priority became ensuring we were doing everything possible to protect the business and ensure the safety of our customers and employees. At the end of March, our retail shops were required to close at short notice as part of the UK national lockdown and 7,644 colleagues, around 70% of the total workforce, were furloughed. All our offices were closed for a period of at least three months and office-based colleagues worked remotely. We protected jobs and topped up wages to full pay for those employees on furlough, to ensure that salaries were paid at 100%.

In September 2020, Caesars Entertainment, Inc. (Caesars) made a cash offer for William Hill PLC, which the William Hill Board was minded to recommend to shareholders. The William Hill Board secured a number of significant protections and concessions for colleagues as part of the transaction, including the protection of existing terms and conditions until 2022 and the favourable treatment of all employee share plans.

The Group Executive team were highly sensitive to the uncertainty the transaction could lead to for colleagues and put in place a comprehensive communications programme. This included senior leadership team calls, people leader calls, and calls to our various colleague representative forums, across all territories, at key milestones throughout the transaction process. Enhanced communications will continue until the transaction completes in 2021, subject to all regulatory approvals being secured.

Following a phased re-opening of UK Retail with extensive measures to keep customers and colleagues safe, we saw footfall return towards pre-Covid-19 levels in the UK. In light of the good performance and our decisive actions to protect the business, we repaid the Coronavirus Job Retention Scheme (furlough) monies to the UK Government in October 2020, amounting to £24.5m.

86%
of colleagues agreed or strongly agreed that William Hill is committed to player safety

£85.4m
contributed to sports through sponsorship, picture payments and levies

48%
reduction in our CO_2 footprint from 2019

c.12,000
employees

Customer protection and safer gambling

Safer gambling is about ensuring we do all we can to help our customers to stay in control, identify people at risk, intervene effectively and empower our colleagues to take decisive action to support our customers.

We made significant changes and improvements throughout 2020 to how we operate to encourage safer gambling, with new tools and technology, safer gambling campaigns and improvements to codes of conduct, which are explained in more detail later in this report.

In March, with the exceptional circumstances of a UK national lockdown and a reduction in sporting activity, immediate action was taken to enhance customer protections and to work with our trade association, the Betting and Gaming Council, to develop a set of Covid-19 pledges to support customers betting online, who may be more vulnerable as a result of the crisis.

These changes and improvements have been combined with a strong focus on governance and culture, with a clear 'tone from the top' that reinforces our commitment to safer gambling throughout the organisation. It is pleasing to see that in our recent employee survey 86% of colleagues agreed or strongly agreed that William Hill is committed to player safety.

Empowering and engaging colleagues

At William Hill we have set out to build a strong culture of empowerment and create an integrated employee engagement and listening strategy, with the aim of involving our employees, harnessing their ideas and creativity, and listening and acting on their feedback. The significant developments throughout the year have required us to be even more innovative and agile in our approach to employee engagement, as well as providing reassurance and certainty during challenging times.

Despite the challenges, we were delighted to see that the Company's employee Net Promoter Score (eNPS) increased by 25 points and our engagement and empowerment scores both improved by six percentage points compared to the 2019 all-colleague survey, 'Your Say'. This represents a very significant improvement and achievement and is a reflection of the immense effort and time taken to engage, listen and act on the feedback of employees.

The extensive feedback we received also informed our refreshed People Strategy and resulted in the introduction of three new programmes: Balance, Belong and Build. These are described in detail on page 34.

Operating with integrity

We understand that strong governance and operating with integrity are the basis for a responsible business. As a regulated business, with gambling licences in 13 countries, operating with integrity is built into our culture and reinforced in how we operate. We aim to be transparent, particularly in how we address areas that are of specific focus for stakeholders. Our governance approach is outlined in more detail in the Governance section of this report.

Positive contribution to society

Our positive contribution to society can be evidenced in both financial and non-financial terms. In 2020, the Group paid £292m in corporate taxes and gambling duties[1], including £24m in payroll taxes, employing c.12,000 people and £10m in business rates, primarily to the UK high street.

We contributed £85.4m to sports through sponsorship, levies and picture payments. We are committed to continuing to reduce our CO_2 footprint, which is down 48% from 2019. We also continued with a range of programmes and charitable activities via the William Hill Foundation (see page 37).

As reported above, we also repaid the Coronavirus Job Retention Scheme monies, provided by the UK Government, as soon as it was possible to do so.

1. Taxes includes corporation tax, business rates, employer's National Insurance Contributions, stamp duty land tax, Value Added Tax and sales tax. Gambling duties comprises in the UK of Machine Games Duty, General Betting Duty and Remote Gaming Duty and outside the UK, similar type betting duties.

CUSTOMER PROTECTION AND SAFER GAMBLING

William Hill is committed to customer protection and safer gambling and was focused on raising standards throughout 2020. Whether by doing more to protect under-18s and other vulnerable people from exposure to gambling adverts, or identifying at-risk players through technology, we are continually driving up standards to ensure gambling remains as safe and enjoyable as possible.

William Hill was a founding member of the Betting and Gaming Council (BGC), which represents approximately 90% of the non-lottery gambling industry in the UK. William Hill worked proactively with other BGC members over the year to raise standards, notably through the Safer Gambling Commitments. Our participation in industry working groups has led to improved codes of conduct and a range of voluntary initiatives.

2020 was a year of considerable regulatory change in the UK, with a compulsory requirement for all online operators to make changes to how they operate, including: a ban on gambling with credit cards; a ban on reverse withdrawals; restrictions on bonus offers and requirements relating to reality checks (time checks for customers).

We welcome the Gambling Act Review launched by the UK Government in December 2020. We look forward to engaging with the Government throughout the review to ensure that any new regulations work alongside progress made by our industry and provide clarity and certainty for customers, operators and all those who work in the sector.

We believe it is important that the review is evidence-led, strikes the right balance between protecting the vulnerable and the continued enjoyment of the many tens of millions who happily place the occasional bet, as well as taking a critical look at the growing risks of the black market where there are no consumer protections. In the UK, a recent study by PwC[2] found that unregulated gambling sites were visited c.27m times in a year and the proportion of UK online gamblers that have used an unlicensed operator in the last 12 months has doubled in the last two years from 2.2% to 4.5%.

Customer protection and Covid-19

In March 2020, the exceptional circumstances of a UK national lockdown meant live sport was cancelled and concerns were expressed that customers would turn to online gaming products.

Although gambling overall fell during the first lockdown, due to an absence of sport and the closure of betting shops, we worked proactively with the BGC and other operators to establish a comprehensive set of pledges, set out below, to ensure that the highest customer safeguards were in place. Action was taken immediately to protect any customers betting online who might be more vulnerable as a result of the crisis.

This included actively promoting deposit limits, increasing safer gambling messaging (over 3.5m player safety messages were sent between April and June 2020), restricting and blocking accounts where necessary, and taking action to ensure responsible advertising.

Despite the easing of lockdown measures during the summer, William Hill continued to operate in line with the Covid-19 pledges and these were reaffirmed by the BGC in early November as England entered a second lockdown.

2. Source: PwC 2021: Review of unlicensed online gambling in the UK.

April's Grand National was cancelled at the start of lockdown but the virtual race, held on the same day and broadcast live on ITV, was watched by five million people. Stakes were capped at £10 and our profits and that of other operators (members of the BGC) were donated to NHS Charities Together. The 18/1 shot Potters Corner won the race, with BGC members raising £2.9m for NHS Charities Together as a result.

Covid-19 Betting and Gaming Council 10-Pledge Action Plan

10 pledges to enhance safer gambling action for consumer protection and responsible marketing in response to the crisis:

1. Increase safer gambling messages across all sites and direct to all customers with a minimum of 20% Safer Gambling (SG) advertising.
2. Step up interventions if customers increase time and spend beyond normal pre-crisis patterns.
3. Actively promote deposit limits.
4. Take action to ensure appropriate and responsible advertising.
5. Report all illegal, rogue advertising from black market online operators.
6. Implement a one-strike-and-you're-out policy where affiliates breach pledges.
7. Sign-post help to GamCare and the National Gambling Helpline and GAMSTOP for self-exclusion.
8. Commit to ensuring funding for research, prevention and treatment (RPT).
9. Provide additional welfare checks and well-being help for staff.
10. Support the UK Government's 'national effort' with volunteers and facilities.

Responsible marketing and advertising

In 2019, BGC members introduced a voluntary 'whistle-to-whistle' television advertising ban, and William Hill does not undertake football shirt sponsorship in the UK.

We wanted to build on this position to ensure our industry adhered to robust advertising and marketing standards, working to address concerns around sports sponsorship, television and online advertising.

Since May 2020, we have dedicated at least 20% of our TV coverage to our safer gambling messages, up-weighting significantly as part of the Covid-19 10-Pledge Action Plan.

We also moved from bespoke safer gambling campaigns, such as the Anthony Joshua 'Control is Everything' campaign in 2019, to consistent safer gambling messages throughout our sportsbook and gaming campaigns and marketing activity. An example of this was the launch of a new dedicated safer gambling TV campaign.

This approach of making safer gambling part of what we do, across all of our activities, was amplified through the rollout of the Industry Group for Responsible Gambling (IGRG) Code as of 1 October 2020.

In a recent survey run after Safer Gambling Week 2020, 91% of customers surveyed mentioned being aware of at least one safer gambling tool with William Hill.

Our commitments to the IGRG Code, include:

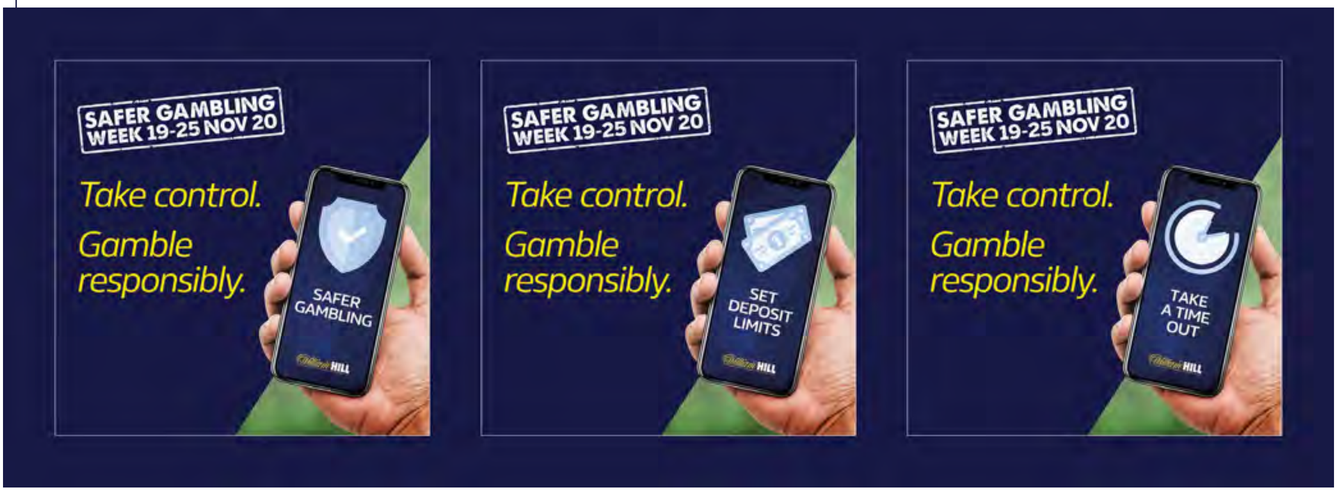
- our paid-for social media advertising is now directed at those aged 25+ (we are no longer targeting young people between 18 and 24 whose age we have not verified ourselves); and
- restricting all our organic YouTube content (content we have not paid to publish) to logged-in users aged 18+, meaning only adults, aged 18 or over, with a registered YouTube account, can view our material on the platform.

In terms of our organic content, 20% is now safer-gambling-related messaging, and each of our social media pages now contains a link to the BeGambleAware web page, informing our customers how to limit their exposure to gambling advertising across social media.

Our affiliate partners are also required to post safer-gambling-related content, and our paid-for advertising that appears on search engines and the advertising of our affiliate partners, contains '18+' and the safer gambling message 'Play Safe'.

We have also supplemented our own blacklist of search terms with the list supplied by the BGC, meaning that our advertising will not appear around certain terms that consumers search for online, including any references to children or other vulnerable groups.

We have seen safer gambling messages working well in driving positive behaviour change, and the use of safer gambling tools. We continue to use ambassadors, such as Anthony Joshua and others, to promote safer gambling messages and encourage the use of safer gambling tools.



BGC Safer Gambling Commitments

In November 2019, William Hill and the other leading UK gambling companies, together with the Betting and Gaming Council, announced a package of five Safer Gambling Commitments. These represent a comprehensive set of measures from a wide group of leaders across the sector to support the National Strategy to Reduce Gambling Harms overseen by the Gambling Commission.

Commitment	Key actions and commitments
COMMITMENT I: **Preventing underage gambling and protecting young people** We are determined to do everything in our power to prevent underage gambling and protect young people who gamble online.	– **Education:** £10.5m for youth education programme with aim of educating every 11-19-year-old in England, Wales and Northern Ireland (in association with GamCare and the Young Gamers and Gamblers Education Trust (YGAM). – **Ad tech:** Delivery of 6th edition of IGRG code, which included measures to better protect children from gambling advertising online through advertising technology (ad tech). – **Protection of young people:** High-Value Customer (HVC) Code of Conduct restricting under-25s, implemented and incorporated into Licence Conditions and Codes of Practice (LCCP).
COMMITMENT II: **Increasing support for treatment of gambling harm** We will support the vital process of increasing access to treatment for those that need it and have committed to work constructively with national stakeholders and experts as they undertake an essential and comprehensive needs assessment.	– **RPT (Research, Prevention and Treatment, previously called RET) funding:** In 2019, William Hill together with the other major operators committed to increase funding for research, education and treatment from 0.1% of UK gross gambling yield (GGY) to 1% over four years. This takes our contribution from c.£1m in 2019 to c.£10m in 2023, with an estimated cumulative spend across the participating operators of c.£100m over the period, to achieve a fourfold increase in treatment provision.
COMMITMENT III: **Strengthening and expanding codes of practice for advertising and marketing** We want to ensure our industry adheres to robust advertising and marketing standards, addressing concern around sports sponsorship, and television and online advertising.	– **6th edition of IGRG code, including updates:** Areas addressed include ad tech, negative keyword lists, social media age-gating, search responsibilities for operators and consistency in rules for affiliates. – **Review of effectiveness of 'whistle-to-whistle' ban on advertising:** Commissioned independent research that showed the voluntary ban reduced the amount of TV gambling ads seen by 4-17-year-olds by 97%. (Overall, the volume of gambling television ads viewed by young people fell by 70% over the full duration of live sport programmes).
COMMITMENT IV: **Protecting and empowering our customers** We will empower our customers to gamble safely through innovative products and tools that enable them to stay in control. Through continuous innovation, we are determined to find solutions, create easy-to-use safer gambling tools, protect financially vulnerable customers and create more consistent approaches to risk management.	– **Game Design Code of Conduct:** William Hill actively contributed to the development of the code and implemented the measures set out in Phase 1 in September 2020. – **Data-sharing and single customer view:** William Hill has actively contributed to ongoing work exploring how information can be shared to protect vulnerable people, while ensuring that rigorous privacy controls are in place. – **Improve self-exclusion schemes:** ongoing improvements to Multi Operator Self Exclusion Scheme (MOSES) and GAMSTOP.
COMMITMENT V: **Creating a culture of safer gambling** We want safer gambling to be the norm. We will examine our own conduct and values and consider what we can do to encourage safer gambling in our culture.	– Ongoing focus on continuous improvement of training, policies and procedures and the associated awareness, understanding and support of our colleagues (93.3% of colleagues have completed the safer gambling e-learning module), which is refreshed annually as part of the compliance calendar. – 2020 was the last year of the 3-year 2018 LTIP with 20% based on sustainability measures, and prior to cancellation, the 2020 bonus plans was the second year where the 15% sustainability scorecard was utilised, having been introduced in 2019.

Key performance measures

Objective	Measures	2020	2019	2018	Comments
Encourage safer gambling by all customers	% of online UK customers using deposit limits	42%	32%	18%	Year-on-year comparison is not possible due to change in methodology. 2020 includes William Hill Gibraltar + Mr Green + Evoke.
Protect the vulnerable	Number of safer gambling interactions (William Hill UK)	Retail 24,644 Online 877,872	Retail 33,789 Online 200,771	Retail 41,837 Online 36,758	William Hill took a proactive approach to customer interaction given the Covid-19 backdrop and our approach to continual improvement. This resulted in a very significant increase in total number of customer interactions online. It also led to an increase in retail, relative to the number of trading days (taking into account Covid-19 shop closures).
	Number of self-exclusions (excl. via multi-operator schemes) (William Hill UK)	Retail 4,784 Online 102,596	Retail 8,794 Online 85,803	Retail 10,890 Online 38,913	Number of customers self-excluding directly from William Hill Retail was impacted by Covid-19 shop closures. Rise in online self-exclusions driven by significant increase in safer gambling messages providing information to customers about the tools available.

WILLIAM HILL INTERNATIONAL: CUSTOMER PROTECTION AND SAFER GAMBLING

William Hill International responded quickly to changes in international territories in light of the global pandemic. In particular, we introduced enhanced customer protection measures in many countries in which we operate.

For example, in Sweden, temporary Covid-19 customer protection measures were introduced on 2 July 2020 and were extended until the end of June 2021.

Meanwhile in Spain, the new Royal Decree introduced marketing, sponsorship and promotional changes to further protect customers.

From a marketing perspective, an aligned Code of Conduct was established in 2020 by the members of the European Gambling and Betting Association (EGBA) to enhance consumer and minor protection through the promotion of responsible advertising measures for online gambling. William Hill was one of five leading operators to support this initiative.

The Code reflects the industry's responsibility for ensuring that gambling is a safe and responsible entertainment pastime. We adhere to the Code in all EU and EEA countries and the UK. The Code covers all gambling marketing activities on all media platforms including television, radio, social networks and other online platforms.

Alongside collaborating to introduce this Code of Conduct and implementing regulatory changes, William Hill International continued to develop a programme of work to improve safer gambling measures and raise standards, including how we identify and interact with our customers. William Hill International is committed to being a leader in compliance. We aim to be as consistent as possible in compliance, with a strong safety net for all consumers, in every market we operate in, whilst recognising that every market is different from a regulatory perspective.

WILLIAM HILL US: RESPONSIBLE GAMING PROGRAMME

In the US, our approach to safer gambling focuses on the social impact of gambling by upholding the following three conventions:

- prevent problem gambling;
- prevent underage gambling; and
- ensure gambling is conducted in a fair and open way.

For customers, we achieved this by offering limit-setting and cool-off capabilities, making resources available in all sports books and online, and offering assistance with self-exclusion both in-house and in local jurisdictions.

For colleagues, we provided annual mandatory training for our ticket writers, customer service teams and corporate employees. We also proudly supported and participated in industry-wide safer gaming awareness events, such as Problem Gambling Awareness Month, sponsored by the National Council on Problem Gambling and Responsible Gaming Education Week sponsored by the American Gaming Association.

Area of focus	Key actions in 2020
Training	– Mandatory 'Interactive Accelerate' safer gambling training for all employees. – William Hill created and executed new training for its customer service employees, developed in partnership with problem gambling and suicide prevention professionals in Nevada and New Jersey.
Customer communications	– Customer communications were revised to raise awareness of safer gambling, our approach, and the tools and support available.
Support for people at risk or experiencing gambling-related harm	– Developed our own self-exclusion programme. – Developed a safer gambling fund, named the William Hill Fund for Responsible Gaming. The Fund will support US-based non-profit organisations only, which can submit impact-driven proposals that focus on one or more of the following: 1. Education and awareness programmes specific to the impact of gambling-related harm on individuals and families living in the communities where William Hill operates. 2. Enhancing research on the effects of sports betting among US consumers. 3. Providing education and awareness programmes aiming to prevent underage gambling in the US.

William Hill US colleagues stationed at a donation drop, for a National Day of Service event, gathering donations to be distributed to Three Square and Salvation Army locations across Las Vegas.

BUILDING A STRONG CULTURE OF EMPOWERMENT AND IMPROVEMENT

At William Hill we have set out to create an integrated employee engagement and listening strategy, which aims to involve our employees, harness their ideas and creativity, listen and act on their feedback.

Responding to the Covid-19 pandemic

The pandemic required us to be innovative in our approach to employee engagement and to implement changes in the way we communicated with colleagues and provided reassurance and clarity during challenging times.

As described above, the global pandemic has had a significant impact on our ways of working. The majority of our employees across all territories have successfully worked from home since March 2020. Some 7,644 colleagues, around 70% of the total workforce, were furloughed for 12 weeks during the first UK national lockdown. Throughout this time, we continued to pay salaries at 100%.

We took rapid action to increase our communications to provide reassurance to colleagues around job security, as well as introducing enhanced communications, with a particular focus on well-being and on encouraging innovative ways for teams to keep connected whilst working remotely.

We implemented a weekly mood report for the Executive Team using data from Peakon, our employee engagement tool, and ad-hoc feedback from Yammer, Slack and other internal social channels. This enabled us to see in real time how colleagues were feeling and thereby take rapid and targeted action.

We gathered feedback from 6,000 colleagues, representing over 50% of our total workforce, on the positives and negatives associated with remote working. An initiative called the 'Big Conversation' was launched with over 50 virtual engagement sessions, and almost 600 colleagues participating. Some 5,900 colleagues also completed a UK return-to-work survey.

This feedback allowed us to focus on any areas of possible concern and shaped our refreshed People Strategy to concentrate on the areas that matter the most to colleagues.

Well-being

The feedback indicated that the uncertainties created by the pandemic were having an impact on our colleagues' well-being. In response, in addition to the extensive resources we had already made available to colleagues following the launch of our well-being strategy in 2019, we focused on a new and comprehensive campaign.

We started by reminding colleagues of the resources already available such as the Unmind app and our employee assistance programme (EAP), as well as raising awareness around new initiatives such as our Lockdown Learning series and Virtual Working modules. As part of Lockdown Learning, the Executive Team delivered 414 hours of well-being sessions, to over 800 colleagues.

As a result, we saw a 22% rise in positive response to the question, "I know where/how to access tools at William Hill to help understand and improve my health and well-being if I want to", in our annual employee survey.

We have also been particularly aware of the impact the pandemic has had on our Retail colleagues who were furloughed. Ahead of the UK Retail shops reopening in June, we ran a series of 'Managing Anxiety' webinars. Aimed at People Leaders, and hosted by our EAP provider, we supported almost 400 colleagues on their return to work. This momentum continued through 2020 and in November we won the Corporate Wellbeing & Health award at the Industry Community Awards.

Key performance measures

Objective	Measures	2020	2019	2018	Comments
Key performance measures	Employee engagement – participation rate	90%	87%	88%	Participation rate has risen to 90%.
Invest in colleague development	Total number of training days	12,554	27,656	26,639	Decline reflects a shift to digital learning due to Covid-19.
	Value of training investment (£)	£1.1m	£1.7m	£2.1m	-38% year-on-year reduction due to 100% digital learning.
Encourage diversity	Colleagues believe all employees are treated fairly	81%	75%	75%	Further 12% are neutral meaning 7% of colleagues disagree. Remain on track to hit target of 90%+.

Our refreshed People Strategy

As restrictions began to ease in summer 2020, we were determined to act on the positive feedback we had received from colleagues about remote working. We were aware that many colleagues welcomed the opportunity to work from home and wanted to create a lasting and positive culture change retaining the best of what colleagues had valued from the crisis.

In June 2020, we initiated the 'Big Conversation' to explore the feedback we had received, via a series of workshops across all areas, with 50 virtual engagement sessions taking place across the business.

The feedback informed our refreshed People Strategy and resulted in the introduction of three key programmes: Balance, Belong and Build.

Balance

Our refreshed People Strategy aims to create a two-way, high-trust culture, tied to our values, that empowers colleagues to work flexibly, in a way that suits them.

This led to the creation of Balance, which will give colleagues the opportunity to select the right balance for them on how they split their time between the office and home working. For our shop-based colleagues, we will provide flexibility around shift patterns and hours worked, to allow them to achieve the right work-life balance for their personal circumstances.

In preparation for the full launch of Balance in 2021, we introduced mandatory training for all leaders to ensure they are equipped to operationalise and support the new ways of working.

Belong

We believe an inclusive and diverse culture is a critical part of William Hill's success. Belong is about how we celebrate our differences every day and will be implemented in 2021.

> *"I'M IMMENSELY PROUD THAT THE FINANCIAL TIMES DIVERSITY LEADERS RANKING SHOWED THAT IN 2020 WILLIAM HILL HAS BEEN BLAZING A TRAIL IN OUR INDUSTRY ON DIVERSITY & INCLUSION. BUT WE KNOW THERE IS MORE TO DO TO ENSURE WE CHAMPION AND CELEBRATE OUR DIFFERENCES EVERY DAY AT WILLIAM HILL."*
>
> **Satty Bhens**
> Chief Product and Technology Officer

At William Hill we had already made great progress on gender diversity since 2017. For example, we have achieved one of our initial targets of reaching 30% of women in our senior leadership population. In our 2019 'Your Say' survey, 75% of colleagues said they agreed or strongly agreed that William Hill treats all employees fairly, irrespective of gender, age, race, disability, religion or sexual orientation. We were pleased that in the 2020 survey this figure had risen to 81%.

In 2020, we continued our Company's support for Pride, building on the support in 2019. However, the events around the world in 2020, particularly the Black Lives Matter movement, demonstrated that we could and should do more to drive diversity and inclusion at William Hill. We wanted to focus on the idea of inclusion, creating an environment where colleagues feel represented and respected for who they are across all levels of the business.

Our mission was to achieve a cultural shift to ensure that William Hill truly embodies the Company's 'On the same side' value.

We celebrate **our differences** every day.
It's what helps us **thrive** and brings us **together**.
Regardless of what makes you who you are,
everybody can find a space they **belong** at William Hill.
Focused on offering fair opportunities for all,
before and after joining, we take **diversity, inclusion and equality** seriously.
Truly one team, **we are all on the same side.**

[BELONG]
Together we thrive

81%
say William Hill treated all employees fairly[3]

25 point
increase in eNPS[4]

3. 81% of employees, through our employee survey, say William Hill treats all employees fairly, irrespective of gender, age, race, disability, religion or sexual orientation.
4. Company employee Net Promoter Score.

OUR VALUES: HOW WE 'GO ONE BETTER'

Eyes on the customer
- They matter most
- Do the right thing

Give a damn
- Show you care
- Call things out
- Be your best self

Own it
- Step up
- Grab it
- See it through

On the same side
- One business
- One vision
- No silos

'It'll do' will never do
- Be bold
- Never settle
- Keep improving

In order to achieve our mission and shift the culture of the organisation, we recognised the need to have structure and strong leadership in place. In June 2020, Satty Bhens became the executive sponsor for diversity and inclusion (D&I) at William Hill. We also created an advisory group, to represent our colleagues from across the business, made up of volunteers who were passionate about D&I, called the 'Same Side Forum'.

We focused on gathering the data needed to measure where we are and understand where we want to be. We embarked on the first ever William Hill Census, a confidential and anonymous survey collecting an unprecedented amount of demographic information – from identity to cultural and socio-economic background.

We then needed to start a meaningful conversation about D&I and ensure that all colleagues feel they are part of this process.

We were also pleased to make significant progress in the *Financial Times* Diversity Leaders Survey in the year, rising from 282 position in 2019, to 150 out of 850 in 2020. We were the first of only two betting and gaming companies to make the list.

Build

The third pillar of our refreshed People Strategy is Build. Our ambition is that by 2023 we will be known in our sector as the company that gives colleagues the opportunity to thrive both personally and professionally. We are determined to ensure colleagues can progress in their careers and are given the opportunity for personal growth. This could be in terms of well-being and balance, as described above, but also in terms of opportunities to give back through volunteering and community programmes.

In 2021 we will start with a focus on career growth and will provide leadership and specialist skills development and career path frameworks. As part of this we have launched an 'Internals First' initiative to identify talent and develop our own people to fill key roles in our business.

> *"I'M INSPIRED BY THE WAY THE WILLIAM HILL FAMILY HAS WORKED TOGETHER TO SUPPORT OUR CUSTOMERS AND EACH OTHER DURING THIS CHALLENGING YEAR. WE HAVE MADE GREAT PROGRESS ON DEVELOPING A CULTURE OF EMPOWERMENT AND ENGAGEMENT AND WE ARE DETERMINED TO BUILD ON THIS FOR THE FUTURE."*
>
> **Karen Myers**
> Chief HR Officer

Offer for William Hill

As described in more detail elsewhere in the report, in September 2020 Caesars made a cash offer for William Hill PLC, which the Board was minded to recommend. The deal was approved by a shareholder vote on 19 November 2020 and is expected to complete early in the second quarter of 2021, subject to the necessary regulatory approvals being obtained.

The William Hill Board secured a number of significant protections and concessions for colleagues as part of the deal including the protection of existing terms and conditions until 2022 and the favourable treatment of all employee share plans.

The Executive Team are sensitive to the uncertainty this could lead to for colleagues and put in place a comprehensive communications programme including senior leadership team calls, People Leader calls, and calls to our Standard Bearers and National Colleague Forum, at key milestones throughout the deal process. We also enhanced the frequency of updates from the CEO. Additionally, 2,696 (81%) of office-based colleagues attended local briefings via videoconferencing on the day of the announcement.

Our 'Your Say' survey showed that the majority of colleagues felt well informed about the transaction. Feedback showed that colleagues were appreciative of the open and honest communication.

OPERATING WITH INTEGRITY

As a Company operating in a regulated industry, many aspects of our operations are defined by our regulators. We are licensed in 13 countries worldwide. Compliance with these regulations is a core part of our day-to-day activities and is continually reviewed and monitored.

Treating customers fairly and openly

We want customers to feel they are treated fairly and openly, and we endeavour to resolve all betting disputes in a clear and equitable manner.

In the UK, when a customer disagrees with our decision, they can refer disputes to free, independent, Alternative Dispute Resolution (ADR); for more information see the Key performance measures below.

Socially responsible marketing

William Hill was part of the BGC's Advertising and Technology working group that developed, and in August 2020 launched, the 6th Industry Code for Socially Responsible Advertising, that came into force in October 2020 (see page 29).

Keeping crime out of gambling (prevention and anti-money-laundering (AML) regulation)

During 2020, we recruited additional core AML roles, ensuring that key policies, processes and due diligence are effectively maintained across the Group. The content of our established retail anti-social behaviour (ASB) workshops was also updated, to reflect challenges faced by particular shops and/or areas: for example, gang-related crime or drug dealing.

Investment in and implementation of Accuity

During 2020, we worked with Accuity to deliver a 24/7 customer screening tool that ensures customers are continually screened against sanctions and Politically Exposed Persons (PEP) watchlists, and adverse media lists.

Sports betting integrity

As a Board member of the International Betting Integrity Association and a member of the GB Gambling Commission's Sports Betting Integrity Forum, William Hill continues to be fully and actively engaged in sports betting integrity matters, including supporting a number of investigations conducted by sports' governing bodies.

Human rights

The Board considers that it is not necessary for the Group to operate a specific human rights policy at present. Our policies already operate within a framework to comply with relevant laws, to behave in an ethical manner and to respect the human rights of our employees and other stakeholders in the business. Most of the Group's business is conducted in the UK and in jurisdictions where human rights are generally observed.

The Corporate Responsibility Committee, on behalf of the Board, is satisfied that William Hill's policies operate in a way that is consistent with the UN's Global Compact, covering areas of human rights, labour, the environment and anti-corruption. The Group's statement on the Modern Slavery Act 2015 was reviewed and updated in February 2020.

Key performance measures

Objective	Measures	2020	2019	2018	Comments
Treating customers fairly and openly	Disputes referred to IBAS	208	271	331	Customers can refer disputes to IBAS for William Hill, and eCOGRA for Mr Green/ Evoke. (2020 figures include both, so are not comparable to 2019.)
	IBAS disputes found in the customer's favour	3.4%	2.2%	2.4%	IBAS adjudicated against William Hill in relation to three issues, one of which involved disputes with five customers.
Creating a safe environment	RIDDOR reportable accidents – customers	2	4	0	RIDDOR reports remain low and are generally minor due to slips, trips and falls.
	RIDDOR reportable accidents – colleagues	1	1	2	Sadly, one reported RIDDOR fatality in 2020.
Keeping crime out of gambling	Incidents of violence in the workplace	9,596	16,515	18,759	2020 saw a considerable reduction in the number of incidents due to shop closures.
	Number of robberies	17	49	87	2020 incident numbers are at an all-time low with a 65% reduction on 2019.
	Number of burglaries	33	53	51	Burglary incidents are down 38% on 2019.
	Number of cash-in-transit incidents	0	7	8	Due to consistently low numbers, this metric will be reported as a sub-category of Robbery from 2021 onwards.

HOW WE MAKE POSITIVE CONTRIBUTIONS TO SOCIETY

It is the people who work at William Hill who drive our positive contributions to society and community engagement, and most of them work on shop floors in small towns and shopping parades across the UK. Of these employees 56% are women, nearly 2,000 are over 50 and another 2,000 have more than ten years' service.

Our colleagues are often involved in their local communities, and when the pandemic hit we were overwhelmed with stories of how our people had gone 'above and beyond' for others in their community. We celebrated our colleagues' efforts through our 'Lockdown Heroes' awards: see the photo below.

All of our community programmes are powered by the enthusiasm and support of colleagues. Everyone at William Hill understands that community involvement is one of the best reflections of our values as a business.

Economic contribution

William Hill paid a total of £292m in taxes and duties in 2020. In addition the Group collects taxes on behalf of governments making the total tax contribution in 2020 c.£356m. We also repaid the Coronavirus Job Retention Scheme monies to the UK Government, amounting to £24.5m in 2020.

The gambling industry as a whole paid around £3bn in tax to the UK Exchequer, for both 2018/19 and 2019/20.[5] The economic contribution of the industry (Gross Value Added) is estimated at £8.7bn in terms of support for the economy.[6] The industry employs around 100,000 people in the UK.[7]

Community contribution

The William Hill Foundation was established in 2011 with the aim of administering a hardship fund for colleagues and overseeing our charitable partnerships.

In 2019, the aims of the Foundation were reviewed and expanded to include a particular focus on mental well-being, in response to recognition that this major issue touches many people, with one in four of us experiencing mental health challenges at some point in our lives.

During 2020, the Foundation worked across three areas: supporting mental health and well-being, the needs of colleagues, and employability, in order to ensure that the Foundation is truly providing support to those that need it the most. Some key initiatives are described below.

Scottish Football Association 'Support Within Sport' initiative
The William Hill Foundation continued its work with the Scottish Football Association to increase mental health provision and education within Scottish sport.

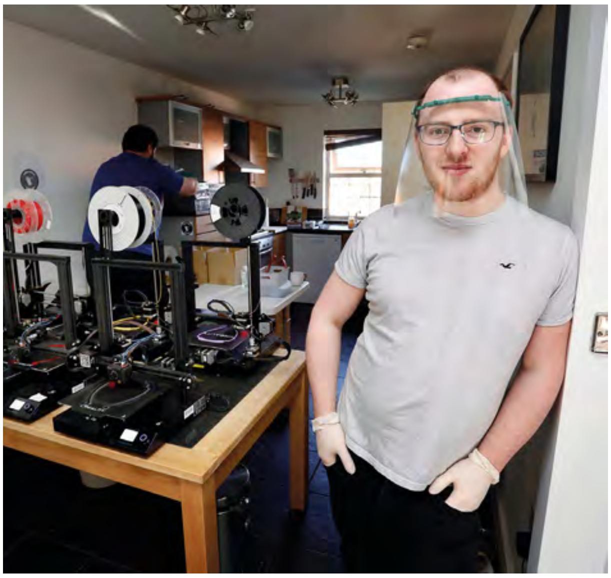
Through our Support Within Sport partnership, a clinical support service is available to all 42 male Scottish Premiership Football League clubs, as well as the 16 Scottish Women's Premier League teams, coaches and referees. Current services provided include an initial assessment by an experienced sports medicine doctor and counselling for individuals who are presenting with mental-health-related issues.

Since the programme's launch in 2016, over 200 players and coaches have made contact and received help through the service. The initiative has allowed for creation of a bespoke e-learning course in mental health launched in May 2020 and completed by more than 3,500 coaches. This online course aims to give coaches the tools to spot and recognise signs of mental health problems, develop skills in listening and sign-post people to help if required.

OUR COVID-19 'LOCKDOWN HEROES'

Throughout the pandemic, from all countries we operate in, we heard inspiring stories of colleagues helping others. We celebrated their efforts in an internal recognition programme called 'Lockdown Heroes', highlighting these inspiring stories of helping others at work, in the community or in the emergency services.

One winner was Nick Pearson, Cloud Engineer, who set up a PPE equipment production line in his home in Yorkshire, with the use of his own 3D printers. He scaled production during the first lockdown with a total of 22 3D printers making 3,000 protective visors a week, which he was supplying free to the NHS. The William Hill Foundation made a donation for eight printers, 150 kilos of PLA plastic and 10,000 sheets of PVC to help make the visors. Nick was recognised as a Lockdown Hero for demonstrating the William Hill values of 'Own it' and 'Give a damn'.



5. Source: UK Betting and Gaming Statistics.
6. Source: DCMS Economic Estimates 2018 (provisional).
7. Source: Gambling Commission Industry Statistics to September 2019.

Switch the Play
Last year, we helped Switch the Play Foundation, the UK's only charity dedicated to supporting all sportspeople to successfully transition into life outside of sport. We made a donation towards their new Mental Health Support service for sportspeople; a crucial service which aligns to their mission to empower sportspeople to be their best through and beyond sport, by providing person-centred training, well-being and transition support.

Alzheimer's Society
The William Hill Foundation's three-year partnership with the Alzheimer's Society continued in 2020, focused on increased awareness and understanding of dementia.

Despite the challenges posed by the Covid-19 pandemic, William Hill colleagues supported the Alzheimer's Society through a number of virtual fundraising activities. These included 'Step-Up For Dementia', a fitness challenge, as well as dress-up days themed around World Alzheimer's Day and Halloween. The Foundation also sponsored and participated in the Alzheimer's Society's 'Great Big Quiz' fundraiser in June 2020, which raised over £22,000 for their Emergency Appeal. 2020 also saw the launch of a Dementia Friends e-learning module available to all William Hill colleagues, providing guidance and information to help support people living with dementia.

Raising Futures
As part of the legacy from our five-year Project Africa commitment, the William Hill Foundation supports Raising Futures, a Kenyan charity developing skills and opportunities for young people, to help them become financially independent.

This year's grant has helped provide the charity's Seed of Hope vocational training centres with essential sanitation and health and safety training, to ensure the centres are safe to open this year and better able to manage the impact of Covid-19.

William Hill USA Charitable Foundation
The William Hill USA Charitable Foundation (USA Foundation) was established to provide financial assistance to William Hill US employees who find themselves adversely impacted by major events defined as a 'qualified disaster', resulting in hardship for the employee. The Covid-19 pandemic was deemed to be such an event.

Grants are made based on the urgency of the need and available funding, and after other funding resources or options have been exhausted. Due to the generosity of William Hill employees around the world and outside friends of William Hill, the Company raised $250,000 to support the USA Foundation. In 2020, the USA Foundation paid out $117,000 to furloughed employees in need.

Community: William Hill International
Our International hub is based in Malta and in 2020 we wanted to find the best way to support the local community. With strict restrictions implemented by the Maltese Government on travelling and the entertainment sector, the Maltese community has been particularly impacted by the huge reduction in tourism. William Hill International has supported Foodbank Lifeline Malta, a local NGO supporting local communities in need.

William Hill International also reallocated the annual budget for social colleague events in support of Foodbank Lifeline Malta. In the UK, we donated the money we would have spent on social events to local food banks in each of our locations, recognising the difficulties many people would be facing throughout a challenging year.

Environmental commitments

William Hill has committed to become a carbon-neutral business, recognising the importance and urgency of addressing climate change.

In comparison with many other sectors, our energy impact is relatively low. In 2019, 95% of our carbon footprint related to the electricity we consumed in our betting shops and offices. As a result, in October 2020 we switched to 100% Renewable Energy Guarantees of Origin (REGO) electricity in the UK, to significantly reduce our carbon footprint.

This switch means we can report zero emissions for electricity under the Greenhouse Gas (GHG) Protocol Corporate Standards, Scope 2, as the electricity can be matched to REGO certificates, which guarantee that the electricity we provide will only come from solar, wind or hydro sources. We will save almost 61,500 tonnes of CO_2 across our three-year contract, which is the equivalent of taking 38,000 cars off the UK's roads.

This is one initiative of many that is enabling William Hill to become greener and significantly less carbon-intensive. Further initiatives, including a full Retail rollout of smart metering across all our shops, are planned in 2021 that will drive further CO_2 reductions going forward.

> *"THANK YOU FOR TAKING THE DECISION TO GIVE BACK LOCALLY. WITH RESPECT TO THIS, I FEEL IT AN HONOUR TO BE PART OF THIS COMPANY."*
>
> **Lisa Martin**
> Marketing Promotions Manager,
> William Hill International

In February 2020, the Board approved an updated Environmental Policy and five-year strategy. This includes the targets outlined in the table below.

Focus	On/Off Track	Five-year target (by 2024)	Commentary
Waste to landfill	On track	**To achieve 30% improvement** 56% from 2019	Improvement of 56% from 2019 is above target (but needs to be considered in the context of shop closures in 2020). Target should remain at 30% as tonnage expected to normalise in 2021.
Landfill diversion	On track	**To achieve 95% landfill diversion** Tracking at 83%	Current landfill diversion is tracking at 83%, and we are on track to meet five-year target of 95%.
Fleet target to be electric/plug-in hybrid/ electric vehicle	On track	**30% of fleet to be electric/ plug-in hybrid**	Currently 13% metric of PHEV in 2020, on track for five-year target.
Water	On track	**Water consumption to be baselined to assess water-saving initiatives**	Water consumption baselined at 270,000m^3 on 1,414-shop estate. New water supplier and utility consultancy appointed.
Energy	On track	**To be a carbon-neutral business** Following the reduction of our CO_2 emissions through LED lighting in 2018 and a 30% drop in shop estate in 2019, we will re-baseline and assess targets for further consumption reduction in 2021 onwards. Implementation and rollout of smart metering is required to enable this.	Switching to renewable energy in UK from October 2020 will have a significant impact in 2021. Smart metering rollout commenced in November 2020, with full rollout to be completed in 2021. Thereafter a full monitoring and targeting programme to be adopted to minimise our CO_2 emissions.
Video conferencing	On track	**Video conferencing technology adoption – increase of 400%** (from 2018)	Adoption in 2020 achieved 442%, hitting the five-year target early. The impact of Covid-19 has led this shift in behaviour.

On track Off track

Key performance measures

Objective	Measures	2020	2019	2018	Comments
Our economic contribution	Taxes and gambling duties	£292m	£397m	£414m	In addition, the Group collects taxes on behalf of governments, making the total tax contribution in 2020 c.£356m.
Supporting sport	Levies, sponsorship and picture payments	£85m	£137m	£126m	Decrease due to shop closures and sports cancelled in 2020.
Reducing our environmental impact	Annual global energy use in kW/h	45,008,806	83,134,419	102,190,352	In 2020, 87% of our carbon emissions related to energy consumption in the UK. The methodology used to collate and calculate these figures is the GHG Reporting Protocol - Corporate Standard, and all SECR obligations have been complied with.
	Tonnes of CO_2 equivalent (tCO_2e)	12,499 (Scope 1 = 1,262; Scope 2 = 11,237)	23,973	31,853	
	tCO_2e per £1m of net revenue	9.44	15.16	19.68	
Supporting colleagues	William Hill Foundation grants	£36,723	£48,203	£24,646	15 grants awarded by the hardship fund in 2020.

NON-FINANCIAL INFORMATION STATEMENT

The following aligns to the non-financial reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006.

Our Code of Conduct which has been approved by the Board sets out the basic principles which we expect all employees to comply with across the Group and covers matters such as Anti-Bribery and Corruption, Fraud, Diversity, Community and the Environment. This is supplemented by more detailed policies and procedures in a number of areas which are communicated to employees as appropriate.

Our Code of Conduct and all of our public policies are available at www.williamhillplc.com.

Reporting requirement	Relevant policies	Where to read more	Page
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Employees	– Corporate Health & Safety policy – Training and Development policy – Group Health & Safety policy – Group Diversity policy – Remuneration policy – Whistleblowing policy	– Employee engagement – Culture and values – Employee well-being – Diversity & inclusion – Board diversity	**16-17** **33** **33** **34** **69**
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FINANCIAL REVIEW

MATT ASHLEY, CHIEF FINANCIAL OFFICER

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

Group summary

In 2020 adjusted operating profit[1] of £57.3m reduced by £89.7m (2019: £147.0m) following the impacts felt across the Group from the Covid-19 pandemic.

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

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

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

This flexibility was secured through five discrete steps:

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

This careful management of the Group's finances, in conjunction with the robust performances from the divisions, meant the year concluded with a strengthened balance sheet with net debt[2] of £113.1m and gearing (net debt to EBITDA[2]) of 0.8x, exceeding our expectations.

Online summary

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

1. Adjusted operating profit is defined as profit before interest and tax, excluding exceptional items and other defined adjustments. Further detail on exceptional items and adjusted measures is provided in note 3 to the financial statements.
2. Net debt for covenant purposes and EBITDA for covenant purposes are non-statutory measures used to assess compliance with our debt covenants. These are explained further in note 25 to the financial statements.

£57.3m
Adjusted operating profit[1]

US$3.2bn
US wagering

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

This performance resulted in net revenues being 9% ahead of the prior year on a statutory basis and 7% when including Mr Green for the whole of the prior year. Mr Green is now fully integrated into William Hill and its strong gaming brand has served the Group well, especially when sporting events were suspended. The increase in net revenue flows through to an adjusted operating profit for the year of £121.9m which is 3% ahead of the prior year.

Retail summary

Covid-19 impacted Retail the most during the year with the closure of all shops from 20 March until 15 June followed by localised closures before the second nationwide closure in England from 5 November to 2 December. Even when open, shops were often subject to restrictions on trade such as no live sport and a maximum of two gaming machines. As a result of the first lockdown 119 shops were not re-opened leaving an estate of 1,414 shops at the end of the year.

On a statutory basis net revenue was 51% down year on year as a result of the pandemic as well as trading over one quarter of pre-£2 stake limit implementation and the closure of 713 shops at the end of the third quarter in 2019. Using a like-for-like[3] measure of performance, based on shops that were trading in the same weeks in both years, delivered a net revenue performance of -30%.

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

US summary

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

The growth in revenues coupled with a focus on costs led to the US making an adjusted operating profit of £12.4m against a prior year profit of £1.0m. Within these results was £3.7m (2019: £10.3m) relating to income from the receipt of shares in The Stars Group (now Flutter Entertainment plc) that arose from the partnership with Eldorado (now Caesars) (see note 15 to the financial statements).

Capex

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

Dividend

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

Outlook

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

Matt Ashley
Chief Financial Officer

3. Where like-for-like (LFL) results are stated, this compares the trading performance of the shops that were open and trading in 2020 (subject to Covid-19 restrictions) to their 2019 performance. During 2020 when the full estate was closed due to Covid-19 the 2019 comparator was included. As shops re-opened on a phased basis from week 24 the comparator was only included from the first full week of trade (daily for weeks 24 to 26).
4. Adjusted EPS is calculated using adjusted profit after tax and in evaluating performance for dividend policy purposes. Further detail on adjusted measures is provided in note 3 to the financial statements.

Consolidated income statement

Results from continuing operations	Statutory results 2020 £m	2019 £m	%	Adjusted results 2020 £m	2019 £m	%
Revenue	**1,324.3**	1,581.7	-16	**1,324.3**	1,581.7	-16
Cost of sales	**(87.2)**	(377.9)	-77	**(325.5)**	(377.9)	-14
Gross profit	**1,237.1**	1,203.8	3	**998.8**	1,203.8	-17
Net operating expenses	**(1,156.8)**	(1,190.9)	-3	**(941.5)**	(1,056.8)	-11
Profit/(loss) before interest and tax	**80.3**	12.9	522	**57.3**	147.0	-61
Net finance costs	**(29.3)**	(50.5)	42	**(48.2)**	(50.5)	5
Tax	**–**	10.6	-100	**13.4**	(2.7)	596
Profit/(loss) after tax	**51.0**	(27.0)	289	**22.5**	93.8	-76
Earnings/(loss) per share – basic	**6.2p**	(3.1)p	300	**2.3p**	10.7p	79

Statutory to adjusted profit

Note the difference between statutory results and adjusted results is due to exceptional items and other defined adjustments. These principally relate to the receipt of £238.3m from the refund of VAT recognised in cost of sales (£208.3m after tax) offset by the £125.7m impairment of the Retail division due to the impact of Covid-19 on its forecast cashflows and the recognition of £70.4m of costs related to the Caesars acquisition. Further detail on adjusted results is provided on page 45 and note 3 to the financial statements.

The analysis below considers only continuing operations unless specifically stated otherwise. The Group acquired Mr Green in January 2019. The analysis does not include Mr Green performance before acquisition date unless the financials are specifically stated as pro-forma.

Summary

2020 was impacted by the Covid-19 pandemic, with the suspension of many sporting events towards the end of the first quarter and the closure of shops in the UK and casinos in the US. Sporting events resumed across the second quarter and shops and casinos re-opened. The second half of the year saw various localised and national lockdowns across the UK further impacting revenues. As a result the Group's revenue declined by 16% or £257.4m to £1,324.3m.

Statutory results include the VAT refund in cost of sales and net financing costs (interest on the amounts owed) and the costs associated with the impairment in Retail and the Caesars transaction in net operating expenses. The impact of these, in conjunction with trading performance, resulted in profit after tax of £51.0m compared to a loss of £27.0m in the prior year.

Adjusted results, reflecting the trading performance of the business, was a profit after tax of £22.5m following the impact of Covid-19 on revenues, as described above, being offset by 14% lower cost of sales at £325.5m and 11% lower net operating expenses of £941.5m following a focus on costs across the whole year, but specifically when shops and casinos were closed.

Net financing costs of £48.2m include the benefit from repaying the £203.4m 2020 bond offset by the charges associated with having secured covenant waivers on the RCF.

On a statutory basis, the Group recognised a tax credit of £30k on profits before tax of £51.0m, giving an effective tax rate of less than 1% (2019: 28.2%). The tax rate is lower than the UK statutory rate of 19% primarily as a result of operating in territories with lower effective tax rates, such as Gibraltar and Malta. During 2020, the tax rate also benefitted from the utilisation of US tax losses (reported at 21%) to earlier periods (realised at 35%) under the CARES Act Covid relief Measures. These benefits have been offset by a charge arising from the revision of opening UK deferred tax balances following the UK Government's decision not to implement the planned UK tax rate reduction to 17% in the first half of 2020.

On an adjusted basis, the Group recognised a tax credit of £13.4m on adjusted profit before tax of £9.1m, giving an effective tax rate credit of 146% (2019: 2.8%). This high tax rate reflects the mix of profits and losses before tax across the group giving rise to a lower consolidated base on which the rate is calculated.

The Group's adjusted effective tax rate for 2021 is expected to be c.14%.

Earnings per share (EPS) were 6.2p on a statutory basis and 2.3p on an adjusted basis[4]. Statutory EPS benefitted from the VAT refund and adjusted EPS reflected the lower levels of profit in the year following the impact of Covid-19.

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

Income statement by segment

	Revenue			Adjusted operating profit		
	2020 £m	2019 £m	%	**2020 £m**	2019 £m	%
Online	**802.8**	738.3	9	**121.9**	118.8	3
Retail	**354.2**	717.0	-51	**(29.5)**	83.2	-135
US	**167.3**	126.4	32	**12.4**	1.0	1,140
Other	**–**	–	–	**–**	0.2	-100
Corporate	**–**	–	–	**(47.5)**	(56.2)	-16
Group	**1,324.3**	1,581.7	-16	**57.3**	147.0	-61

Online

Online revenues of £802.8m grew 9% in the year with sportsbook revenues recovering after the initial suspension of sporting events across the world, whilst gaming revenues continued uninterrupted throughout. 2020 also included a full year of Mr Green. Adjusted operating profit of £121.9m was 3% greater than the prior year.

Retail

Retail was impacted by Covid-19 throughout 2020 from late on in the first quarter with the estate either being closed, partially closed or trading with restrictions. Revenue of £354.2m was 51% lower than the prior year as a result and on a like-for-like basis the decline was 30%.

After initially claiming the furlough relief, the full £24.5m was repaid in October and throughout the year colleagues were paid 100% of their wages. The business rates relief in England was worth £7.7m in the year and this along with other cost savings whilst shops were closed resulted in an adjusted operating loss of £29.5m against a profit in the prior year of £83.2m.

US

The US business was live in 14 states by the end of the year and this new revenue plus access to Caesars' sports books following its merger with Eldorado and the acquisition of Cantor saw revenue of £167.3m in the year, 32% up from the prior year despite the loss of sporting events, the closure of casinos and restrictions on occupancy once they re-opened.

A second tranche of shares from The Stars Group, now Flutter, as a result of the agreement with Eldorado (see note 15 to the financial statements) contributed £3.7m to the results and along with a lower cost base following restrictions on in-person retail resulted in adjusted operating profit of £12.4m against a prior year profit of £1.0m.

" IN A YEAR DOMINATED BY COVID-19, WE HAVE REFINANCED THE GROUP, GROWN NET REVENUE IN ONLINE AND THE US, AND GENERATED PROFIT AND CASH."

+9%
Online revenue YoY

+32%
US revenue YoY

£1.3bn
Group revenue

£57.3m
Group adjusted operating profit

Exceptional items and adjustments

Exceptional items	2020 £m	2019 £m
Operating		
VAT income	**238.3**	–
Impairment of Retail segment	**(125.7)**	–
Caesars' transaction-related costs	**(70.4)**	–
Portfolio shop closures	**–**	(93.9)
Other	**–**	(22.0)
	42.2	(115.9)
Non-operating		
Finance income in respect of VAT reclaim	**18.9**	–
Adjusted items		
Amortisation of acquired intangibles	**(19.2)**	(18.2)
Total exceptional items and adjustments before tax	**41.9**	(134.1)
Tax		
Tax on exceptional items and adjustments	**(13.4)**	(13.3)
Total exceptional items and adjustments	**28.5**	(120.8)

Exceptional items and adjustments

Exceptional items and adjustments amounted to a profit of £28.5m after tax, an increase of £149.3m compared to the prior period. The increase is due to the VAT refund of £238.3m received in the year offset by a £125.7m impairment of the Retail division as a result of the impact of Covid-19 on its cashflow forecasts as well as a change in the useful economic life of the Retail licences and £70.4m of costs incurred relating to the acquisition by Caesars. These costs include a revision in the fair value of the cash settled share based payment relating to the US LTIP, revaluation of a special derivative financial liability due based on the value of the US business following the offer from Caesars as well as costs incurred by advisors that are not contingent on the acquisition by Caesars completing.

In the prior year there were a number of smaller items relating to previous transformation and change projects. These balances have been included within adjusted operating profit in the current year and netted against some one-off income received to result in a net impact of £0.1m.

For the year ended 29 December 2020 the value of the items previously recognised as exceptional include £4.7m for dual running costs associated with migrating to cloud-based services, £1.1m cost relating to previous corporate transactions, a credit of £0.2m following the settlement of legal fees associated with the acquisition of CG Technology, and a credit of £0.5m being the difference between the cash cost to exit a number of the 713 shops closed in 2019 and the provision held. Against these the £6.1m income from the IPO of Neogames and £1.0m write-off of the right-of-use asset relating to office space have been offset.

Adjustments totalled a net charge before tax of £19.2m (2019: £18.2m) for the amortisation of acquired intangibles, which have increased due to the additional intangibles recognised in the period from the acquisition of Mr Green and the partnership with Eldorado.

The Group continues to exit the leases from the 713 shops closed at the end of Q3 2019 following the implementation of the £2 stake limit. The cash outflow in the year for these shops was £26.0m which when added to spend in prior year brings the total to £60.1m against guidance of £80.0m across the life of the programme.

Cash flows and net debt

	2020 £m	2019 £m
Cash flows from operating activities	**366.5**	183.0
Acquisitions and investments	**6.7**	(171.6)
Disposals	**7.4**	–
Net capital expenditure	**(93.0)**	(88.5)
Dividends	**–**	(90.9)
Net movement in equity	**218.6**	–
Net movement in borrowings	**(203.4)**	168.8
Lease liabilities principal payments under IFRS 16	**(44.5)**	(46.7)
Other movements in cash	**1.9**	(2.6)
Net cash inflow/(outflow)	**260.2**	(48.5)
Net debt for covenant purposes[2]	**113.1**	535.7
EBITDA for covenant purposes[2]	**144.0**	226.2
Net debt to EBITDA ratio	**0.8**	2.4

Statement of financial position

Intangible assets have decreased by £121.3m compared to 31 December 2019 to £974.6m, as a result of the £125.7m impairment recognised in the year on the carrying value of the retail licences as a result of Covid-19 and the assessment that they should have a useful economic life of 20 years rather than indefinite. Within this movement the Group also wrote off, through accelerated amortisation, £9.6m of software intangible assets relating to assets that are no longer in use or projects that have been mothballed.

Property, plant and equipment has decreased by £29.9m compared to 31 December 2019 primarily due to disposals in the year relating to the retail estate. Following the introduction of IFRS 16 a right-of-use asset of £112.4m is held within property, plant and equipment. The corresponding lease liabilities of £125.7m are split between current and non-current liabilities. Deferred tax assets increased by £4.0m to £47.5m, primarily as a result of recognising the future tax benefit of exceptional costs relating to the acquisition by Caesars. These decreases resulted in a reduction in non-current assets of £145.0m to £1,342.6m compared to 31 December 2019.

The Group's defined benefit pension scheme, which is closed to new members, is in a net asset position of £49.2m and as such contributions from the Company are not forecast.

Within current assets the income received from the VAT refund has been recognised in cash and cash equivalents resulting in a balance of £722.6m compared to £459.4m in the prior year. This has resulted in a £278.4m increase in current assets to £795.3m, which when offset by the decrease in non-current assets, leads to a £133.4m increase in total assets to £2,137.9m.

In current liabilities the 2020 bond of £203.4m was repaid in June and a provision of £48.5m has been recognised in the period in relation to the financial instrument relating to a special derivative financial liability (see note 27 to the financial statements). The net of these two movements is the main contributor to the reduction in current liabilities from £782.2m to £684.6m. Non-current liabilities have reduced by £48.1m to £854.0m due to a portion of non-current lease liabilities moving into current liabilities and the reduction in deferred tax liabilities no longer required which were held against the impaired Retail segment's assets. This has resulted in total liabilities of £1,538.6m, £145.7m lower than at 31 December 2019.

Net assets as a result are £599.3m, £279.1m greater than 31 December 2019. Of the £599.3m, £601.7m relates to total equity attributable to equity holders of the parent with a loss of £2.4m relating to non-controlling interest offsetting this. The non-controlling interest relates to the 20% stake in William Hill US held by Eldorado after the completion of the partnership agreement in January 2019 and certain small minority interest holdings acquired as part of the acquisition of Mr Green.

A merger reserve of £168.3m has been recognised at the year-end following the classification of £194.4m of the £218.6m equity placing in June 2020.

Cash flows and net debt

Operating cash flows were £366.5m, higher than the adjusted operating profit of £57.3m primarily due to the VAT refund received in the year.

£6.7m of income was earnt through the partial sell-down of the Group's investment in Neogames following its IPO as well as the sale of all of its investment in 49s, offset by the acquisition of CG Technology and the joint venture in Colombia. £7.4m was generated through the sale of Northern Ireland and Isle of Man retail shops following the £2 stake limit introduced in April 2019.

Net capital expenditure of £93.0m reflected the commitment to continued investment in product, technology and new states during the year despite the impact of Covid-19 on the business.

£218.6m was the net amount raised from the 19.99% equity placing in June, whilst the remaining £203.4m of the 2020 bond was repaid in the same month.

Overall, this led to a cash inflow of £260.2m in the period, compared to a cash outflow of £(48.5)m in 2019.

Net debt for covenant purposes[2] has decreased from £535.7m at 31 December 2019 to £113.1m at 29 December 2020, reflecting the cash inflows in the period. The rolling 12-month EBITDA for covenant purposes[2] fell from £226.2m in the prior period to £144.0m for the current period, reflecting the decrease in adjusted operating profit due to the impact from Covid-19. This has led to a decrease in the net debt to EBITDA for covenant purposes[2] ratio to 0.8x (2019: 2.4x).

> *"OUR STRENGTHENED BALANCE SHEET IS POSITIONED FOR THE FUTURE, PROVIDING RESILIENCE IN THESE UNCERTAIN TIMES, AND ENABLING US TO TAKE ADVANTAGE OF OPPORTUNITIES IN 2021."*

VIABILITY STATEMENT

Provision 31 of the 2018 UK Corporate Governance Code (the 2018 Code) requires William Hill to assess the prospects of the Company over a longer period than the 12 months required by the Going Concern provision.

This assessment is required to be taken under the Group's existing ownership and operating structure, notwithstanding the fact that on 19 November 2020 the shareholders voted to accept a takeover of the Group, which is expected to complete early in the second quarter, possibly as early as March.

The disclosures below set out the basis for the viability assessment under the existing ownership and operating structure and also some consideration of the imminent change in ownership and the intentions of Caesars Entertainment, Inc. (Caesars) to retain the US business and sell the remaining non-US business.

Existing ownership and operating structure

The Directors confirm that, on the basis set out in this Viability Statement, they have a reasonable expectation that William Hill will continue to operate and meet its liabilities as they fall due, over a three-year period to December 2023 (the Outlook Period). In making this statement, the Board has assessed the Company's current position, its prospects and its strategy, as well as performed a robust assessment of the principal risks facing the Company both individually and in aggregate, including those risks that could potentially threaten William Hill's business model, future performance, solvency or liquidity under its current ownership and operating structure.

In reaching their conclusion the Directors have had regard to a range of downside scenarios designed to test if there is a significant risk to the Group's liquidity position, and thus the ability of the Group to meet its working capital requirements. The forecasts and scenarios prepared consider the trading performance during the Covid-19 pandemic to date; the potential for further lockdowns, including the cancellation of ongoing sporting events; and the possible outcomes from a number of regulatory impacts. Within the context of the modelling, reverse stress tests have also been performed to identify further actions to conserve cash that could be actioned to mitigate the impact of the given scenarios. The forecasts and scenarios prepared have enabled the Directors to form a reasonable expectation that the Group has adequate resources available to it to continue to operate for the Outlook Period.

As required by the 2018 Code, the forecasts and scenarios used have all been prepared on the existing ownership basis, i.e. that the Group remains an independent, listed entity and that the Caesars acquisition does not take place. This is because forecasts and scenarios that attempt to reflect the potential takeover would be heavily influenced and informed by both Caesars and any intentions of any prospective purchaser of the Group's non-US business which are too subjective and conditional for the existing Directors to properly reflect in this Viability Statement. The Directors have, however, provided further commentary on the potential impacts of the takeover below.

Acquisition by Caesars

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

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

Should the offer from Caesars to acquire the entire issued and to be issued share capital of the Group proceed to completion, the Directors note that Caesars have publicly stated within the Rule 2.7 Offer announcement (available on both the Group's and Caesars' websites) that their intention is to seek suitable partners for acquiring the Group's non-US businesses. Depending on the timing of completion of the Caesars offer and of any future potential divestment and the granting of associated regulatory approvals, it is probable such a subsequent sale would be made within the Outlook Period, and therefore the impact of and intentions of management following any subsequent sale are currently uncertain.

Based on its latest forecasts, under the existing ownership and operating structure, across the Outlook Period the Group is forecast to remain profitable and cash-generative. The Group meets its day-to-day working capital requirements from the positive cash flows generated by its trading activities and its available cash resources. The Group holds cash of £590.6m (31 December 2019: £371.5m) and is forecast to continue to generate operating cash across the next twelve months and beyond. These are supplemented when required by additional drawings under the Group's revolving credit bank loan facilities, which are currently committed until November 2022 and October 2023. There is a reasonable expectation that both Caesars and any new owner of 'Rest of World' would factor adequate levels of liquidity headroom into their forecasts and access to facilities that would provide this as required.

As the Group is forecast to remain cash-generative, the Directors consider it highly unlikely that either Caesars or any subsequent owners would form an alternative assessment of the Group's viability under its current structure.

Principal risks under current ownership and operating structure

Under its current ownership and operating structure the principal risks facing William Hill, and how the Company addresses such risks, are described in this Strategic Report, and the key risks are summarised in the section 'Managing our risks' which can be found on pages 50-53. The most relevant of these risks to the viability of the Company were considered to be:

- Impact from the Covid-19 pandemic being more severe than forecast, specifically in relation to further nationwide lockdowns of UK Retail as well as the possibility of major sporting events being cancelled or suspended and impacting revenue from sports;
- Changing regulation in Online, and specifically: the impact of a potential introduction of affordability measures in the UK; a maximum stake on online slot machines in the UK; a change in international tax laws and regulations and the impact of potential new regulations in the European countries in which we operate; the impact of any breach of licence conditions or that underlying contracts in question are null and void given local licencing regimes;
- Reputational impact and fines from regulators if we have a breach in our compliance procedures that results in a failure to meet the expectations of regulators, our shareholders and broader stakeholders;
- The failure to compete effectively in Retail, Online or the US market;
- Information security risk through data breaches or a major business continuity event; and
- The impact of Brexit as explained on page 51.

In addition, although not a principal risk, we have considered the impact of climate change and concluded the impact upon our business as low across the three-year period.

Sensitivity analysis on these metrics has been undertaken to stress test the resilience of the Group. The sensitivity analysis considers all of William Hill's principal risks and tests a number of the main assumptions underlying the forecasts, as well as effective mitigation that could occur to avoid or reduce the impact or occurrence of the risk.

Through this analysis, the Directors have a reasonable expectation that no single event or plausible combination of events would be sufficient to impact its viability, and even under the most severe stress tests the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period of assessment.

The nature of the risks and opportunities faced by the Group (in particular, the actual or possible impact of future fiscal and regulatory changes, regulatory actions and the pace of technological change) limits the Directors' ability to make reliable longer-term predictions.

Accordingly, the Board has agreed to maintain a three-year horizon to allow for a greater degree of certainty in its assumptions. The Directors' assessment includes a financial review, which is derived from the Group's budget and two-year forecast, being the most recent Board-approved forecasts. It identifies the expected cash flows, net debt headroom and funding covenant compliance throughout the three years under review.

Following the initial impact of the Covid-19 pandemic in 2020 the Group put into action all the necessary steps following such a material risk event, which included: cancelling the dividend, drawing down on the revolving credit facility (RCF) to provide access to liquidity, negotiating waivers to the covenants attached to the RCF, and initiating a 19.99% equity placing to raise capital. In addition, non-essential capital investment was stopped and variable costs cut or deferred to preserve cash. As required, the Group would replicate and/or maintain these actions if another material risk event occurred as modelled above and described in the section 'Managing our risks'.

As required by the Code, this Viability Statement has been prepared on the basis that the Group remains an independent, listed entity. In the event that the acquisition by Caesars proceeds to completion then Caesars' publicly stated intentions in relation to splitting off the Company's US and non-US businesses would significantly affect how the underlying assessment would be carried out.

The assessment would also be heavily influenced and informed by both Caesars, and any prospective purchaser's intentions in relation to the Group's business units, and the structure and any impact of the splitting-off exercise including the level of debt incurred and the financing facilities made available. Those matters are too subjective and conditional for the Directors to properly reflect in this Viability Statement.

Ulrik Bengtsson	**Matt Ashley**
Chief Executive Officer	Chief Financial Officer
4 March 2021	4 March 2021

MANAGING OUR RISKS

A STRONG RISK MANAGEMENT APPROACH

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

Our approach

The Board is responsible for oversight and approval of appropriate mitigation of potentially significant risks in pursuit of the Group's strategic objectives. During the year, the Board re-affirmed the existing risk appetite as being appropriate. This is reviewed and optimised on an ongoing basis. The Board reviews and challenges the assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.

The Group Executive is charged with managing risk and undertake these duties through regular reviews of business unit risk registers. This is done by monitoring key risk indicators, formally considering risk as part of the investment approval process, review of key business changes and a thorough discussion with the Board as part of Group strategy days.

We set out on pages 52 to 53 the key risks facing the business, as approved by the Board, as well as commentary summarising how we mitigate these risks. This list is not exhaustive but encompasses the Board and management's assessment of those risks which require our considered response at this time.

Risk management framework

Top-down
Oversight, identification, assessment and mitigation of risk at a Group level

Bottom-up
Identification, assessment and mitigation of risk at a business unit and functional level

Risk governance

Board
- Set the risk culture
- Approve risk appetite
- Agree the risk appetite framework
- Discuss the Group 'principal' risks with executive management

Risk management

1st line of defence

Executive management
- Define risk appetite
- Identify principal risks
- Evaluate proposed strategies against risk appetite and risk tolerances
- Design, implement and evaluate the system of internal control and for ensuring its operational effectiveness
- Identify and monitor emerging risks

2nd line of defence

Risk management
- Assist management with identification and assessment of principal and emerging risks
- Aggregate risk information
- Monitor risks and risk mitigation plans against risk appetite and tolerance levels
- Create a common risk framework and language
- Provide direction on applying framework
- Provide guidance and training
- Facilitate risk escalations

3rd line of defence

Audit & Risk Committee
- Support the Board in monitoring risk exposure against risk appetite
- Review the effectiveness of our risk management and internal control processes

Internal Audit
- Provide assurance on effectiveness of the risk appetite framework, testing of key controls and risk mitigation plans for significant risks

Risk ownership

Business units & SMEs
- Identify and assess risks
- Mitigate risks
- Monitor risks and risk mitigation effectiveness
- Ensure operating effectiveness of key controls

Support functions
- Provide guidance/support to the risk team and business units

Covid-19

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

In the UK, country-wide lockdowns and the tiered approach to social restrictions could still impact our Retail operations throughout 2021. The new administration in the US may adopt a different approach to managing the pandemic, potentially leading to casino and sports book restrictions or closures, which management are closely monitoring. Additionally, the global economy is experiencing a downturn as a result of the steps taken to address the pandemic, which could impact our revenues in the short term.

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

Brexit

The UK-EU trade deal, and the agreement between the UK and Spain to bring Gibraltar into the Schengen zone, has reduced the level of risk associated with Brexit for our business. However, some uncertainty remains, for example the possible impact on recruitment from outside the UK until the effect of the UK Government's new migration measures are clear. Prior to the UK-EU trade deal we had already taken steps to mitigate our risks, having completed the acquisition of EU licences and operations by our International business in Malta, regulated by the Malta Gaming Authority (MGA), in 2020. We also reviewed plans with suppliers to protect our supplies and services and we had proven business continuity plans (BCP) in place.

Caesars acquisition

The Caesars Entertainment, Inc. (Caesars) transaction will require considerable time and effort by management to ensure it proceeds smoothly, which raises the risk that business as usual activities could be impacted if this is not appropriately managed. As Caesars have indicated that they intend to sell the non-US business, this will also require considerable effort to ensure this challenge is met in a relatively short timeframe and the impact is minimised. Business units have highlighted a risk regarding the retention of key colleagues and the acquisition of new employees to maintain operational effectiveness both whilst the acquisition proceeds, and once it has been concluded. A plan to mitigate the risk in respect of employee retention has been developed and is being monitored for effectiveness.

Shareholders and colleagues are being kept fully informed of developments. Steps have been taken to protect colleague contractual terms and conditions with Caesars. The US management team are working closely with our existing partners to minimise the impact of the change of ownership on media and sports books' contracts. The company's financing arrangements include a change of control clause allowing lenders the right to the cancellation and repayment of two revolving credit facilities, and there are senior unsecured notes which could be redeemed on change of control, as detailed in note 24 to the financial statements. The directors acknowledge these in the Directors' report on page 102 and viability statement on page 48. We have a senior management steering group in place to oversee the separation of the business following the onward sale of the non-US business and to monitor any impact on the business.

Emerging risks

Emerging risks are new and developing risks that are often difficult to quantify but may materially affect our business. These are usually uncertain risks external to the Group or which relate to changes in the environments in which the Group operates. We take a proactive approach to managing them, with the objective of mitigating their impact on the delivery of our strategy.

Throughout the year some risks have emerged, such as the pandemic which required the business to strengthen our financial headroom and adapt our operations to mitigate the loss of sports and the closure of retail outlets in the UK and US. The impact the pandemic could have on the global economy, taxation and duty changes by governments and our growth in the short term will remain under review. The introduction of advertising restrictions and affordability changes in some European markets is being monitored to determine whether this could be replicated elsewhere. We monitor changes to regulation and the legal environment in European countries that may need us to amend the products and services offered, the ways we interact with customers or otherwise conduct business in those locations. The potential actions of our competitors as they invest in the US is an area we continue to monitor closely for change.

Opportunities for growth continue to arise, for example in Latin America, which carries risk when we undertake decision-making on which opportunities to develop and in our ability to operate effectively and compliantly in new markets as they develop.

Financial and market risks

In the risk table reported in the prior year's Risk Management section, in addition to the Regulatory, Tax and Operational risk categories also reported in this year's table (below), were two additional risk categories, namely Market/Financial and Strategic risks.

Market/Financial risks have not been included in this year's table because at the start of the pandemic, steps were taken to improve the capital structure and funding available to the business. This included resetting the debt covenants, raising funds through the share placing and receipt of cash from the VAT reclaim from HMRC, which materially reduced the likelihood of this risk in the short to medium term.

Strategic risks reported in the prior year have largely been overtaken by the transaction with Caesars, with the risks associated with this having been highlighted in the above narrative.

Risk category	Management and mitigation examples	Net risk movement
REGULATORY, POLITICAL AND LEGAL Risks in this area relate to changes to regulation, such as the Gambling Act Review in the UK, the impact of a potential introduction of UK affordability measures, a maximum stake level on UK online slot games, changes to the legal and regulatory environments in our International markets, and also changes to policy leading to the regulation of some of our other markets, as seen recently in Germany. Our global expansion plans, and the opening up of newly licensed markets both in new US states and elsewhere, continue to add complexity to our regulatory and compliance position, such that we need to remain vigilant to ensure we continue to monitor and manage our regulatory and legal obligations effectively to mitigate against compliance issues.	Our Director of Corporate Affairs is tasked with working with the UK Betting and Gaming Council and interacting with the UK Government in order to support a data and evidence-led approach to the UK Gambling Act Review which is underway. We use specialists to support our approach with regulators and governments and to enhance our evidence-gathering processes. We have safer gambling teams within the first line of defence, and compliance teams throughout the business supported by the Group Compliance Director. We have a continuous controls monitoring model in place across the UK and International businesses, which has strengthened the monitoring, testing and reporting of key compliance activities to senior management. There is oversight of compliance activities by our Chief Risk Officer (CRO) function and continual strengthening of our compliance teams within each of the divisions to mitigate against compliance failures and any associated customer and reputational impact that may lead to regulatory sanctions and/or customer claims and could be a threat to one or more of our licences. Local CEOs/MDs have direct accountability for managing legal and regulatory risks under our Three Lines of Defence model. Additionally, there are Compliance Committees and a Regulatory Impacts Group in place to provide senior management challenge and oversight. As described above, we take appropriate action in order to mitigate our external risks and to continually improve the controls over our internal risks. The legal and regulatory landscape continues to develop as we drive growth in our existing markets, as we develop new regulated and unregulated markets and encounter changes in policy, approach to regulatory sanctions and customer claims activity. To manage any impact from these developments we consult with internal and external legal advice as appropriate. Given the amount of change in this area, we have assessed the overall regulatory, legal and compliance risk as increasing.	↑
TAX CHANGES Following the pandemic, there is a risk that governments in our key markets will look to increase taxes and gaming duties in order to rebalance their spending plans.	We have dedicated tax experts within the business, supported by our legal teams and external specialists where appropriate. We hold regular meetings with government representatives in all of our regulated markets, engage actively in the monitoring of emerging government policy, and continually work to ensure we maintain our compliant position. Our continued expansion into new states in the US and into new markets in the rest of the world increases the complexity of our tax requirements. Our assessment of the overall risk trend is increasing in comparison with prior years.	↑

Risk category	Management and mitigation examples	Net risk movement
OPERATIONAL Group and local management across our global business must ensure that appropriate policies, procedures and controls are in place to manage operations on a day-to-day basis, and to maintain effective oversight so that mitigating actions can be taken on a timely basis. Specific focus has been placed upon additional information security and colleague well-being risks resulting from increased and prolonged working from home during the pandemic. The Caesars transaction has introduced some uncertainty for our colleagues across the business, which management are addressing to ensure we retain key employees, and continue to attract new quality recruits to support the delivery of our strategy throughout 2021.	The availability and stability of our technology is key to maintaining and supporting the improvement in our customer service and operational activity. As such we have embedded within our overall technology strategy a roadmap to further reduce technical debt where it exists and reduce our reliance on some suppliers so that we have greater control over our technology to support development and growth and to improve stability. Across the Group, we continually invest in improvements to our information security control environment. This includes improved patching processes to mitigate security vulnerabilities, a programme of migrating technology to the Cloud using Amazon Web Services, thereby strengthening our protection from external threats, and a project to mitigate any remaining weaknesses in identity and access management on existing systems to prevent misuse/fraud. In order to ensure we are able to attract, develop and retain key colleagues we have embedded succession planning throughout the business. Additionally, we have talent programmes to support and develop the next generation of management and specialists. The Caesars acquisition introduces an element of uncertainty for our colleagues across the business which could impact our retention activities. This risk is being actively managed by regular communication and discussion with employees. We have agreed with Caesars to protect colleague terms and conditions until 2022 and other retention actions are being taken to mitigate this risk. Our most recent colleague survey has shown historic high scores from our colleagues regarding attitudes towards the business, which supports the actions taken to date. As a result of the pandemic our working practices have had to adapt. This has resulted in significant numbers of colleagues having to work from home for prolonged periods. As such our HR teams have been proactively cascading our colleague well-being strategy to support and train employees in how to manage their day-to-day performance in this situation and to ensure that their mental and physical well-being is protected. Information security risks around home working have been identified and controls further strengthened to mitigate this risk. This is being kept under continual review by Information Security. We have in place proactive actions to manage operational risks, and continual monitoring by management to ensure corrective actions are undertaken and completed. However, our overall assessment is that the level of operational risk is increasing relative to the prior year, with the increase mainly as a result of managing colleague uncertainty until the Caesars transaction is completed.	↑

Net risk movement

− Stable ↑ Increasing ↓ Decreasing

GOVERNING OUR STRATEGY

KEY FOCUS AREAS IN 2020

How governance contributes to delivery of the strategic priorities

CUSTOMER

Enhancing our rigorous player safety measures – the Board continued to support senior management with the formation and promotion of the Safer Gambling Commitments, receiving updates on progress and activities relating to how we identify, protect and interact with our customers.

TEAM

Response to the Covid-19 pandemic - the Board were supportive of their senior management team who acted swiftly and responsibly to protect customers, suppliers and colleagues and to ensure the future of William Hill.

Acting in the best interests of all stakeholders when considering the offer for the Company. After extensive discussions and negotiations, the Board concluded that the cash offer from Caesars Entertainment, Inc. of 272 pence per share, was superior to alternative strategies for realising value and other proposals received. In reaching the decision to recommend the offer, the Board considered both the opportunities for long-term growth and the risks inherent in the Company's strategy.

EXECUTION

Oversight of the delivery of our key strategic activities – the Board reviews the performance of all businesses at each meeting as well as reviewing the strategies behind any specific areas of concern in order to ensure the achievement of long-term sustainable success. In addition there was a full one day strategy meeting where senior management presented their ongoing priorities to the Board.

Oversight of operational improvements in regulatory compliance – the Board receives regular reports and updates from the Corporate Responsibility Committee (CRC) who review the regulatory compliance environment and the continually changing landscape. The CRC provides judgement on the ongoing risks and opportunities and related mitigation proposals.

LOOKING AHEAD TO 2021

- Continue to monitor the impact of the Covid-19 pandemic on the Group's strategy and performance.
- Commitment to work with all stakeholders to create partnerships, solutions and policy that will create a long-term, sustainable betting and gaming industry.
- Continued focus on Customer, Team, Execution, delivering improved customer service and product.
- Monitoring the delivery of and progress of the UK Gambling Act Review.
- Continuing the advancement on the long-term competitiveness of William Hill by growing competitive products.

Further information on the Board activities in relation to Strategy can be found on page 62.

KEY PRINCIPLES OF THE 2018 CORPORATE GOVERNANCE CODE

BOARD OF DIRECTORS

Roger Devlin, Chairman

N

Appointed to the Board: 2018

Responsibilities
Chairman of the Board. Responsible for leadership and governance of the Board.

Focus in 2020
Leadership on key strategic and governance decisions.

Relevant skills and experience
Roger is an experienced Chairman who ensures Board functions are facilitated by open and productive debate, providing constructive challenge and demonstrating objective judgement. Roger has a strong understanding of corporate governance, shareholder and stakeholder views, banking and finance and customer propositions and ensuring consideration of all stakeholders during decision-making. Roger's previous roles in sectors such as corporate finance, gaming, leisure, and sport all provide a valuable contribution towards the development and execution of the Company's strategy.
Roger has a Master's degree in Law from Oxford University.

Appointments (past and present)
Roger has been the Chairman of Persimmon PLC since 2018 and his previous appointments include Chairman of Marston's PLC and Senior Independent Director at the Football Association. Roger was a Board director for both the hotels and the Ladbrokes businesses, owned by Hilton Group plc at that time.

Ulrik Bengtsson, Chief Executive Officer

Appointed to the Board: 2019

Responsibilities
Group strategy, operational management, leadership of the Executive Team.

Focus in 2020
Executive leadership on strategic development and key decisions; development and implementation of corporate strategy, setting the operating model and composition and integration of new capabilities in the Executive Team.

Relevant skills and experience
Ulrik combines strong commercial and operational leadership with a detailed understanding of growing the business through development whilst delivering on corporate strategy. Ulrik joined the Group as Chief Digital Officer and a member of the Group Executive in April 2018. Ulrik was previously President and Chief Executive of Betsson Group, a Swedish listed betting and gaming company, until stepping down in September 2017. Ulrik holds a Bachelor's degree in Management from Dalhousie University.

Appointments (past and present)
In addition to his role at the Betsson Group, Ulrik has also held positions as CEO of Viasat Broadcasting Sweden and CEO of the emerging markets pay-tv business at Modern Times Group.

Matt Ashley, Chief Financial Officer

Appointed to the Board: 2020

Responsibilities
All aspects of the Group's financing, financial performance and reporting; and leadership of the Group Finance and other corporate functions including investor relations and risk management.

Focus in 2020
Becoming familiar with the businesses, developing strong relationships with debt and equity investors, recapitalising and refinancing the Group in light of the impact of the Covid-19 pandemic, supporting the CEO in implementation of corporate strategy, effective financial reporting and capital allocation.

Relevant skills and experience
Matt brings considerable experience in corporate financing and accounting to the Group joining from National Express PLC, an international transport provider, where he gained FTSE 250 CFO experience before leading their North America business as President and CEO. Most recently he was the Group Business Development Director and a member of the National Express PLC Board. Matt is a graduate of Leeds University and a member of the Institute of Chartered Accountants in England and Wales.

Appointments (past and present)
Matt was previously a Director (transport, infrastructure and listed companies) at Deloitte LLP and began his career as an auditor.

Board committees

- Committee Chair
- C Corporate Responsibility
- R Remuneration
- A Audit and Risk Management
- N Nomination

BOARD OF DIRECTORS CONTINUED

Mark Brooker, Senior Independent Director (SID)

A C N R

Appointed to the Board: 2017

Responsibilities
Serving as a sounding board for the Chairman and acting as an intermediary for other Directors.

Focus in 2020
Leadership of the Corporate Responsibility Committee and continued responsibilities of the Senior Independent Director.

Relevant skills and experience
Having previously been the Chief Operating Officer at Betfair, one of Europe's leading online gaming businesses, Mark brings extensive experience of the sector and of the workings of the regulatory environment together with a strong commercial perspective to Board discussions. At Betfair, Mark had responsibilities for all operations outside the USA, including commercial management, product development and customer service across sportsbook, exchange and gaming products. Mark holds a Master's degree in Engineering, Economics and Management from Oxford University.

Appointments (past and present)
Mark is also a Non-Executive Director at AA plc, Equiniti Group plc and Future plc, as well as Findmypast Limited and Seedrs Limited. He spent 17 years in investment banking, advising UK companies on equity capital raising and M&A at Morgan Stanley and Merrill Lynch. Other previous appointments include COO of Trainline.

Jane Hanson, Independent Non-Executive Director

A C N

Appointed to the Board: 2019

Responsibilities
Provides objective insight and constructive challenge to all Board discussions, including on strategic, financial, risk, regulatory and governance matters.

Focus in 2020
Continuing to provide challenge to the Board and the Committees and increasing familiarisation with the Audit and Risk Management Committee with a particular focus on supporting the development of a strategic risk framework.

Relevant skills and experience
Jane brings expertise in risk management and corporate governance in highly regulated environments. She has knowledge of developing and monitoring consumer-centric risk frameworks and has overseen major IT and transformation programmes. She is a Fellow of the Institute of Chartered Accountants in England and Wales and also a Magistrate.

Appointments (past and present)
Jane is currently a Non-Executive Director and Chair of the Board Risk Committee of Direct Line Group plc. She is also a Non-Executive Director of Welsh Water, Rothersay Ltd, Chairman of The Reclaim Fund Ltd and Honorary Treasurer and Independent Trustee of the Disasters Emergency Committee. Jane has previously held a number of non-executive and executive roles, including at Old Mutual Wealth and Aviva plc, respectively.

Robin Terrell, Independent Non-Executive Director

A N R

Appointed to the Board: 2017

Responsibilities
Provides objective insight and constructive challenge to all Board discussions on strategic, financial, risk and governance matters.

Focus in 2020
Continuing leadership as the Chair of the Audit and Risk Management Committee.

Relevant skills and experience
Robin brings significant experience in leading online and retail businesses, particularly within the digital space and has held a number of senior positions at multichannel retailers. This experience ensures Robin is well positioned to advise the Board in regard to the fast growing online businesses of William Hill. Robin also served as Managing Director and Vice President of Amazon in the UK. Robin qualified as a Chartered Accountant with Coopers & Lybrand.

Appointments (past and present)
Robin is currently a Non-Executive Director and Chair of the Audit Committee of Jet2 PLC. Other senior executive roles previously held by Robin include John Lewis and Tesco.

Board committees

- Committee Chair
- A Audit and Risk Management
- C Corporate Responsibility
- N Nomination
- R Remuneration

Lynne Weedall, Independent Non-Executive Director

C N R

Appointed to the Board: 2019

Responsibilities
Provides objective insight and constructive challenge to all Board discussions on strategic, financial and governance matters.

Focus in 2020
Continuing leadership of the Remuneration Committee.

Relevant skills and experience
Lynne brings a wealth of experience in HR, strategy and organisational transformation gained from a variety of executive roles in large-scale, consumer-focused retail and leisure businesses. Lynne has experience in leading organisations through periods of significant strategic, operational and cultural transformation. As an experienced PLC HR director, and proven chair of remuneration committees, Lynne has extensive and current experience of remuneration matters to assist in carrying out her role as Remuneration Committee Chair.

Appointments (past and present)
Lynne is currently Senior Independent Director (SID) and Remuneration Committee Chair of Dr. Martens, SID and Nomination Committee Chair of Treatt Plc, Remuneration Committee Chair of StageGroup plc and a Director of Truepoint, a specialist strategic consultancy firm. Lynne has previously held a number of executive roles including HR Director of Selfridges Group, and Dixons Carphone.

Gordon Wilson, Independent Non-Executive Director

C N

Appointed to the Board: 2019

Responsibilities
Provides objective insight and constructive challenge to all Board discussions on strategic, technological, financial and governance matters.

Focus in 2020
Providing strategic focus at Board discussions especially around technology, international expansion and customer experience.

Relevant skills and experience
Gordon brings extensive experience of the development and use of technology on a global basis, including the use of 'big data', artificial intelligence and mobile engagement. Having been a long-tenured CEO of a significant global enterprise, including all the key geographies in which William Hill operates, Gordon brings considerable value to the Board. Gordon is well versed in both the public and private equity and debt markets and has extensive experience in business transformations. He has a Master's Degree in Law from the University of Cambridge.

Appointments (past and present)
Gordon is currently a Supervisory Board Director of BCD Holdings N.V. Gordon was previously the CEO and President of Travelport Worldwide Limited, which was publicly traded on the NYSE, until May 2019 and Chairman of eNett international, a business for international commercial payments. His career over 28 years in travel technology has included executive positions in the UK, US, South Africa and Portugal.

Simon Callander, General Counsel & Company Secretary

Appointed: 2020

Responsibilities
Advising on legal, regulatory and corporate governance matters, working closely with the CEO, CFO and Chairman as well as the SID, the Board of Directors and the Executive Team.

Focus in 2020
Board and governance support; compliance with statutory and regulatory requirements; and investor engagement.

Relevant skills and experience
Simon joined William Hill as General Counsel & Company Secretary in 2020 and attends all Board and Committee meetings, as well as meetings of the Group Executive. He leads on legal, regulatory and corporate governance aspects relating to the William Hill Group. Simon is a qualified solicitor with a substantial in-house legal and company secretarial experience across a number of sectors.

Appointments (past and present)
Prior to joining William Hill, Simon was General Counsel, Chief of Staff and Company Secretary at Superdry plc. He has also held in-house legal and company secretarial roles at Olswang, Addleshaw Goddard, Willis Towers Watson and Ernst & Young. He originally trained and practised with media and intellectual property law firm, Dentons.

CHAIRMAN'S GOVERNANCE STATEMENT

ROGER DEVLIN, CHAIRMAN

Dear Shareholder,

I am pleased to present our Corporate Governance Report for 2020 (the Report). The Board is accountable to all of the Company's stakeholders for the standards of governance which are maintained across the Company. During the year William Hill was subject to the 2018 UK Corporate Governance Code (the 2018 Code) published by the Financial Reporting Council (FRC). The Board continues to review its operations and governance framework and confirms that, as at the date of this Report and other than as disclosed and explained in this Report, regarding the non-compliance of provision 23, the Company has complied with the provisions set out in the 2018 Code.

The Board of William Hill is committed to high standards of corporate governance and this Report details how William Hill has applied the principles of the 2018 Code and demonstrates how good corporate governance behaviour contributes to the Company's long-term sustainable success and achievement of its wider strategic objectives. William Hill applies the 2018 Code's principles of openness, integrity, and accountability, clear definition of reserved matters and delegated authorities. A system of checks and balances exist which mean that no individual has unfettered decision-making power, ensuring transparency and integrity in business.

2020 was a very busy year for the Board with a number of significant matters that required stakeholder consideration and good governance. As we published the annual report and accounts for the period ending 31 December 2019, the threat posed by the Covid-19 pandemic was unknown. The development of the pandemic and associated governmental restrictions and interventions, required the Board to focus on immediate steps to protect the Company's future whilst, maintaining regard for the interests of all its stakeholders.

Other measures to protect customers betting online, who may be more vulnerable, included: actively promoting deposit limits; increasing safer gambling messaging; restricting and blocking accounts where necessary; and taking action to ensure responsible advertising (including voluntarily ensuring that 20% of advertising on TV and radio was in relation to safer gambling messages).

On 20 May 2020 it was announced that HMRC would not appeal the Upper Tier Tribunal ruling in the Rank Group Plc and Done Brothers (Cash Betting) Ltd (trading as Betfred) claim that VAT was incorrectly applied to revenues earned from certain gaming machines prior to 2013. The Group submitted claims which are substantially similar to those provided in that challenge and subsequently, following detailed evidential and accounting reviews, it was agreed that the Company was entitled to a refund, which was settled in November 2020, for a sum of £208.3m.

The Board took further action to provide financial flexibility and strengthen the balance sheet by issuing new shares through an equity placing, which was structured as a non-pre-emptive offer, in June 2020. Due to the relaxation of the UK Stock Exchange rules, in common with a number of other FTSE companies, we were able to raise £218.6m of net proceeds while minimising the cost of the transaction, time to completion and use of management time. The equity placing gave retail investors the opportunity to participate in the Company's equity fundraising and was thought to be in the best interest of shareholders, as well as the wider stakeholders in William Hill. The proceeds were used to enable the Group to pursue its long-term growth ambitions, increase strategic and financial flexibility, reduce leverage and put the business on a stronger footing.

In light of the robust recovery, towards the end of the first half of the year, following the recommencement of mainstream sport and the re-opening of our shops, the Board decided that the UK Government's furlough monies should be repaid and the Company would not participate in the UK Government's offer of payment for the retention of employees.

Subsequent to this the Company received an unsolicited approach and proposal from Apollo Management International LLP. Discussions then began with a number of potentially interested parties and on 2 September 2020 William Hill received an initial written proposal from Caesars Entertainment, Inc. (Caesars). Following this, several rounds of negotiations were held with Caesars, not only regarding the price but also other important terms such as the impact on other stakeholders, including employee certainty now and in the short-term future.

In determining whether this was in the best interests of the Company, the Board discussed the benefit of the offer to all of its stakeholders, particularly its employees. Subsequently, and after extensive discussions and negotiations, including the signing of a Cooperation Agreement - which secured terms protecting the interests of the Company's employees - the Board concluded that Caesars' cash offer, of 272 pence per share, was superior to alternative strategies, for realising value, and other proposals received. It is believed the proposals provide shareholders with a price which fairly represents both the future opportunities and risks inherent in the business and the opportunities available in delivery of its strategy. In reaching the decision to recommend the offer, the Board considered both the opportunities for long-term growth and the risks inherent in the Company's strategy.

At the beginning of the year the Company embarked upon a new integrated employee engagement and listening strategy which has proved timely and invaluable. As the events of the year unfolded, the strategy enabled us to be even more innovative and agile in our approach to employee engagement and to rapidly implement changes in the way we engage with colleagues and provide reassurance and certainty during these challenging times. I am very pleased to report that the Company's employee Net Promoter Score increased by 25 points from the 2019 'Your Say' survey, which is a significant improvement, and an achievement which reflects the effort taken to engage, listen and act on employee feedback.

Strategy

Despite all of these events it was 'business as usual' for the operation of the Group during the year and the Company continued to pursue its strategic objectives and make good progress against the five-year strategy outlined at the end of 2018.

Our three businesses were presented with their own opportunities and challenges, while continuing to respond to the evolving regulatory landscape in the UK and overseas. During the year the decision was made to bring together the Retail and Online businesses with the ambition of creating a seamless experience for our UK customer. It is also anticipated that by operating as one business, significant operational and revenue synergies can be delivered.

Underpinning William Hill's performance is our Sustainability strategy and during 2020, despite all of the challenges which have been present during this time, unseen at the beginning of the year, we have maintained our commitment to sustainability and our progress against the four priority areas of:

IMMEDIATE ACTIONS

Immediate actions taken between March and May 2020 to protect the Company and with consideration of its key stakeholders, included:

- cancellation of the proposed 2019 final dividend, 2020 executive bonus plan and salary increases, a recruitment freeze and cancellation of the 2020 LTIP awards made to senior management;
- the immediate draw down of facilities available to the Company under its revolving credit facilities and re-negotiation of the covenants (and associated covenant waivers) relating to those facilities;
- the decision to top up payments made to William Hill colleagues under the UK Government's furlough scheme so that they received 100% of their salary rather than just 80%;
- thoughtful supplier management including cost deferrals and reductions which took into account the wider ecosystem in which the Company operates, the nature and type of suppliers affected and the impacts on them; and
- working proactively with the Betting and Gaming Council and other operators to establish a comprehensive set of pledges to ensure that the highest customer safeguards were in place during lockdown.

- consumer protection and safer gambling;
- people and culture;
- operating with integrity; and
- positive contribution to communities.

The Company's priority has remained ensuring that everything is being done to protect the business and ensure the safety of our customers and employees. Further information can be found in the Sustainability Report on pages 26-39.

Diversity

The Board recognises the value that diversity brings to the boardroom. Board appointments and succession plans are based on merit and objective criteria which promotes all aspects of diversity. As at 29 December 2020 and at the date of this report, female representation on the Board was at 25.0%.

I am very pleased to report this year the Company has been ranked number 150 out of 850 within the second annual Diversity Leaders survey published by the *Financial Times* for companies in Europe. Last year, we were placed at 282.

Culture and values

Our purpose, values, brand, technology and product all influence and shape our culture and how we are perceived by our stakeholders. The Board continues to ensure alignment across these areas with our strategy, setting the 'tone from the top' and fostering a greater focus on Customer, Team, Execution.

BOARD'S EFFECTIVENESS AND STRENGTHS

The Board's effectiveness and strengths stem in part from the following characteristics:

– collegiate approach towards a set of common goals and challenges;
– willingness to engage in and support constructive challenge and robust debate;
– advocating greater transparency, openness and positive intent; and
– diversified skills across varied industries, including those that are regulated.

Our new brand proposition, launched in the UK throughout 2020, supports our modern, trusted and connected customer-centric approach.

The Board continues to monitor and track our impact through customer and employee Net Promoter Scores from surveys and other engagement channels, gender pay metrics, levels of safer gambling behaviours among customers, such as the use of online deposit limits, and through studying wider perceptions of gambling through public surveys.

Board changes

We were pleased to welcome Matt Ashley to the Board of William Hill on 6 April 2020. Matt arrived at William Hill from National Express PLC where he had held the position of Group Business Development Director. Ruth Prior resigned from the Company on 12 January 2020 and left the Company and the Board on 15 May 2020. Ruth was instrumental in guiding the Board through some of the immediate actions required as a result of the Covid-19 pandemic and I would like to extend my personal thanks to Ruth for her diligence and focus during the time that she remained with William Hill and for working so collaboratively with Matt during the handover period with him in April and May 2020.

Stakeholder engagement

The Board recognises its responsibility to take into consideration the views of employees and broader stakeholders as part of its decision-making process and remains committed to open channels of communication with all key stakeholders. All strategic discussions were underpinned by and reflected by our duties under s172 of the Companies Act 2006 and responsibilities to our key stakeholders.

A more detailed overview of the range of matters discussed and considered by the Board during the period is presented on pages 61-63.

When considering the requirements of the 2018 Code to enhance employee voice in the boardroom, the Board had previously determined that all Non-Executive Directors would be responsible, or 'designated' for, workforce engagement purposes. The Board believes this will enhance each of the Directors' engagement with, and understanding of, the different areas of the business and avoid unnecessary pressure on any one individual's time commitment. Whilst the Covid-19 pandemic has prevented in-person forums and events or site visits being held during the year, both in the UK and overseas, the Non-Executive Directors have been kept fully abreast of employee engagement activities that have taken place through regular reports from the Executive Directors and senior management. Regular employee 'pulse' surveys have been implemented to ensure management stay up to date on the effect of the Covid-19 pandemic and associated restrictions have had on employees, how those employees have adjusted to a different way of working and most importantly whether the Company has been doing all the 'right things' to support the welfare of its employees. The results and feedback from these surveys were reported to the Board and discussed.

Climate change

We are committed to playing our part to address climate change and have set ambitious new targets in our updated Environmental Policy to reduce our carbon footprint globally, until we become a carbon neutral business. I am pleased to report that in 2020, we further reduced our carbon footprint by 48% from 2019. In addition to carbon targets, we have considered our approach and set targets for reducing waste, water and energy consumption, progress on which is reviewed by the Board.

Annual Board evaluation

We conducted an external Board evaluation in 2019 and, following a review of the outcome of that evaluation, in May 2020 an action plan was implemented to ensure progress was made during the year. Further details can be found on page 71.

In light of the events during 2020 and their impact on normal Board operations, and also following approval by the Company's shareholders of Caesars' offer on 19 November 2020, the Board has concluded that a further evaluation was not necessary or appropriate at this time. Should Caesars' offer not complete as anticipated then an internal evaluation of the Board will proceed during 2021.

Looking ahead into 2021

2021 started with the third national lockdown being introduced by the UK Government and our Retail estate was closed again and at the time of this annual report remains closed. We have kept our focus on keeping our customers and colleagues safe whilst offering the opportunity to gamble safely online whilst our stores have been shut. The success of the UK's vaccination programme may see a slow return to normality over the remainder of the calendar year. Though, with the expected completion of the acquisition of William Hill by Caesars in the spring of this year, the ongoing challenges posed by the Covid-19 pandemic and the prospect of significant regulatory reform in the UK, and a number of Continental European markets, there is little doubt that 2021 will be every bit as challenging as 2020.

Finally, I would like to take this opportunity to thank my Board members for their diligence and support during 2020. This year has required them to commit significant additional time to fulfil their roles and to be willing to meet at short notice and adapt to rapidly changing circumstances. As well as the routine scheduled Board meetings there have been a considerable number of ad hoc meetings and I am pleased to say that the Board of William Hill met all of the challenges it encountered.

Roger Devlin
Chairman

4 March 2021

THE BOARD IN ACTION

Board activities

Matters reserved for the Board

In order to support the Board's role to promote the long-term success of the Company and to promote a strong control environment, the Board continues to operate within a Schedule of Matters Reserved and this forms part of an overarching Group Delegation of Authority.

Only the Board may exercise any of the powers in the Schedule of Matters Reserved. Other powers are delegated to the various Board Committees and the Executive Team via Committee terms of reference or via the Group Delegation of Authority, which is available to all employees on the Company intranet.

The Board agenda in 2020

The Board uses its meetings to provide governance and oversight for business activities and as a mechanism for discharging its duties under s172. Each Board meeting follows a carefully tailored agenda, agreed in advance by the Chairman, CEO and the General Counsel & Company Secretary. An annual calendar of scheduled Board meetings is structured to allow the Board to review cyclical and ad hoc agenda items, which are scheduled to coincide with relevant key dates and events, or the culmination of relevant projects. Details of individual Directors' attendance at the six scheduled meetings that took place during the year can be found on page 70. Additional to the six scheduled meetings during the year there was a day dedicated to the Group Strategy and also a meeting dedicated to the 2021 budget approval and a number of weekly ad hoc meetings which took place as the Covid-19 pandemic evolved, the equity placing occurred and the offer for the Company by Caesars was received and negotiated.

Standing items

At every meeting the Board receives and discusses updates from the CEO, CFO and the General Counsel & Company Secretary on progress against strategy, operational matters, financial performance, compliance and regulation, legal matters and corporate governance. The Board also receives regular updates on stakeholder engagement activities.

Principal Committee updates

The Chairs of the Audit and Risk Management, Corporate Responsibility, Nomination and Remuneration Committees update the Board on the proceedings of those meetings, including the key discussion points and any particular areas of concern.

Board and corporate culture

The Board continues to focus on maintaining an effective culture, recognising its importance and the need for a clear 'tone from the top'.

Our purpose, values, brand, technology and product all influence how we are perceived by our employees, customers and other key stakeholders. From the point of recruitment, all employees are made aware of existing Company policies and codes which are designed to encourage and support good conduct and our values. These are reviewed on a regular basis. Reward mechanisms are also designed to incentivise good behaviours and good performance, and to discourage excessive risk-taking. In particular, our executive pay policies are fully aligned to William Hill's culture through the use of metrics in both the annual bonus and share incentive awards that measure how we perform against our KPIs, including employee Net Promoter Score, customer Net Promoter Score and compliance-related targets. This is more fully explained in the Directors' Remuneration Report on page 87. Other levels of management are subject to reward mechanisms which are designed to promote our corporate values and strong personal performance.

We are committed to developing our people by investing in their ongoing learning and development. This helps us to maximise our performance and be recognised as a great place to work. Initial induction training is provided to all employees to help ensure they have a great start to their William Hill career. The induction covers information about our history, values, the importance of safer gambling, as well as tailored skills and behaviour training and resources relevant to their particular role.

All new employees are also required to complete mandatory training which includes essential e-learning modules on our policies relating to Anti-Bribery and Corruption, Modern Slavery and Human Trafficking, Safer Gambling and Information Security. Company policies and the respective training modules are reviewed periodically to ensure their effectiveness. Statistics on completion and performance of these programmes are shared with the Audit and Risk Management Committee.

A formal Whistleblowing policy and procedure is in place for employees, suppliers and other stakeholders to raise issues regarding possible improprieties. During 2020, the Audit and Risk Management Committee continued to monitor the use of the Group's whistleblowing arrangements and was satisfied that appropriate actions were being taken to address any concerns raised through this channel.

Key activities around monitoring and addressing corporate culture by the Board and its Committees throughout the year included:

- reviewing outputs from employee engagement surveys;
- determining risks and concerns identified through whistleblowing reports and addressing them;
- reviewing health and safety performance, initiatives and trends;
- launching new well-being initiatives for employees;
- assessing internal audit reports and findings;
- understanding regulatory and compliance requirements, and monitoring performance against them;
- reviewing and embedding Group policies and the Company's values across the organisation; and
- receiving in-depth presentations on the Company's processes for customer due diligence and assessing player behaviour with regard to safer gambling.

CORPORATE GOVERNANCE REPORT

BOARD ACTIVITIES

STRATEGY

Strategy discussions

- Reviewed strategic financial options in light of the Covid-19 pandemic implications;
- Held a Strategy Day and received presentations from the Executive Team and senior management in relation to business strategy and performance; and
- Discussed and reviewed potential corporate transactions and received regular updates from the Group Director of Corporate Development.

Offer for the Company

- On receipt of an approach, the Board conducted a private auction with the objective of achieving terms which were in the best interests of the Company;
- Received and discussed extensively an alternative offer;
- Negotiated advantageous terms for employees;
- Accepted and recommended to shareholders an offer price of 272 pence per share; and
- Took independent advice.

Operations

- Received notification of the merger of the UK Retail and the Online businesses;
- Received regular updates on the continued momentum and expansion of the US business, including a deep dive presentation;
- Approved a partnership with Grand Traverse Band of Ottawa and Chippewa Indians to access Michigan sports betting and iCasino markets;
- Approved the CBS Sports Media Partnership contract; and
- Approved the commercial transaction between the US business, Caesars Entertainment, Inc. and ESPN.

Safer gambling and sustainability

- Continued to support management on the formation of the Safer Gambling Commitments and received regular updates on progress and key activities, relating to our approach to safer gambling;
- Reviewed and monitored progress against Sustainability KPIs
- Discussed the forthcoming UK Gambling Act Review and the Company's approach; and
- Reviewed and approved the UK Annual Assurance Statement.

PEOPLE AND CULTURE

Employee engagement

- Received regular updates from the Executive Directors, the Executive Team and other senior management on employee engagement activities taking place;
- Reviewed the results of the half-year and annual 'Your Say' employee survey, identifying areas for improvement and appropriate courses of action; and
- Reviewed a new internal communications strategy.

Remuneration

- Approved the cancellation of a number of remuneration related matters as a consequence of the Covid-19 pandemic, including:
  - cancellation of the 2020 salary increases;
  - withdrawal of the 2020 bonus scheme for executives and senior management; and
  - cancellation of the 2020 Performance Share Plan awards.
- Agreed no pay changes for the Chairman and the Non-Executive Director fees for 2021; and
- Evaluated Matt Ashley's entry package.

Culture

- Provided strong support to the senior management and employees throughout the Covid-19 pandemic;
- Continued to embed organisational understanding of the Group's core values and to monitor views of employees and other key stakeholders;
- Continued to ensure executive remuneration was aligned to performance around safer gambling measures;
- Reviewed succession plans for all executive and business-critical roles;
- Received updates on well-being initiatives; and
- Held regular Non-Executive Director only sessions with the Chairman to encourage further independent deliberations on Board matters.

PERFORMANCE

Trading updates and financial results

- Received trading and performance updates against KPIs, for all the businesses;
- Reviewed and approved the Group's full-year 2019 and half-year 2020 results;
- Reviewed and confirmed the Group's Viability Statement and Going Concern status;
- Reviewed and approved quarterly trading statements and ad hoc updates for release to the London Stock Exchange;
- Monitored results against forecast and budget; and
- Agreed the repayment of the UK Government furlough monies, received as a result of the Covid-19 pandemic.

Budget

- Approved the 2021 budget for the Group.

Capital structure

- Reviewed and approved the drawing down of the £425m revolving credit facilities;
- Reviewed and approved the negotiation of covenant waivers with the Company's leading group of banks;
- Discussed alternative methods of raising capital before agreeing and approving the issue of new shares under a placing agreement;
- Approved the equity placing announcement, presentation documentation and related legal documentation; and
- Reviewed the Group's debt, capital and funding arrangements .

Dividend

- Agreed the cancellation of the 2019 final dividend; and
- Approved the non-payment of the 2020 interim dividend.

GOVERNANCE, COMPLIANCE AND REGULATORY

Board succession and diversity

- Continued to focus on the Board's composition, diversity and succession plans.

Compliance and reporting

- Received an overview of Director Duties in light of the ongoing Covid-19 pandemic considerations;
- Approved a revised Company Share Dealing Code and Policy;
- Approved the 2020 Modern Slavery Act statement;
- Approved an updated Environmental Policy;
- Reviewed and approved a number of major contracts; and
- Following recommendation from the respective Board Committees approved the Committees' terms of reference.

Stakeholder engagement

- Received a report from the Non-Executive Directors following attendance at the Executive Team Leadership annual forum;
- Received regular reports from senior management on the employee engagement strategy;
- Reviewed the employee engagement survey results; and
- Received a deep dive presentation of the Company's Net Promoter Score.

Shareholders

- Reviewed and approved the Annual Report and Accounts 2019 and the 2020 Notice of AGM;
- Received regular updates on investor relations activities and shareholder feedback;
- Reviewed and approved the Scheme of Arrangement document for shareholders regarding the approval of the offer for the Company;
- Engaged with shareholders to discuss any concerns or issues regarding the offer for the Company; and
- Engaged with shareholders to discuss any concerns or issues regarding the equity placing.

Regulatory

- Received updates on regulatory matters for each of the businesses; and
- Reviewed and discussed mitigation strategies for regulatory changes being enforced in a number of territories.

Risk

- Reviewed the Group's Risk Management Framework and principal risks and uncertainties, and validated the effectiveness of the Group's system of internal controls;
- Received a presentation from the Chief Information Security Officer on cyber security, including the threat environment, regulations and mitigation activities across the business; and
- Approved the annual renewal of the Group insurance programme.

STAKEHOLDER ENGAGEMENT STATEMENT

Making decisions to promote the success of the Company for the benefit of its members and wider stakeholders.

The following disclosure is made in line with the Companies (Miscellaneous Reporting) Regulations 2018, which requires Companies to report on employee and stakeholder engagement. The Board remains committed to maintaining open channels of communication with its shareholders and to further strengthen its dialogue with employees and wider stakeholders. The Board recognises that engagement is fundamental to the success of William Hill and, in performing its duties under s172, considers the views of key stakeholders in its decision-making, recognising they are central to the long-term prospects of the Company. Further details on our engagement approach with key stakeholders can be found on pages 16-17 within the Strategic Report.

BOARD IN ACTION

The Board considers stakeholders in its decision-making

In response to the evolution of the global Covid-19 pandemic a number of decisions were made to protect the Company in the short-term and to maintain its long-term sustainability, and in depth discussions were held on the subsequent emerging uncertainties and unprecedented challenges.

The priority of the Board was ensuring that everything possible was being done to protect the business and ensure the safety of our customers and employees.

Customers

The Board is committed to delivering an enjoyable and safer sports betting and gaming experience for our customers.

Delivering a competitive customer offering through protecting our customers, providing improved product, increased personalisation and ensuring best-in-class customer support is a key focus of the Board and senior management.

Customer insights from a number of channels are shared and discussed at Board meetings, as are details on customer behaviours, market trends and competitor activities. KPIs reported to the Board include: Net Promoter Scores; customer satisfaction; and app usability scores.

Employees

The Board recognises that culture and values underpin the effective delivery of the Company's strategy. Management frequently engage with all employees, providing regular feedback and sharing insights with the Board.

Our Non-Executive Directors have collective responsibility for workforce engagement and a number attended the executive leadership forum in January 2020. Further attendance at employee events proved difficult after this, nevertheless the Company was able to organise a number of employee engagement events which involved executive directors and members of the senior leadership team.

At each Board meeting detailed trends and feedback, particularly in relation to employee issues and concerns resulting from the Covid-19 pandemic and the offer for the Company, were provided.

A formal Whistleblowing policy and procedure is in place to allow employees to confidentially raise any concerns or issues they have.

Shareholders

The Board considers the views of all its shareholders as part of its decision-making process. It recognises the importance of effective communication and seeks to maintain open and transparent relationships with its shareholders.

The Company provides regular updates to all its shareholders through public announcements, the corporate website and other published materials.

It welcomes discussions in relation to strategy, governance and remuneration matters, as well as more broader topics.

Our investor relations team prepares a scheduled programme of engagement activities with investors, insights from which are regularly shared with the Board. This helps to maintain an understanding of the issues and concerns raised by this important stakeholder group.

The Board also receives regular updates on investor relations activity, market sentiment and competitors' performance and strategy.

The Executive Team considered all stakeholders when reviewing the business decisions needed to be made, and the recommendations made to the Board, during this time of complex and far-reaching change to the day-to-day operations of the businesses. Effective engagement was essential with our stakeholders, particularly our employees. At all times the Board was provided with oversight and considerations.

The Board took decisive action to preserve liquidity and strengthen the balance sheet, cancelling the dividend and raising net proceeds of £218.6m through a successful equity placing.

The Company protected jobs and topped up wages to full pay for those employees on the UK Government furlough scheme. All of our offices were closed for at least three months and office-based colleagues have successfully continued to work remotely since March.

The Betting and Gaming Council developed a set of Covid-19 pledges to support any customers betting online who might be more vulnerable as a result of the crisis and William Hill fully supported those pledges. Their implementation has been combined with a strong focus on governance and a culture of safer gambling to ensure that there is a clear 'tone from the top', that reinforces the commitment to safer gambling throughout the organisation.

To consider and protect our suppliers, numerous clear and timely communications were undertaken with all those suppliers affected by the closure of William Hill shops, thereby allowing them to utilise government support schemes as quickly as possible. Where necessary the Company agreed payment of invoices faster and before agreed payment terms, in order to help improve supplier cash flows.

Regulators, governments and wider industry groups

The Board receives regular updates from the General Counsel & Company Secretary on governance, legal, regulatory and compliance matters.

Our corporate affairs team maintain a calendar of ongoing regulatory and political engagement events throughout the year and the Board is kept appraised of insights, key themes and emerging trends.

In 2020, the Board met with the Betting and Gaming Council (BGC) to discuss current regulatory activities and the forthcoming UK Gambling Act Review.

Key activities discussed by the Board include the development of the long-term safer gambling commitments with other leading operators, via the BGC. Further details on the BGC pledges can be found in the Sustainability Report on pages 29-32.

Suppliers

The Board monitors the relationship and engagement approach with William Hill's third-party suppliers as set out in our supplier management framework, and ensures the suppliers we work with demonstrate respect for our values, comply with relevant legislation and help support us in the delivery of our customer offering and overall strategy.

Our payment practices reporting is shared with the Board through the Audit and Risk Management Committee.

Key supplier contracts are discussed by the Board as appropriate.

The Board annually publishes its Modern Slavery Statement which details the activities undertaken by the Company to maintain its zero tolerance approach to modern slavery and human trafficking.

Community and environment

Updates are provided to the Board through the Corporate Responsibility Committee on Environmental, Social and Governance matters affecting the business, so that the longer-term prospects of the Group can be considered in its decision-making.

The Board receives updates on KPIs relating to our economic contribution and environmental impact, as well as our positive community contributions through the activities of the William Hill Foundation.

During the year, the Board reviewed current and future actions in relation to the environment and climate change and in January 2020, approved an updated Environmental Policy which included a full spectrum of environmental targets specific to the Company, including energy, waste, water and transportation with five-year targets provided where appropriate.

GOVERNANCE FRAMEWORK ROLES AND RESPONSIBILITIES

Shareholders

William Hill has an effective Board whose role is to take collective responsibility for both leadership and driving the long-term sustainable success of the Company for its shareholders.

The Board

Responsible for the overall long-term success of William Hill, its strategic direction and setting the Group's culture and values.

Chairman

Responsible for the leadership of the Board and its overall effectiveness in directing the Company. This encompasses responsibility for the workings of the Board and for ensuring the balance of its membership, as well as ensuring that the Executive and Non-Executive Directors are enabled to play their full part in Board activities.

Chief Executive Officer (CEO)

Overall responsibility for the day-to-day management of the Group and implementing the strategy approved by the Board. The CEO may make decisions in all matters affecting the operations, performance and strategy of the Group's businesses. The CEO leads and motivates the Executive Team to develop manageable goals and priorities to deliver the long-term strategic plan.

Board Committees

The Audit and Risk Management Committee, the Corporate Responsibility Committee, the Nomination Committee and the Remuneration Committee are standing Committees of the Board.

The terms of reference for each committee are regularly reviewed and refreshed, as appropriate, and are available upon request from the General Counsel & Company Secretary or via the Company website (www.williamhillplc.com). All Committees have access to independent expert advice as necessary.

Senior Independent Director (SID)

An independent Non-Executive Director of the Board, who provides an independent element in terms of advice and support to that provided by the Chairman, and also performs the role of an intermediary to the other Directors where necessary. The SID leads on the annual appraisal and review of the Chairman's performance, and is available to shareholders if they have any concerns that have not been resolved through the normal channels of communication.

Non-Executive Directors (NEDs)

Responsible for bringing an external perspective, sound judgement and objectivity to the Board's deliberations and decision-making. NEDs support and constructively challenge the CEO and CFO using their broad range of experience and expertise. The Chairman and NEDs meet regularly without the Executive Directors being present.

Chief Financial Officer (CFO)

Supports the CEO in developing and implementing the Group strategy, and leads the Group Finance function, ensuring that effective financial reporting, processes and controls are in place to deliver on the annual budget and long-term strategic financial plan.

Company Secretary

Acts as secretary to the Board and the Board Committees, and is responsible for supporting the Chairman and CEO in the delivery of the corporate governance agenda. The Company Secretary is responsible for ensuring that the Board operates in accordance with the Company's corporate governance framework and there are good information flows to the Board and its Committees.

Audit and Risk Management Committee

Monitors and reviews the formal arrangements in respect of the Group's financial statements, policies, internal controls and risk management. Oversees the relationship with both the internal audit function and the External Auditor.

Read more on pages 74-78

Corporate Responsibility Committee

Responsible for overseeing and ensuring operational regulatory compliance across the Group and reviewing the Group's Sustainability strategy.

Read more on pages 79-81

Nomination Committee

Advises on appointments and succession planning for the Board and the Executive Team. Reviews the Board's composition to ensure the Company is headed by an effective and entrepreneurial Board.

Read more on pages 82-84

Remuneration Committee

Sets the Remuneration Policy for the Company's most senior executives, including the Board and the Chairman. Agrees awards and other terms of remuneration for senior executives.

Read more on page 85-99

DIVISION OF RESPONSIBILITIES

Governance framework

William Hill has an effective Board whose role is to take collective responsibility for both leadership and driving the long-term, sustainable success of the Company. To support the Board in discharging its duties, there is a formal framework of Committees of the Board. The Board of William Hill remains committed to high standards of corporate governance, which it considers to be vital to the effective management of the business and to maintaining the confidence of investors and broader stakeholders.

The Chairman, supported by the General Counsel & Company Secretary, has established Board processes designed to maximise Board performance. At the heart of this is the flow of high-quality and frequent information to the Board, which enables the Board to monitor the performance of the Group across a wide range of issues and to reach informed decisions and approvals affecting the strategy and operation of the Group. The Board receives timely information on potential, current, and future matters affecting the businesses and the environment in which it operates, so that the longer-term prospects of the Group can be considered in a strategic manner.

Our governance framework supports the Board's operations, and the specific roles and responsibilities of the Board and its Committees are discussed on pages 66-67.

Roles and structure

The Board includes an appropriate combination of Executive and Non-Executive Directors, so that no one individual or small group of individuals dominate the Board's decision-making. The organisation and management of the Board is designed to support focused, healthy debate and constructive challenge, and to allow specialist advice and strategic guidance to be shared. The Board acts as a collective unit although, in order to optimise Board performance and governance, there are distinct roles, which are each explained further on pages 66-67.

Organisation of the Board

Board discussions promote a collaborative environment of mutual respect, allowing for questions, scrutiny and constructive challenge, where appropriate, and enabling decisions to be taken by consensus.

Reporting packs are normally prepared and presented by the Executive Directors and other senior managers. Packs are distributed by the General Counsel & Company Secretary to the Board in advance of Board meetings to allow sufficient time for their review ahead of the meeting. Verbal updates at Board meetings cover any material developments subsequent to the distribution of reporting packs.

Non-Executive Directors make themselves available to the Group outside the usual calendar of scheduled meetings should the need occur. Directors are expected to attend all Board and relevant Committee meetings. Board and Committee attendance during 2020 is set out on page 70. In addition, each of the Non-Executive Directors devotes sufficient time to the Company to ensure that their responsibilities are met effectively. This includes preparation ahead of each meeting and, for the Chairman and Committee Chairs, holding planning meetings and discussions with the relevant Executive Directors or members of the Executive Team.

The Board also holds annual or ad hoc meetings and events which provide an opportunity to focus on certain issues or areas of the business.

In particular:

- an annual Board Strategy Day is held with the Board and selected senior management to review and develop the strategy;
- Board site visits are usually held at least annually, which provides an opportunity to gain greater insight into a particular business location, away from the head office. As well as a chance for extended meetings and discussions with the local management team. This was not possible during 2020 due to the Covid-19 pandemic restrictions;
- sufficient time is allocated to consider, review and monitor budgets and forecasts for the Group; and
- on occasion, either as part of induction programmes or otherwise, individual directors visit other business locations of the Company and share their insights with the Board.

For more information on Board activities during the year, please see pages 62-63.

Executive Team

The Executive Team, led by the CEO, operationally delivers on the Group's strategy in keeping with the Board's direction. The Executive Team retains oversight on issues affecting the day-to-day management of the Group's operations, and reviews certain matters prior to Board or Board Committee consideration. Driving growth through competitive products, smart retail, building talented engaged teams and improved execution are key areas of focus of the Executive Team.

During the year, and following Ulrik Bengtsson's appointment as CEO, a number of changes were made to simplify the structure of the Executive Team with a renewed focus on Customer, Team, Execution. A new Chief Operating Officer role was created with responsibility for global services including customer operations, global brand and trading. The newly created role is designed to focus the key business supporting operations into a single customer-centric function.

The Executive Team profiles are detailed on the Company's website at www.williamhillplc.com.

COMPOSITION, SUCCESSION AND EVALUATION

Board composition
As at the date of this report, the Board comprised five independent Non-Executive Directors, the Chairman, and two Executive Directors.

Board diversity
The proportion of women on the Board as at 29 December 2020 and the date of this report stood at 25.0%. The Board remains committed to ensuring that all appointments are made on the grounds of merit against specific role criteria. The 'tone from the top' is set by fostering diversity in our Board and leadership team. We recognise the importance of a diverse Board, bringing together an appropriate mix of skills and experience to ensure the future success of our business.

At William Hill, we pursue diversity, including gender and ethnic diversity, throughout the business and will continue to follow a policy of appointing talented people at every level to deliver outstanding performance. The Board is supportive of the objectives of the Hampton-Alexander Review, the Parker and McGregor-Smith review and other reviews to promote diversity.

The Nomination Committee does not believe that setting a quota is an appropriate method for achieving a balanced Board or for any other positions in the Company, and the primary criteria for all of our appointments is that they are made on merit. For more information on how we consider the diversity of the Board, please refer to the Nomination Committee Report on page 82-84.

Details on how the Company is aiming to improve its diverse culture, particularly in relation to ethnic diversity can be found in the Sustainability Report on pages 34-35.

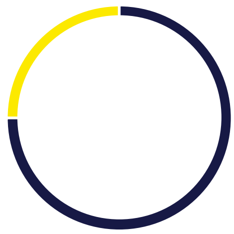
Board balance
The Board comprises individuals with broad business experience gained in various industry sectors. The aim is to ensure the balance of the Board reflects the needs of the Group, and to ensure consideration of the important issues facing its performance.

Re-election of directors
The Company's Articles of Association require newly appointed directors to be subject to election at the next AGM. All directors were re-elected or elected at the 2020 AGM. In accordance with the provisions of the 2018 Corporate Governance Code, the Board has agreed that all the Directors will be subject to annual re-election by shareholders at the next AGM.

BOARD DIVERSITY

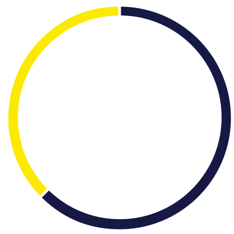
As at 29 December 2020

Composition of the Board



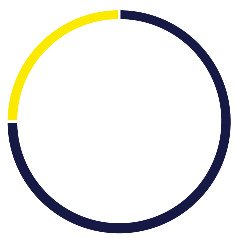
Non-exec	75%
Exec	25%

Board tenure



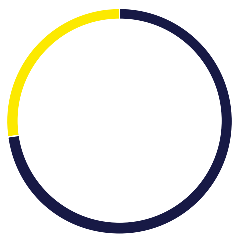
0-2 years	62.5%
3-6 years	37.5%

Gender of the Board



Male	75%
Female	25%

Gender of the Executive Team



Male	73%
Female	27%

BOARD SKILLS AND EXPERIENCE

	Roger Devlin	Ulrik Bengtsson	Matt Ashley	Mark Brooker	Jane Hanson	Robin Terrell	Lynne Weedall	Gordon Wilson
Finance, Audit and Risk Management			●		●	●		
HR and Remuneration							●	
Retail, Leisure and Customer Service	●	●		●		●	●	
Digital, Technology and Data		●				●		●
International business and markets	●	●	●	●				●
Strategy, Transformation and M&A			●		●		●	●
Sports betting and gaming	●	●		●				
Governance and Regulation	●			●	●			

Board succession

Succession planning is delegated to the Nomination Committee and more information can be found on page 83. Matters within the remit of the Nomination Committee are also on occasion considered by the Board.

Non-Executive Directors are currently appointed to the Board for an initial three-year term, extendable by a further two additional three-year terms. The terms and conditions of appointment of Non-Executive Directors and the service contracts of Executive Directors are available to shareholders for inspection at the Company's registered office during normal business hours and at the AGM.

Board independence

All Non-Executive Directors were deemed independent on appointment and continue to be independent in accordance with the 2018 Code. They each demonstrate an appropriate degree of independence in character and judgement, and are free from any business or other relationship which could materially interfere with the exercise of their judgement. The Chairman was considered to be independent on appointment and is committed to ensuring that the Board comprises a majority of independent Non-Executive Directors.

Throughout 2020 and up to the date of this report, the Company satisfied the 2018 Code requirement that at least half of the Board, excluding the Chairman, should comprise Non-Executive Directors determined by the Board to be independent.

Information and professional development

The Chairman, supported by the General Counsel & Company Secretary, takes responsibility for ensuring that the Directors receive accurate and timely information across a wide range of matters relevant for the Board to operate effectively.

Comprehensive reporting packs are provided to the Board, which are designed to be clear, analytical and concise. Papers are distributed and retained in an electronic system which is managed by the General Counsel & Company Secretary, and this provides directors with instant access to papers at any time.

In addition to receiving presentations and briefings from management, the Board also on occasion, request briefings to be provided by external advisers or subject-matter experts. This supports a wider awareness of issues and facilitates Board decision-making.

The Chairman is also responsible for taking the lead on issues of Director development and encouraging all Board members to engage in Board and relevant Committee meetings, drawing on their skills, experience and knowledge.

Each Director has access to all required information relating to the Group and to the advice and services of the General Counsel & Company Secretary. The Board also obtains advice from professional advisers, as and when required, and Directors may, as required, obtain external advice at the expense of the Group.

Directors' time

In addition to attending Board and Committee meetings, each of the Non-Executive Directors devotes sufficient time to the Company to ensure that their responsibilities are met effectively.

When making new appointments, the Board takes into account other demands on the Directors' time. Any additional external appointments are not undertaken by any of the Directors without prior approval from the Board. Prior to appointment, significant commitments are disclosed by Directors to the Board.

Board and Committee meeting attendance

	Scheduled Board	Audit and Risk Management Committee	Corporate Responsibility Committee	Nomination Committee	Remuneration Committee
Number of meetings held	6	6	4	3	6
Roger Devlin	6/6	–	–	3/3	–
Ulrik Bengtsson	6/6	–	–	–	–
Matt Ashley	4/4	–	–	–	–
Mark Brooker	6/6	6/6	4/4	3/3	6/6
Jane Hanson	6/6	6/6	4/4	3/3	–
Robin Terrell	6/6	6/6	–	3/3	6/6
Lynne Weedall	6/6	–	4/4	3/3	6/6
Gordon Wilson	6/6	–	4/4	3/3	–
Ruth Prior	2/2	–	–	–	–

In 2020 there were a number of additional ad hoc Board or Board Sub Committee meetings plus meetings to discuss the 2021 Budget and a Strategy meeting.

Ruth Prior also attended part of the May Board meeting before her resignation at the AGM.

At the start of the Covid-19 pandemic the Board held weekly calls to discuss the situation and to be kept abreast of the executive management decisions or proposals being made which required Board approval. The meetings continued as the Company determined there was a need to raise additional finance and that an equity placing was the best way forward for the Company. Following the completion of the equity placing weekly calls were recommenced, after the initial approach by a third party to purchase the Company, to discuss this offer and thereafter the Caesars bid, which was subsequently recommended to the shareholders.

Jane Hanson was unable to attend the November Budget meeting due to an unavoidable prior commitment. Jane received all of the relevant papers in advance of the meeting and provided comments and questions to the General Counsel & Company Secretary prior to the meeting. Jane also received the minutes of the meeting.

BOARD EVALUATION

In light of the events of 2020 and their impact on normal Board operations and also following approval by the Company's shareholders of the Caesars Entertainment, Inc. (Caesars) offer for the Company, on 19 November 2020, the Board has concluded that a further board evaluation was not necessary or appropriate at this time and as such has not complied with provision 23 of the 2018 Corporate Governance Code. Should Caesars' offer for the Company not complete as anticipated, then an internal evaluation of the Board will proceed during 2021.

External Board evaluation

Towards the end of 2019 the Company engaged Clare Chalmers from Clare Chalmers Limited to externally facilitate an interview-driven review of the performance of the Board and each of its Committees. Clare has no other connection with William Hill.

The conclusions and recommendations were presented to the Board in February 2020 and an action plan developed at the May 2020 Nomination Committee meeting.

2019 recommends	Areas of focus in 2020	What we have done in 2020
Deepening and enhancing relationships and culture	Developing the Board's culture and building Board and Executive Team relationships	Following a number of changes to the membership of the Board during 2019 it was recommended there should be greater interaction outside the boardroom to build trust and enhance working relationships. Unfortunately, the Covid-19 pandemic and consequential restrictions has meant that this has been limited during 2020.
Enhancing the focus and priorities, effectiveness of papers and decision-making	To ensure the Board and its Committees operate as effectively as possible including, ways of working and scope and matters to be considered	A new General Counsel & Company Secretary was appointed, who met with the Chairman to ensure collaboration of the agenda and to review the meeting paper's effectiveness. Good progress was made with introducing improvements and further discipline in the timing and preparation of board packs.
Improving oversight of culture and purpose and management of reputational risk	Opportunities to further promote and evidence the Company's culture through engagement, communication and brand development	There was enhanced reporting to and monitoring by the Board of the further development of the internal communications strategy, and brand development. This demonstrated an improvement of consistency of approach towards employees and customers by detailing what the Company does to promote safer gambling.
Clarifying, developing the information flow for the risk management system	Review how the process of regulatory compliance and risk and compliance issues flow from Corporate Responsibility to Audit and Risk Management Committees	The Terms of Reference for the Audit and Risk Management and the Corporate Responsibility Committees were subject to a detailed review to clarify the roles and responsibilities of each Committee, particularly the escalation process of regulatory compliance issues.
Succession planning and talent management	The Board will continue to monitor talent, pipeline succession and development for all Executive and business critical roles	The Nomination Committee continued to take an active interest in the quality and development of talent and capabilities of the Executives and the Executive Team members, demonstrated by their involvement in the appointments of the new roles of Chief Operating Officer and Group Risk Officer.
Stakeholder engagement management	Further opportunities to understand key stakeholder considerations and ways to factor these into Board decision-making to be considered	Whilst limited progress has been made on direct engagement with employees, the Board received detailed reporting and feedback on employee engagement from the Executive Directors and the Executive Team. The public affairs function provided detailed updates on interaction with regulators in terms of campaigning, and enhanced lobbying experience. Regular reports from senior management, were received, covering topics including safer gambling initiatives, discussions with regulators and a deep dive into customer Net Promoter Scores.

AUDIT, RISK AND INTERNAL CONTROL

Financial and business reporting

Please refer to:

- page 77 for the Board's statement that the Annual Report and Accounts is fair, balanced and understandable;
- pages 48-49 for the Viability Statement; and
- the Strategic Report on pages 1-53 for an explanation of the Group's business model and the strategy for delivering the objectives of the Group;

Approach to risk management

The section 'Managing our risks' on pages 50-53 outlines the Group's approach to risk management and summarises the principal risks facing the businesses. The sections below provide further detail on how the Board reviews and considers the adequacy and effectiveness of our risk management and internal controls. The work of the Board in this regard is supported by the Audit and Risk Management Committee (the Committee), and further details of the activities undertaken by the Committee are on pages 74-78.

Internal control

The Board has overall responsibility for the Group's internal control systems and for monitoring their effectiveness. The Executive Directors and the Executive Team are responsible for ensuring that risks are understood by the business, and the implementation, monitoring and maintenance of the internal control systems are subject to regular review. The Board oversees and challenges the ongoing process by which critical risks to the business are identified, evaluated and managed. This process is consistent with the FRC's 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' published in September 2014.

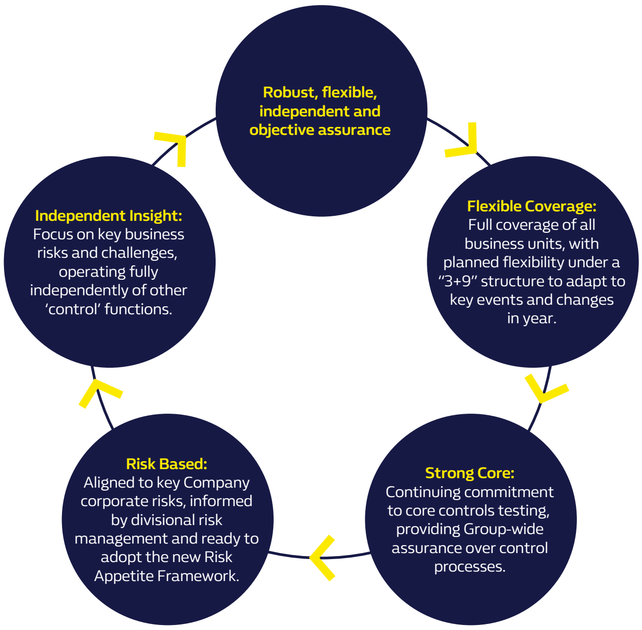
The Board continues to assess the effectiveness of the Group's system of internal controls (including financial, operational and compliance controls, and risk management systems). This is conducted through ongoing processes designed to oversee the provision of effective internal controls and risk management systems, which include:

- regular scheduled meetings of the Board, its Committees, the Executive Team and monthly business reviews for each business unit. This provides regular opportunities to assess performance and to monitor potential and emerging risks;
- established structures and delegations of authority which set out responsibilities and levels of authority;
- ongoing procedures, including those already described which are in place to manage perceived risks;
- regular reports to the Committee informing on the adequacy and effectiveness of internal control systems and significant control issues;
- the continuous Group-wide process for formally identifying, evaluating and managing the principal and emerging risks to the achievement of the Group's objectives; and
- reports to the Committee on the results of internal audit reviews, work undertaken by other departments and, where needed, reviews undertaken by external third parties on behalf of senior management, the Board or its Committees.

The Group's internal control systems are designed to manage, rather than eliminate the risk of failure to achieve the Group's objectives, and can only provide reasonable, and not absolute, assurance against material misstatement or loss. In assessing what constitutes reasonable assurance, the Board considers the materiality of financial and non-financial risks, and the relationship between the cost of, and benefit from, internal control systems. The Board regularly reviews the actual and forecast performance of the business compared with the annual plan, as well as other financial and non-financial KPIs. Forecast performance is revised during the year as necessary, taking into account performance for the year to date and performance going forward, and any potential macro-economic or material industry factors.

The Committee receives reports on a regular basis on compliance with the Group's policies and procedures as part of the ongoing work of the internal audit team. The Group continues to introduce additional controls and further strengthen existing controls to support operational initiatives, as a result of review findings, and also to keep pace with best practice guidance. Specifically, controls over regulatory compliance to meet changing regulatory requirements are continually reviewed to align with advice and requests from our regulators. The scope of the Compliance Controls Monitoring function, established in 2019, has been extended in 2020 in order to provide additional assurance over the ongoing operation of key compliance controls, particularly given the impact of the Covid-19 pandemic.

Internal audit key principles



The Committee was made aware of relevant control issues arising throughout the period and there is a robust process to capture, track and approve actions taken to remediate issues identified. During the period, in response to a prior year external auditor observation, several IT control improvements were implemented and continue to be implemented.

As the improvements were not in place for the full year, a more substantive external audit approach was required in this area. Management though, were able to place reliance on existing compensating controls, which were considered sufficient to mitigate this operational risk. No significant failings or weaknesses were identified as a result of the review that may significantly impact the financial statements.

The Committee noted that the External Auditor highlighted the importance of the timely evaluation, escalation and communication of emerging legal and regulatory risks in relation to the completeness and valuation of provisions, further details can be found on pages 104-117. The Committee has acknowledged this observation and requested that management reviews operating procedures in this area.

Assessment of risk

During the year a new role was created, that of Group Risk Officer (GRO) who will report directly to the ARMC. The initial role of the GRO will be to more clearly define the Company's risk appetite framework and embed the updated framework throughout the business. Good progress has been achieved with enhancing the current reporting structure, in place, and improved engagement across the Group risk and compliance functions and the wider business units.

A corporate risk register is maintained and updated following detailed and regular reviews by the group risk management function and the Executive Team. Risks are collated and considered at both Group and business-unit level, to support the Group risk assessment from a 'bottom-up' perspective. The register is discussed with the Executive Team and approved by the Committee on behalf of the Board. It is also used by the internal audit function to ensure their work is focused on the areas of greatest risk, see further details on pages 50-53. The assessment helps to support the Board's determination that appropriate reviews have been undertaken of the effectiveness of the Company's system of risk management and internal controls, including principal risks and key controls.

The risk register records the key risks facing the business, an assessment of the likelihood of the risks crystallising and their potential materiality, and the Group's response to each risk. The Board uses the internal control and risk management processes to identify and consider any significant risks arising from social, environmental and ethical issues. Further details of the Group's sustainability practices are described on pages 38-39. Risks and opportunities are also considered where key decisions and approvals are required by the Board, taking into account any potential impact upon the business in the near- and long-term.

Key to effective ongoing risk management throughout the businesses ensures the Executive Directors are sufficiently involved and have continual oversight of the material aspects of the operation of each business. This oversight is achieved by continual interactions with each business, including regular scheduled business reviews which are held with the respective business heads and other senior management throughout the year. The business review meetings review all material operational aspects of the business units, including risks.

Internal Audit

The internal audit function provides independent assurance that the Company's risk management, governance and system of internal control are operating effectively, and are appropriately designed to manage the Group's significant risks and safeguard the Group's assets. It provides ongoing independent and objective assurance on risks and controls to the Committee, the Board and to the Executive Team, with direct access to each.

The Group's financial and operational controls and associated procedures are subject to a schedule of independent risk-based reviews to provide assurance that they remain robust and fit for purpose. The internal audit function's work is focused on the areas of greatest risk to the Group, as determined by:

- a structured risk assessment process involving the Executive Directors and the Executive Team; and
- ongoing reviews to take into account new areas of focus and any material emerging issues which may arise during the year.

Given the new challenges presented by the Covid-19 pandemic, the internal audit function moved quickly to adapt the annual audit plan and the function's operating model, to ensure continuing robust coverage of key areas of control and associated risks. Specifically, this included establishing a Group-wide remote testing programme to provide assurance over the continuing operation of the Company's core controls. The internal audit function also continued to conduct a number of risk-based and ad hoc reviews during the year at the request of management or the Committee, to provide live assurance over key projects or critical business areas, for example cyber security.

The Group Director of Internal Audit reports regularly to the Committee on work undertaken, the results of audit reviews, the adequacy of the internal audit function's resources and on progress against the annual internal audit plan. The Group Director of Internal Audit also reports regularly on the actions taken by management in response to audit reviews. This process provides the Committee with additional assurance that timely actions are being taken in response to audit reviews.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

MEMBERSHIP

- Robin Terrell (Chair)
- Mark Brooker
- Jane Hanson

ATTENDANCE AT MEETINGS

All members of the Committee are independent Non-Executive Directors and their biographies can be found on pages 55-57.

The General Counsel & Company Secretary acts as secretary to the Committee.

Other individuals attend at the request of the Committee Chair including: representatives of the External Auditor, the Chairman, the CEO, the CFO, the General Counsel & Company Secretary, the Group Risk Officer, the Group Director of Internal Audit, the Group Financial Controller, the Head of Group Finance and the Head of Tax. In addition, members of the management team attend by invitation to report on key matters. The Committee also meets with the External Auditor, the Group Risk Officer and the Group Director of Internal Audit without executive management present.

A copy of the Committee's terms of reference can be obtained from the website www.williamhillplc.com or by request to the General Counsel & Company Secretary.

Attendance at Committee meetings during the year can be found on page 70.

Robin Terrell, Committee Chair

Dear Shareholder,

On behalf of the Board, I am pleased to present the Report of the Audit and Risk Management Committee for the 52 week period ended 29 December 2020 (the Period).

The Committee's primary functions included assessing the integrity of the Company's financial statements, maintaining an appropriate relationship with and reviewing the independence and effectiveness of the Company's External Auditor, and reviewing the Company's system of internal controls and risk management.

Competence of the Committee

Two out of the three current Committee members are qualified Chartered Accountants and possess the recent and relevant experience required by the 2018 Corporate Governance Code (the 2018 Code). The Board is satisfied that the Committee as a whole, possesses experience relevant to the sector in which the Group operates, in accordance with provision 24 of the 2018 Code.

The Committee has access to the services of the internal audit function and company secretarial department, and is authorised to obtain independent professional advice if it considers it necessary.

The Committee has a structured rolling forward-looking agenda, which is designed to ensure that its responsibilities are discharged in full during the period. The agenda is developed with the General Counsel & Company Secretary and its content regularly reviewed with management. It is developed to meet the changing needs of the Group as the year progresses. The Committee Chair provides a verbal update to the Board following each meeting and Committee meetings are generally scheduled close to Board meetings, and in accordance with the Company's annual financial timetable, in order to facilitate an effective and timely reporting process.

In addition to fulfilling its normal programme of work during the year the Committee has spent considerable time and focus on the changing operational environment resulting from the Covid-19 pandemic. The internal audit function responded quickly and effectively to the new challenges and the plan was amended to ensure it addressed emerging key areas of control and risks identified by management. In particular, the internal audit function showed great flexibility in pivoting to focus on providing assurance over the continuing operation of the Company's core controls, until the business fully returns to normal.

Any material changes to the plan are discussed with and approved by the Committee as necessary.

Internal audit

The internal audit team provides independent assurance over the Company's risk management and internal control processes and has unrestricted access to all Group documentation, premises, functions and employees to enable it to perform its work. The appointment and removal of the Group Director of Internal Audit is the responsibility of the Committee. The Group Director of Internal Audit has direct access to the Committee Chair and, during 2020, met on a frequent and regular basis with the Committee Chair without executive management present.

Each year, the Committee approves the annual internal audit plan and monitors progress against the plan. Summaries of audit reports are circulated to the Committee after each internal audit and full reports are available upon request. The Committee monitors progress against actions identified in those reports.

During the period, the Committee received reports on the adequacy of the resources of the internal audit function and received confirmation that appropriate resources were available. If necessary, the work required to be undertaken by the internal audit function is supported by external professionals, as demonstrated by the cyber security review, discussed in more detail on the following page.

Financial reporting

Ensuring the integrity of the financial statements and associated announcements is a fundamental responsibility of the Committee. In recommending to the Board the approval of the Annual Report and Accounts 2019 and the 30 June 2020 Half Year Report, the Committee reviewed, examined and challenged the Chief Financial Officer (CFO) and the External Auditor on their respective assessments on such items as, going concern basis of preparation, accounting policies and disclosures, financial reporting issues and significant financial judgements made. In addition, the Committee considered the processes underpinning the production and approval of this year's Annual Report and Accounts, to enable the Board to confirm that the Annual Report and Accounts taken as a whole is fair, balanced and understandable.

Additionally the Committee reviewed the contents and suitability of the Viability Statement and challenged the risk scenarios, the range of sensitivities applied and the potential impacts considered.

KEY ROLE AND RESPONSIBILITIES

The Committee has authority to monitor and review the formal arrangements established by the Board in respect of: the financial and non-financial reporting of the Group, reviewing the effectiveness of the Group's internal controls, risk management and audit arrangements and, investigating and advising on these or related matters.

Key activities during the Period:

- Reviewed and advised the Board on the integrity of financial disclosures made in the financial statements, including:
  - the appropriateness of accounting policies and going concern assumptions; and
  - recommendation of the inclusion of the Viability Statement in the Annual Report and Accounts 2019.
- Assisted the Board in ensuring the Company's Annual Report and Accounts 2019 was fair, balanced and understandable in accordance with applicable legislation and governance;
- Reviewed the principal risks affecting the Group and considered emerging risks;
- Reviewed the appointment of the new Group Risk Officer;
- Reviewed regular reports from the internal audit function, including:
  - key operational, business and IT control assessments, detailed risk based review of the compliance IT controls environment and other internal audits undertaken;
  - specialist reports from subject matter experts, covering technology and cyber security updates;
  - progress updates on strategy regarding data centre and disaster recovery plans and business continuity planning;
  - monitored the response of the internal audit function and plan to the Covid-19 pandemic; and
  - received and reviewed a risk assessment and updates on remote working conditions resulting from the Covid-19 pandemic.
- Reviewed the nature and scope of the work performed by the External Auditor and the internal audit function, the results of that work, management's response, and overall effectiveness;
- Reviewed and approved the 2020 external audit plan and fee proposal;
- Oversaw the relationship with the External Auditor, recommending to the Board their re-appointment and audit tender timings;
- Reviewed and approved non-audit fees of the External Auditor;
- Reviewed and considered the Group's tax strategy and policy, in particular the recognition, derecognition and valuation of tax provisions;
- Reviewed and discussed the recognition of a contingent asset in relation to the receipt of the VAT refund;
- Reviewed the accounting basis applied to the Group's pension schemes, in particular the valuation of assets and liabilities;
- Held private meetings with the internal audit function and the External Auditor without management present; and
- Reviewed the Committee's terms of reference and clarified its levels of responsibilities in conjunction with the terms of reference for the Corporate Responsibility Committee.

Going Concern
As the Company navigated the Covid-19 pandemic and the implications of a forward-looking statement following the offer for the Company from Caesars Entertainment, Inc. (Caesars), the Committee discussed at length the implications of these in recommending the Going Concern statement to the Board for approval.

During the year the Committee was provided with regular updates and presentations from the CFO with regard to the going concern assessments to be made for both the 2020 Half Year Report and the Annual Report and Accounts 2020, which were discussed and debated, taking into consideration the opinion of the External Auditor as to the adequacy and appropriateness of the disclosure.

Through the securing of sufficient liquidity to deal with the impact of the Covid-19 pandemic and recognition of the impact the pending transaction with Caesars has on the Group, over the next 12 months, the Committee was satisfied that there are no material uncertainties that lead to significant doubt upon the entity's ability to continue as a going concern.

Tax
During the Period, the Committee regularly received presentations and reports from the Head of Tax on compliance against the Group's tax risk management framework. Specific topics of focus included the impact on the business of global tax regulatory developments and changes, tax reporting assumptions and accounting for the purposes of the annual reports and accounts, the status of tax filings, payments and audit/litigation reviews in each territory of operation, the approval of the Group's published tax strategy, the actions taken to recover VAT sums due to the Group following the decision of the Rank Group Plc and Done Brothers (Cash Betting) Ltd (trading as Betfred) case and the status of the relationships with tax authorities.

Cyber security
During the Period the Committee received regular reports from the Chief Information Security Officer on improvements and controls being implemented by the Group to help mitigate the ever-present and increasing risk posed to businesses by cyber attacks. Cyber security has been greatly increased across the Group through upgrades of web and email protection, anti-virus software, expanded Distributed Denial of Service protections, stronger identity and access management controls, enhanced security training, the implementation of divisional security business partners, and improved cyber risk management processes. The Committee also received a specific assessment of the cyber risk implications of the Covid-19 pandemic, and assurance regarding mitigating actions taken in response.

An external Group-wide cyber security review was conducted as part of the annual internal plan to assess the maturity of the cyber security control environment, and give an objective view of the Company's cyber security posture. The basis of the assessment was the widely-used US National Institute of Standards and Technology Cyber Security Framework.

The review concluded that the Company's cyber security maturity was ahead of many other businesses with a repeatable and defined cyber security process. A number of non-critical remediation actions were identified which will help to further strengthen the cyber security controls.

Whistleblowing
A Whistleblowing policy and procedure for employees to raise issues regarding possible improprieties in matters of financial reporting or any other matters is in place. Both the Committee and the Board monitor its effectiveness and review activity reports, ensuring there is proportionate and independent investigation and follow-up action on matters as necessary. No material issues arose as a result of whistleblowing reports during the year.

Internal control and risk management
The Committee closely monitor the Group's internal control and risk management systems through the work of the internal audit function (including reports on the continuing operation of core controls). Receiving reports and presentations from senior management covering the principal risks and major events faced by the Group and the procedures established to identify, assess, manage and mitigate these risks.

The Committee, in conjunction with the internal audit function, is responsible for reviewing and approving the statements on internal controls on pages 72-73 on behalf of the Board.

Effectiveness and quality of the external audit process
The Committee has responsibility for overseeing the relationship with the External Auditor, Deloitte LLP (Deloitte), and ensuring the Company receives a high-quality and effective external audit. A policy to safeguard the independence of the External Auditor, in line with The Statutory Auditors and Third Country Auditors Regulations 2016 (the '2016 Regulations'), is maintained by the Committee. The policy covers the appointment, tendering and rotation of the auditor; restrictions on the employment of former staff of the auditor; ongoing independence criteria; and the supply of non-audit services. The policy explicitly prohibits a range of non-audit services in accordance with relevant legislation.

The policy applies across the Group, to ensure close monitoring of any material consultancy projects proposed to be delivered by either the current external auditor, or any potential tender participants. This ensures the continuing independence of all potential participating firms given the pre-qualification requirements of the regulations in respect of an external auditor.

The External Auditor attended all the Committee meetings in 2020 and received all briefing materials and minutes in respect of the meetings. The External Auditor met at least once during 2020 with the Committee without executive management present. The Committee Chair also met privately with the External Auditor.

During 2020, the Committee received regular reports from the External Auditor, including a formal report detailing the audit objectives, the auditor's qualifications, expertise and resources, procedures and policies for maintaining independence and compliance with the ethical standards issued by the Auditing Practices Board.

The Committee reviewed both the inspection report on Deloitte, carried out by the FRC's Audit Quality Review team and Deloitte's response thereon. The inspection report showed no matters of material concern for the Committee.

The FRC identified a number of recommendations for Deloitte to address, which Deloitte confirmed they intended to follow up on.

Each year, the External Auditor prepares a comprehensive plan in respect of their audit. The Committee reviewed the plan and discussed it with Deloitte. The plan explained:

- the scope and approach of the audit, including consideration of materiality thresholds;
- any key areas of change in the focus of the audit; and
- areas of significant audit risk which would be subject to particular audit focus.

The Committee endorsed Deloitte's plan for the 2020 external audit.

External auditor independence and non-audit fees

In accordance with the policy on the independence of the External Auditor, the Committee regularly considers the relationship with the External Auditor. Where possible, other accounting firms are engaged to undertake non-audit services.

FAIR, BALANCED AND UNDERSTANDABLE

The 2018 Code requires the Board to confirm that it considers the Annual Report and Accounts, taken as a whole, to be fair, balanced and understandable, and that it provides the information necessary for shareholders to assess the Company's position and performance. The Committee assisted the Board in discharging this duty by overseeing the process by which the Annual Report and Accounts are prepared. In particular the Committee determined that:

- the Annual Report and Accounts follow a framework which supports the inclusion of key messaging, market and segment reviews, performance overviews, principal risks and other governance disclosures. Sufficient forward-looking information is also provided and a balance is sought between describing potential challenges and opportunities; and
- the well-established process and steps undertaken by management to ensure that the Annual Report and Accounts remains fair, balanced and understandable, was robust and the Annual Report and Accounts was subject to final approval by the Board, following review by both the Committee and by individual Board members.

The Committee therefore recommended to the Board (which the Board subsequently approved) that, taken as a whole, the Annual Report and Accounts 2020 is fair, balanced and understandable and provides the necessary information for shareholders to assess the Company's position and performance, business model and strategy.

All non-audit services provided by the External Auditor are reported to the Committee and a record is kept and reviewed by the Committee on a cumulative basis. During 2020, the Committee approved the provision of certain non-audit assurance services performed by Deloitte. Approved non-audit fees included £25,500 in respect of assurance work regarding horseracing and greyhound levies and approximately £7,000 in relation to applications for licences in Germany, which required the use of the Company's statutory auditor. The Committee is satisfied that where non-audit work has been approved the External Auditor was best placed to undertake the relevant project.

The 2016 Regulations provide for a cap on non-audit services of a maximum of 70% of the average of the audit fees paid on a rolling three-year basis. Fees (including non-audit fees) payable to Deloitte are provided in note 5 to the financial statements.

External audit tendering

Deloitte was appointed by William Hill PLC in December 2001, and previously had provided audit services to other Group entities. A tender in respect of the external audit has not been sought since appointment. There are no contractual obligations restricting the Group's choice of external auditor.

The auditor appointment is subject to ongoing monitoring and the Committee reviewed the effectiveness of Deloitte as part of the 2020 year-end process. As part of this review, and to enable it to make a recommendation on the reappointment of Deloitte in 2020, the Committee considered several factors when determining the effectiveness of the external auditor, including: the overall quality and scope of the audit; the audit partner and team; communication and engagement with the Committee, both formal and informal, and how issues were reported, followed up and resolved; the independence of Deloitte and whether an appropriate level of challenge and scepticism existed in their work; and their review of the audit of the Company's financial statements for the period ended 31 December 2019.

The Committee also sought the views of key members of the finance team and senior management on the audit process and the quality and experience of the audit partner and the audit team. Their feedback confirmed that Deloitte had performed well during the 2019 audit and had provided an appropriate level of challenge to management.

Under the European Union statutory audit legislation which came into effect on 17 June 2016, as Deloitte was first appointed to William Hill PLC in December 2001 and as defined by the transitional provisions within the regulation, they are not permitted to be reappointed as the Company's auditor after 17 June 2023. The Committee has determined that given the significance of the activity, an audit tender process will start no later than the end of the 2021 financial year, to allow time for a thorough tender process to be carried out and a smooth handover of audit responsibilities. The Committee will continue to keep the exact timings of the audit tender under review during 2021 and any decision will be informed by the timing of the completion of the acquisition by Caesars and proposed on-sale of the non-US businesses.

The Committee therefore confirms that:

- it continues to be satisfied with the performance of the External Auditor and with the policies and procedures in place to maintain their objectivity and independence;
- Deloitte possesses the skills and experience required to fulfil its duties effectively and efficiently and the audit for the period ended 31 December 2019 was effective; and
- during 2020, the Company has complied with the Competition & Markets Authority's Statutory Audit Services Order 2014, in respect of statutory audit services for large companies.

The Committee therefore recommended to the Board the reappointment of Deloitte at the forthcoming AGM.

FRC thematic review

During 2020, the Group received a letter from the FRC in respect of its thematic review of IFRS 16 'Leases' application and disclosures in the Annual Report and Accounts 2019.

The letter outlined a number of areas where improvements in disclosure could be made, but no questions or queries were raised.

A response was sent acknowledging the FRC's suggestions and detailing a commitment to address the observations in the preparation of the Annual Report and Accounts 2020. The response was reviewed and approved by the Committee and by the Chairman of the Board.

DISCLOSURE OF SIGNIFICANT ISSUES CONSIDERED BY THE COMMITTEE

An important part of the Committee's responsibilities is to assess key issues in respect of published financial statements, which includes critical accounting judgements and key sources of estimation uncertainty. This process is primarily focused on the key issues identified by management for consideration. Each Committee member is a Board member and receives regular updates on the Company's performance and on material issues which may affect the Company's finances. This gives the Committee an additional perspective to consider enabling it to be familiar with significant issues which may need to be considered.

In respect of 2020, the Committee formally reviewed and discussed with management key issues identified at both the half-year and full-year results and held preliminary reviews at other times to ensure it was adequately informed of all issues arising throughout the Period.

The Committee pays particular attention to any matters which it considers may affect the integrity of the Group's financial statements, with a view to satisfying itself that each matter has been treated appropriately. Key matters discussed throughout the Period included:

- the carrying value of goodwill and intangibles across the Group;
- the accounting treatment in respect of impairment, in particular:
  - the impairment approach, considerations and assumptions made;
  - change in the accounting policy for the valuation of retail licences, moving away from indefinite life asset to finite useful life; and
  - the impact of Covid-19 on the Retail business and the need to carry out a full impairment review;
- emerging legal and regulatory risks in certain countries resulting in customer claims being received and the accounting treatment and disclosure of such claims;
- items which had been categorised as exceptional items for 2020. In determining the classification and presentation of exceptional items the guidelines of the FRC have been applied consistently. Following a review of the existing policy, and its application, a number of small legacy items have been classified in adjusted results in the year. It was agreed that exceptional costs and adjustments relating to the VAT refund, impairment to the retail licence intangible costs, and costs related to the Caesars transaction would be recognised as exceptional items. Further information on exceptional items and adjustments is provided in note 3 to the financial statements;
- the disclosures and supporting analysis in respect of the Viability Statement. The Committee reaffirmed the reasonableness of the assumptions and considered whether a viability period of three financial years remained most appropriate, and confirmed that it was, as part of a recommendation to the Board;
- an annual assessment by the Directors that it is appropriate to prepare the financial statements on a going concern basis; and
- valuation of the special derivative financial liability and the increased probability of a contingent payment based on the valuation of the William Hill US business following the offer received from Caesars. The valuation as at the potential date of exit requires significant judgement and estimation.

CORPORATE RESPONSIBILITY COMMITTEE REPORT

Mark Brooker, Committee Chair

MEMBERSHIP

– Mark Brooker (Chair)
– Jane Hanson
– Lynne Weedall
– Gordon Wilson

ATTENDANCE AT MEETINGS

All members of the Committee are independent Non-Executive Directors and biographies of all Committee members can be found on pages 55-57.

The General Counsel & Company Secretary acts as secretary to the Committee.

Other individuals attend at the request of the Committee Chair, including, the Chairman, the CEO, the CFO, the General Counsel & Company Secretary, the Chief HR Officer, the Group Director of Regulatory Compliance, the Group Risk Officer and the Group Director of Internal Audit. In addition, members of the management team attend by invitation to report to the Committee on key matters as necessary.

A copy of the terms of reference for the Committee can be obtained via the website at www.williamhillplc.com or by request to the General Counsel & Company Secretary.

Attendance at Committee meetings during the year can be found on page 70.

Dear Shareholder,

On behalf of the Board, I am pleased to present the Corporate Responsibility Committee Report for the 52 week financial period ended 29 December 2020 (the Period).

The Committee's work in 2020 continued to provide oversight on the Company's dealings with government, regulators and other regulatory issues affecting the Company and its stakeholders, in respect of all global jurisdictions in which the Group has operations, or in which it may plan to operate in future. In addition, the Committee considers important issues regarding the engagement and well-being of the Company's employees, support for the communities in which we operate and our impact on the environment and climate change. The following pages of this report aim to provide some insight into the work of the Committee during the Period.

Regulatory compliance

The Committee continued to support the Group during what was a year of considerable regulatory change in the UK and overseas territories with the introduction of a number of compulsory requirements for all online operators to make changes to how they operate. The Committee has received regular updates on the implementation of these changes, the inherent risks to the operation of the businesses through enforcements measures and the mitigation factors being put into place. The Committee reviews on a regular basis the current and potential risks of all territories.

Through its regular review and monitoring of KPIs relating to the GB Gambling Commission's key licensing objectives, and compliance with other industry regulators, the Committee was able to feed into the Board's overall assessment of the Group's culture, as well as the Audit and Risk Management Committee's assessment of risk.

The Committee discusses any significant regulatory or compliance breaches and what lessons can be learnt by the business and how these learnings will be implemented going forward.

A key matter for the Committee is the review of the GB Gambling Commission's Annual Assurance Statement (AAS) and, if appropriate, its recommendation to the Board for approval.

As part of its commitment to raising standards, the Board monitors progress in implementing actions agreed in relation to previous assurance statements. Accordingly, the Committee, receives twice yearly written updates on progress in implementing prior actions of the AAS and was satisfied (given the events of 2020 in particular and the positions taken by other stakeholders such as the Information Commissioner's Office) with the progress made. Where commitments remain outstanding, the Board - through the Committee - has confirmed the Company should commit, in so far as it is able, to implement those outstanding actions in the following reporting year.

The Gambling Act Review was launched in December 2020 and the Committee has been kept regularly informed as to what this may entail for the Company and how the Company is engaging with the review.

Safer gambling

Safer gambling continues to be a core part of our Group strategy underpinning the strategic goals set for our business divisions, as well as protecting our customers by helping them stay in control. The Committee received regular updates on safer gambling and related matters and the significant changes and improvements implemented throughout 2020 to encourage safer gambling, with new tools and technology, safer gambling campaigns and improvements to codes of conduct. The Committee has worked with management to ensure these changes have been combined with a strong focus on governance and culture that reinforces the commitment to safer gambling throughout the global organisation.

The Company has worked proactively with the Betting and Gaming Council (BGC) and other members, to raise standards and our participation has led to improved codes of conduct as well as a range of voluntary initiatives. The Company and the BGC continue to support the Safer Gambling Commitments introduced in November 2019. The Commitments are:

- preventing underage gambling and protecting young people;
- increasing support for treatment of gambling harm;
- strengthening and expanding codes of practice for advertising and marketing;
- protecting and empowering our customers; and
- creating a culture of safe gambling.

The Committee was provided with regular reports on the new corporate affairs framework and team which was put in place to focus on articulating messages relating to the activities being initiated to prevent gambling related harm. The new framework significantly strengthened the Company's processes and capabilities with regard to safer gambling at a time when the pace required to manage current issues escalated, particularly during the Covid-19 pandemic.

Information regarding key industry issues and developments is included in the Sustainability Report on pages 28-32.

KEY ROLE AND RESPONSIBILITIES

The Committee is primarily responsible for overseeing and ensuring regulatory compliance across the Group and reviewing the Sustainability strategy, including monitoring sustainability and Environment, Social and Governance risks as part of the Group's overall risk management framework.

Key activities during the year:

- Approved the Corporate Responsibility Committee Report for the Annual Report and Accounts 2019;
- Recommended to the Board for approval the 2019 Annual Assurance Statement for submission to the Gambling Commission and subsequently tracked progress against the commitments made in that submission;
- Reviewed developments within the regulatory landscape, including the UK House of Lords Report on harm from gambling, and discussed its potential impact on the Company;
- Monitored and tracked KPIs with regard to regulatory compliance and safer gambling;
- Received in-depth presentations on the Company's processes for customer due diligence, preventing money laundering and assessing player behaviour with regards to safer gambling;
- Monitored and tracked KPIs relating to employee engagement, welfare, health and safety and well being;
- Reviewed and recommended to the Board for approval the Group's 2020 Modern Slavery Act Transparency Statement;
- Reviewed and recommended to the Board the approval of an updated Environmental Policy; and
- Reviewed the Committee's terms of reference and, working with the Chair of the Audit and Risk Management Committee clarified the roles and responsibilities of each Committee in relation to regulatory risk management and escalation processes.

Climate change and the environment

We recognise that we have a part to play in minimising our environmental footprint and making a positive impact in the communities in which we operate. In comparison with other sectors, our impact on the environment is relatively low as our product is largely digital. We stated last year that our goal was to continue to reduce our carbon footprint globally, and I am pleased to report that in October 2020 we switched to 100% Renewable Energy Guarantees of Origin electricity in the UK, to significantly reduce our carbon footprint. This switch means we can report zero emissions for electricity under the Greenhouse Gas Protocol Standards Scope 2. However, the need to address not only our electricity consumption, but also waste management, water usage and travel, continues to be recognised. The Committee reviewed current and future actions in relation to the environment and, in January 2020 recommended an updated Environmental Policy to the Board, which was subsequently approved.

The Committee continues to review the Company's approach and disclosure practices in this area, including the application of the Task Force on Climate-Related Financial Disclosures framework.

To read more about the Company's approach to climate change and the environment, please refer to pages 38-39.

Workforce and stakeholder engagement

The Committee has a specific role to support the Board in identifying, monitoring and assessing the impact of the Company's engagement with its key stakeholder groups. Specifically in relation to workforce engagement, in 2020 the Committee reviewed methods of engagement and recommended a collective Non-Executive Director approach was taken when engaging with the workforce.

Unfortunately during the year, due to the Covid-19 pandemic, a number of face-to-face workforce engagement activities were scaled down or cancelled. As a result, the Company increased its engagement activities with employees, digitally and through social media, during this time, involving senior management at every opportunity. Regular reports were provided to the Committee detailing the engagement activities and a number of 'pulse' surveys were distributed during the year asking for feedback from employees on the Company's positioning. Feedback results and direct comments were provided to the Committee and the Board.

For further detail on the Board's engagement activities with key stakeholders, please refer to pages 16-17 within the Strategic Report and pages 64-65 within the Corporate Governance Report.

Employee well-being

The welfare of our employees remains a top priority and the Committee continued to receive updates throughout the year on progress against KPIs and trends in relation to William Hill employees. Whilst the Company has always implemented a strong integrated employee engagement and listening strategy, the Covid-19 pandemic required the Company to be more innovative in its approach.

Several initiatives were launched during 2020, recognising that well-being is an important enabler of achieving the William Hill strategy. These included:

- the introduction of a weekly mood report for the Executive Team using data from Peakon (the employee engagement tool provider). This provided clarity on how, in real time, our employees were feeling;
- the Big Conversation with over 50 virtual engagement sessions;
- introduction of Lockdown Learning series and Virtual Working sessions; and
- over 414 hours of well-being sessions hosted by members of the Executive Team.

Community and the William Hill Foundation

The William Hill Foundation Chair updated the Committee throughout the year on the Foundation activities including the continued focus on mental well-being and partnership with the Alzheimer's Society. The Foundation focuses its efforts on three principal areas: supporting colleagues, employability and mental well-being. A particular focus for 2020 was 'Women In Tech', developing an employability strategy with an emphasis on our employees based in Krakow. The approach will provide women with cyber security training and where possible, offering work experience and career opportunities within William Hill.

NOMINATION COMMITTEE REPORT

Roger Devlin, Committee Chair

MEMBERSHIP

- Roger Devlin (Chair)
- Mark Brooker
- Jane Hanson
- Robin Terrell
- Lynne Weedall
- Gordon Wilson

ATTENDANCE AT MEETINGS

All members of the Committee are independent Non-Executive Directors and the Committee is chaired by the Chairman of the Board. Biographies of all Committee members can be found on pages 55-57.

The General Counsel & Company Secretary acts as secretary to the Committee.

In order to ensure there are fully informed discussions, the CEO and the Chief HR Officer are invited to attend meetings as appropriate.

A copy of the terms of reference for the Committee can be obtained via the Company's website at www.williamhillplc.com or by request to the General Counsel & Company Secretary.

Attendance at Committee meetings during the year can be found on page 70.

Dear Shareholder,

On behalf of the Board, I am pleased to present the Report of the Nomination Committee for the 52 week financial period to 29 December 2020.

Appointment of a new Chief Financial Officer

The start of 2020 was a busy period for the Committee as it embarked upon a selection process for a new Chief Financial Officer (CFO) following the announcement of Ruth Prior's resignation on 13 January 2020. On 17 February 2020 we announced the proposed appointment of Adrian Marsh of DS Smith plc as the Company's new CFO. However, following the start of the Covid-19 pandemic, and its unprecedented circumstances, Adrian informed the Company on 26 March 2020 that he intended to remain as DS Smith's Group Finance Director.

The selection process for a new CFO was immediately recommenced and we were pleased to announce on 2 April 2020, that Matt Ashley would join the Company as CFO Designate on 2 April 2020 and was appointed as an Executive Director on 6 April 2020. Matt became the CFO on 15 May 2020 following the departure of Ruth Prior that day.

In considering both proposed appointments the Committee considered a list of potential candidates for the role of CFO and took into account the balance of skills, knowledge, independence, diversity and experience on the Board. Matt's proven track record of necessary skills and international experience are all relevant to the activities of the Board and the Group and provide a positive contribution to the Group's strategic objectives.

Further details on Matt's skills and experience can be found on page 55.

Inzito Partnership were engaged to assist in the recruitment of Matt Ashley. There is no related party connection with Inzito Partnership and the assignment was undertaken on an arms length basis.

On joining the Board, new Directors undergo a tailored induction and familiarisation programme implemented by the General Counsel & Company Secretary with input from the Chairman and CEO. Whilst Matt's opportunities for face-to-face visits with colleagues and locations, within the UK and overseas, were restricted at times, as a result of the Covid-19 pandemic, nevertheless a programme of virtual events and visits to the Company's offices in Leeds and London, along with visits to retail operations when they were open was undertaken. This ensured Matt was up to speed with all key matters in a very short period of time. See page 84 for more information on induction activities.

KEY ROLE AND RESPONSIBILITIES

The role of the Committee is to ensure that the Company is headed by an effective and entrepreneurial board, whose role is to promote the long-term success of the Company, generating value for shareholders and contributing to wider society.

Key responsibilities include:

- To make recommendations to the Board for the appointment, reappointment or replacement of Directors;
- To devise and consider succession planning arrangements for Directors and, as appropriate, members of the Executive Team to promote a diverse pipeline for succession, taking account of diversity of gender, social and ethnic backgrounds, cognitive and personal strengths;
- To regularly review the structure, skills, size, composition and balance of the Board and recommend any proposed changes to ensure there is an appropriate combination of Executive and Non-Executive Directors; and
- To consider other significant commitments of prospective appointees.

Key activities during the year:

- Prepared specifications of the roles and capabilities required for the recruitment of the new CFO;
- Recommended to the Board the appointment of the new CFO;
- Reviewed the new appointments of the Chief Operating Officer and the Group Risk Officer;
- Discussed and agreed an action plan resulting from the 2019 external board evaluation;
- Reviewed all new external appointments for the current Non-Executive Directors and assessed whether any of the appointments were significant or caused any conflicts;
- Reviewed the Committee's terms of reference and confirmed that they had been adhered to; and
- Reviewed the Company's Conflicts of Interest Register.

Succession planning

The Committee continues to take an active interest in the quality and development of talent and capabilities and there is a formal, rigorous and transparent procedure for the appointment of new directors to the Board and an effective succession plan is maintained for the Board and the Executive Team.

In terms of succession planning at the Executive Team level the Committee considered two important announcements during the year. On 2 April 2020 we announced the appointment of Stephen Parry as Chief Operating Officer. Stephen joined the Group on 28 September 2020 from Flutter with a first class track record of driving digital change, operational focus and customer experience in senior roles at Vodafone and Flutter.

Later in the year a new role of Group Risk Officer was created, following a change to the structure of the Group's Assurance function, and the Committee was pleased that an internal appointment was made. The appointment was based upon ensuring a well-rounded level of experience, particularly in the areas of compliance and regulation, and demonstrated the value of the succession planning that had been undertaken within the Group.

Board Committee composition

Given the detailed review of Committees which took place in 2019 and the subsequent changes and appointments no further review was carried out during 2020.

Board diversity

As well as considering diversity from a range of different aspects, including age, disability, ethnicity, education, social background and gender the Committee also looks to ensure that the Board has a diverse range of experience by way of expertise, business sector background and length of tenure on the Board. Our Non-Executive Directors demonstrate expertise from digital, tech, customer, retail, compliance, regulation and transformation, as well as the sports betting and gaming sector. We recognise the benefits that diverse viewpoints and backgrounds can bring to decision-making.

The Board is committed to diversity both in the Boardroom and throughout William Hill and have already made great progress on gender diversity since 2017. For example, we have achieved one of our initial targets of reaching 30% of women in our senior leadership and we believe an inclusive and diverse culture is a critical part of William Hill's success. As at 29 December 2020 and at the date of this report, female representation on the Board was at 25% (2019: 37.5%), and at 30% (2019: 29%) for William Hill's senior leadership. Our diversity ambition is now encapsulated within our Belong strategy and further details can be found on pages 34-35.

DIRECTOR INDUCTION PROGRAMME

Matt Ashley undertook a tailored induction and familiarisation programme, suited to the needs of the individual and implemented by the General Counsel & Company Secretary, with input from the Chairman and CEO.

An outline of the induction process is set out below.

- Introduction to the Executive Team with follow-on deep dive sessions as required to further develop understanding of key areas;
- Briefing sessions on the financial structure of the organisation, key financial metrics, principal risks and the Company's internal control framework;
- Recent Board and Committee meetings considerations;
- Stakeholder perceptions and key issues raised by, for example, investors, regulators and industry groups were explained by the investor relations, sustainability and corporate affairs teams;
- Introductions to the Company's external advisers;
- Provided with details of the Directors and Officers Insurance;
- Discussions and presentations were provided on Corporate Governance including;
  - directors duties (including s172)
  - Share Dealing, Insider Dealing and Market Abuse Regulations
  - other obligations
  - board performance and training
- Schedule of the Matters Reserved for the Board was provided; and
- Details of where corporate information, corporate support and other resources could be attained as necessary.

I am particularly pleased to report that we made significant progress in the *Financial Times* Diversity Leaders Survey in 2020 rising from 282nd in 2019 to 150th out of 850 in 2020 with a score of 7.39. We were the first of only two betting and gaming companies to make the list.

External Board evaluation

We conducted an external Board evaluation in 2019 and following a review of the outcome of that evaluation in May 2020 an action plan was put together to address the improvements that were suggested. Further details can be found on page 71.

In light of the events during 2020 and their impact on normal Board operations and also following approval by the Company's shareholders of the offer by Caesars Entertainment, Inc. on 19 November 2020 the Board concluded that a further evaluation was neither necessary nor appropriate at this time. Should the offer not complete as anticipated then an internal evaluation of the Board will be undertaken in 2021.

Re-election of Directors

The effectiveness and commitment of each of the Non-Executive Directors is reviewed by the Committee annually. The Committee has satisfied itself as to the individual skills, relevant experience, contributions and time commitment of all the Non-Executive Directors, taking into account their other offices and interests held. As detailed on page 69, the Board is recommending the re-election to office of all Directors at the 2021 AGM.

DIRECTORS' REMUNERATION REPORT

Lynne Weedall, Committee Chair

MEMBERSHIP

- Lynne Weedall
- Mark Brooker
- Robin Terrell

ATTENDANCE AT MEETINGS

The Company Secretary acts as secretary to the Committee. All members of the Committee are independent Non-Executive Directors. Biographies of all Committee members can be found on pages 55-57.

In order to ensure there are fully informed discussions, the Chairman of the Board, CEO, CFO, Chief HR Officer, Group Reward Director and FIT Remuneration Consultants are invited to attend meetings as appropriate.

A copy of the terms of reference for the Committee can be obtained via the website at www.williamhillplc.com or by request to the Company Secretary.

Attendance at Committee meetings during the year can be found on page 70.

Dear Shareholder,

On behalf of the Remuneration Committee, I am pleased to present the Directors' Remuneration Report for the financial period which ended on 29 December 2020. The report is split into two sections:

- this Annual Statement summarising the work of the Committee, our approach to remuneration and communication with shareholders, providing an 'at a glance' summary of Executive Director remuneration, detailing the operation of the Committee in the year and showing the wider context of remuneration; and
- the Annual Report on Remuneration, which sets out the remuneration arrangements and incentive outcomes for the year under review and how the Committee intends to implement our Policy in 2021.

The Directors' Remuneration Policy was approved at our 2020 Annual General Meeting (AGM) by over 93% of our shareholders voting, and we thank our shareholders for this continued support. A full version of the Directors' Remuneration Policy can be found within our 2019 Annual Report which is available at www.williamhillplc.com/investors-centre.

The Directors' Remuneration Report will be subject to the normal annual advisory shareholder vote at the 2021 AGM.

Our actions in 2020

Our actions as a Committee in 2020 reflected three main contexts.

Firstly, following the onset of the Covid-19 pandemic in March 2020, the Committee supported the actions taken by our Board in relation to senior executive pay for 2020. These actions were considered appropriate to align to the experience and perspective of our shareholders and other stakeholders, including our employees. The actions taken were:

- the cancellation of 2020 salary increases;
- the 2020 annual bonus scheme was withdrawn for Executives and senior management in March (plus no performance bonuses were paid across the Group by the end of the year); and
- 2020 Performance Share Plan (PSP) awards were cancelled.

These actions remained in place throughout 2020, and in addition the Committee supported the steps taken by the Company to ensure that all of our UK Retail colleagues placed on furlough during any part of 2020 should have their payments topped up to normal salary levels. As noted earlier in the report, in July 2020 the Company announced it would repay to the Government the £24.5m of furlough monies received for the period April to June 2020. In addition, the Company chose not to claim furlough monies totalling c.£5.1m in the latter part of 2020.

Secondly, our Committee took actions to apply our Directors' Remuneration Policy appropriately and in shareholders' best interests in the context of the offer for the Company by Caesars Entertainment, Inc. (Caesars) which was approved by our shareholders on 19 November 2020. These treatments are detailed in the Cooperation Agreement for the transaction which is available to view at www.williamhillplc.com/investors-centre. All incentive plan outcomes for executives in the context of the transaction will be appropriately assessed against the relevant performance conditions prior to completion of the transaction. In the process with Caesars we were also supportive of the treatments secured by management to protect the interests of employees, including the preservation of all terms and conditions until the end of 2022, and beneficial terms to compensate participating employees for the closing of our Sharesave schemes following deal completion.

Thirdly, on 6 April 2020, we were pleased to appoint Matt Ashley as our new CFO. Details of the remuneration arrangements for Matt were disclosed at the time of his appointment and are further set out in the Directors' Remuneration Report.

In terms of incentive pay outcomes for the year:

- as noted earlier, the 2020 annual bonus scheme was withdrawn for Executives and senior management; and
- the PSP awards granted in 2018 were based on a three-year performance period to 31 December 2020. Details of the vesting levels for these awards are disclosed in the Directors' Remuneration Report.

Use of discretion during 2020

The Committee did not exercise any discretion in respect of remuneration outcomes during the year other than the use of negative discretion as applied in Q1 2019 for the purposes of FY2019 outcomes, and as described in our DRR for FY2019.

Implementing the Remuneration Policy for 2021

A summary of the approach to the implementation of the Remuneration Policy from 1 January 2021 is as follows:

- No changes will be made to base salary levels from 1 January 2021;
- The CEO and CFO will continue to receive a pension allowance of 5% of salary, and no changes will be made to benefit provision;
- Given the commitment previously made to reduce the normal bonus potential by 25% of salary for 2019, 2020 and 2021, annual bonus potential for the CEO will continue to be set at 150% of salary and that for the CFO will be 125% of salary. Performance metrics and weightings for the year are proposed as 40% Group operating profit, 20% Group net revenue, 20% Group cash flow and 20% personal objectives. This matrix is seen as appropriate to promote a 'whole-Group' focus during a year in which Covid-19 can be expected to continue impacting our business; and
- The Committee's intention is that no PSP award will be made for 2021, given the anticipated completion of the transaction with Caesars in 2021.

Concluding thoughts

As William Hill continues to execute its strategy, the Committee is satisfied that the Remuneration Policy remains appropriate and that our management team is aptly incentivised and retained. That said, the Committee welcomes all input on remuneration, and if you have any comments or questions on any element of the report, please email us care of Ed Airey, Group Employee Experience Director, at eairey@williamhill.co.uk.

Finally, I would like to thank our shareholders, and I hope we can continue to rely on their support at our 2021 AGM.

Lynne Weedall
Chair, Remuneration Committee

ACTIVITIES OF THE COMMITTEE DURING 2020

A summary of the main Committee activities during 2020 is set out below:

January 2020

- Initial review of 2019 bonus outcomes, including use of negative discretion (as set out in 2019 Annual Report)
- Presentation of 2020 annual bonus design
- Update on consultation with shareholders regarding renewal of the Directors' Remuneration Policy at the 2020 AGM

February 2020

- 2019 bonus outcomes confirmed, including use of negative discretion (as set out in 2019 Annual Report)
- Approval of vesting of the 2016 and 2017 PSP awards
- Approval of 2020 annual bonus design
- Review of 2019 CEO pay ratio
- Approval of Group Executive personal objectives
- Approval of 2019 Directors' Remuneration Report (DRR)
- Approval of plan for granting the 2020 PSP awards

May 2020

- Review of 2020 AGM investor feedback
- Market update on 2020 reporting season and the impacts of Covid-19 on UK pay practices

August 2020

- Further market practice update on impact of Covid-19 on UK pay practices
- Incentives update at half-year
- Update on US LTIP progress
- Approval of operation of all-colleague share schemes in 2020

September 2020 (2 meetings)

- Consider impacts on remuneration of the potential offer for the Company by Caesars

November 2020

- Update on matters connected with the Caesars offer

December 2020

- Incentives update on in-flight awards (including US business valuation metrics)
- Proposed approach to 2021 bonus/PSP
- Review of preparation steps for the 2020 DRR

In addition, the Committee has ensured that our Policy and practices on remuneration are consistent with the six factors set out in Provision 40 of the 2018 UK Corporate Governance Code:

Clarity – Our Policy is well understood by our senior executive team and has been clearly articulated to shareholders and representative bodies (both an on ongoing basis and during consultation when changes are made).

Simplicity – The Committee is mindful of the need to avoid overly complex remuneration structures which can be misunderstood and deliver unintended outcomes. Therefore, a key objective of the Committee is to ensure that our executive remuneration policies and practices are straightforward to communicate and operate.

Risk – Our Policy has been designed to ensure that inappropriate risk-taking is discouraged and will not be rewarded via: (i) the balanced use of both short and long-term incentives which employ a blend of financial, non-financial and shareholder return targets; (ii) the significant role played by equity in our incentive plans (together with in-employment and post-cessation shareholding guidelines); and (iii) malus/clawback provisions.

Predictability – Our incentive plans are subject to individual caps, and our share plans are also subject to market standard dilution limits.

Proportionality – There is a clear link between individual awards, delivery of strategy and our long-term performance. In addition, the significant role played by incentive/'at-risk' pay, together with the structure of the Executive Directors' service contracts, ensures that poor performance is not rewarded.

Alignment to culture – Our executive pay policies are fully aligned to William Hill's culture through the use of metrics in both the annual bonus and PSP that measure how we perform against our KPIs, including employee Net Promoter Score, customer Net Promoter Score and compliance-related targets.

Advice to the Committee

During 2020, the Committee consulted the CEO, CFO and Chief HR Officer about remuneration items relating to individuals other than themselves. The Company Secretary also provided corporate governance guidance support to the Committee.

Colleagues are not specifically consulted on executive remuneration, but all colleagues are invited to take part in our annual 'Your Say' survey, and the Board regularly reviews engagement data and is particularly aware of any trends, comments and concerns around pay. In addition, the Colleague Forum gives colleagues the opportunity to ask questions of senior management via elected representatives.

The Committee received external advice from FIT Remuneration Consultants LLP (FIT) during 2020 in respect of the implementation of the Policy. FIT is a member of the Remuneration Consultants Group and is a signatories to its Code of Conduct; it provided no other services to the Company. Fees paid to FIT for advice provided to the Committee in the year amounted to £98,668 (ex VAT).

DIRECTORS' REMUNERATION REPORT CONTINUED

AT A GLANCE

Executive Director remuneration for 2020

Single total figure of remuneration

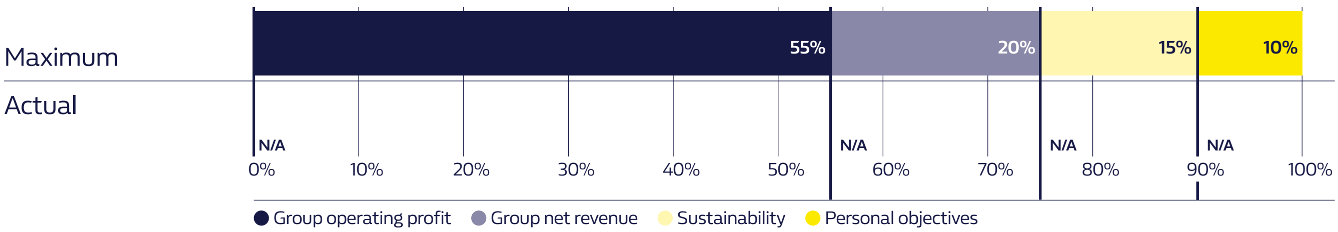
The following table provides a summary single total figure of remuneration for 2020. Further details are set out in the Annual Report on Remuneration.

Name of Director	Base salary £	Taxable benefits £	BIK from performance of duties £	Annual bonus £	Pension £	PSP £	Additional awards £	Total £
Ulrik Bengtsson	600,000	12,317	–	–	30,000	157,015	–	799,332
Matt Ashley[1]	332,771	9,190	–	–	16,504	–	387,613	746,078

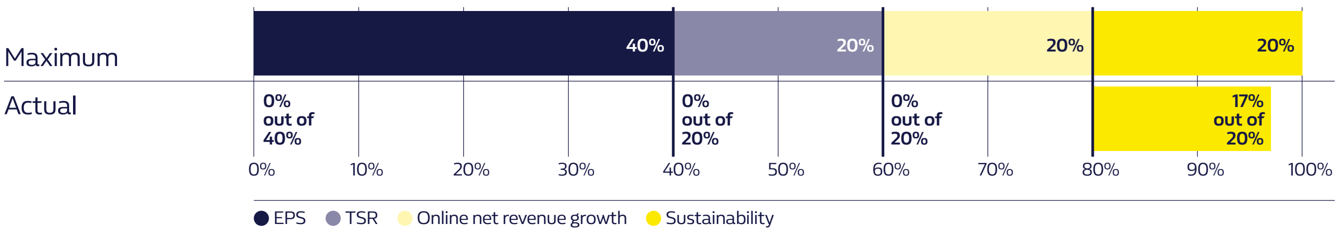
1. Appointed as CFO-designate from 6 April 2020 and became CFO on 15 May. Ruth Prior was CFO until 15 May 2020 and for that part of the year received base pay, pension contributions and benefits only.

How our Executive Directors will be paid in 2021

2020 annual bonus (actual versus maximum)



2018 PSP award (three-year performance period to 31 December 2020)



Policy implementation for 2021

A summary of how the Committee intends to operate the Remuneration Policy for 2021 is as follows:

Component	Ulrik Bengtsson	Matt Ashley
Base salary	£600,000	£450,000
Pension allowance (% of salary)	5%	5%
Annual bonus maximum (% of salary)	150%[1]	125%[1]
PSP (% of salary)	n/a	n/a
Shareholding guidelines (% of salary)	200%	200%

1. Reduced from the normal levels of 175% of salary and 150% of salary respectively for 2019, 2020 and 2021.

Remuneration in context

Wider pay environment

William Hill is committed to offering an attractive reward package for colleagues and to aligning pay and incentives across the Company. As explained in the Committee Chair's letter, no salary increases were awarded to any member of the Executive Team or to colleagues across the Group. However:

1. we ensured that those entitled to increases in line with changes to the National Living Wage (NLW) received those increases; and

2. we ensured that all UK Retail colleagues placed on furlough in 2020 had their payments topped up to 100% of normal salary levels.

We also ensured that amounts earned for 2019 under the quarterly bonus plan that applies to over 7,500 shop colleagues in the UK, and which rewarded customer engagement and the day-to-day delivery of regulatory requirements, were paid to colleagues in March 2020. Our Retail colleagues also received an additional 'thank-you' payment in February 2020, in recognition of the challenges they had faced through 2019 through the shop closure programme.

For colleagues eligible for bonus payments under the annual bonus scheme, we were also able to ensure that bonus amounts in respect of the 2019 performance year were paid in March 2020, despite the impact of the Covid-19 pandemic. Unfortunately, as part of our immediate response to the pandemic we took decisive action to withdraw all salary increases scheduled for 1 April 2020. This approach was implemented at all levels of the organisation, with the exception of Retail colleagues where pay was increased to reflect new NLW rates, as noted above. We were also able to continue with our commitment to paying the over-25 NLW rate to all colleagues, irrespective of age.

As noted in the Committee Chair's letter, as part of the Caesars transaction treatments were secured by management to protect the interests of employees, including the preservation of all terms and conditions until the end of 2022 and beneficial terms to compensate participating employees for the closing of our Sharesave schemes from the date of completion of the transaction.

Wellbeing

Alongside the action taken to protect the Group from the financial impact of the pandemic, and the positive actions taken for colleagues in relation to the Caesars transaction, we also recognised the importance of ensuring that colleagues' wellbeing was not adversely affected by the pandemic, having made strong and externally recognised progress on wellbeing in recent years. For the majority of our office-based colleagues, 2020 was the first time they had worked from home for an extended period, and our shop colleagues in the UK spent significant parts of 2020 unable to work at all. Clearly this sudden change to colleagues' lives could have a material impact. In early April we ran a Wellbeing Week, with five days of activity designed to signpost the support available for colleagues and reassure them that this would stay in place for the duration of the pandemic. This was followed in May by a month of activity, which combined light-hearted social events with a more serious approach to the science behind wellbeing. The reaction from colleagues was overwhelmingly positive. This was then supplemented by a 'Winter Wellbeing' campaign later in the year, highlights of which were a series of podcasts with external guests and the donation of monies traditionally allocated to Christmas parties to local foodbanks across the globe.

We also saw strong engagement with our support tools, with record numbers of colleagues registering and using Unmind, our mental health and wellbeing app, during April and May. This momentum continued through 2020 and in November we won the Corporate Wellbeing & Health award at the Industry Community Awards (part of the International Gaming Awards) which reflected the strength of our response to a difficult year.

As 2020 progressed it became clear that what were initially expected to be temporary changes to our ways or working would actually be in place for some time. As a result, we engaged all colleagues in 'The Big Conversation', the results of which led us to our Balance, Build and Belong priorities, all of which are crucial parts of our employment offering to colleagues globally.

Balance

Balance, which is centred around trust and empowers all colleagues and roles to work flexibly in a way that gives them the greatest chance of balancing their work and personal lives, was launched to the whole organisation in September 2020. By way of example, this means our non-shop staff are able to work up to 80% of their time away from the office in a way to suit them, even once the pandemic is over. For our shop staff, we have also implemented significant extra flexibility over and above what was already provided. However, Balance is more than just a policy. We have implemented a global digital solution to support workspace allocations and we rolled out a 'Balanced Leadership' learning programme to all of our senior management. In 2021, we have followed this with roll-out to our wider People Leader population of 974 colleagues.

Build

We are determined to ensure colleagues can progress in their careers and are also given the opportunity for personal growth, both in terms of wellbeing and Balance, but also in terms of opportunities to give back through volunteering and community programmes.

In addition to our comprehensive range of mandatory training, our focus is to provide a segmented approach to development for all layers of leadership, specialist skills development and career path frameworks. As part of this we have launched an 'Internals First' initiative to identify talent and develop our own people to fill key roles in our business. In addition to this, we are rolling out training and development programmes to all colleagues around Inclusion and Diversity ('I&D') to support our Belong ambitions, in addition to a series of demand-based and bespoke offerings to our individual business areas.

Belong

We also recognised the need to build on the positive progress made on I&D in recent years and broaden our focus to better include the whole spectrum of our colleagues' individual characteristics and experiences. This idea means so many different things to different people, and articulating a goal or vision focused on diversity could lead us to over-generalise, or risk some colleagues feeling excluded by a narrow definition of the word. For this reason, we wanted to focus on the idea of inclusion and on creating an environment where colleagues feel represented and respected for who they are across all levels of the business. Our mission was to achieve a cultural shift to ensure that William Hill truly embodies the Company's 'on the same side' value.

In June, Satty Bhens became the Executive sponsor for I&D at William Hill, drawing on his wealth of experience as a diversity leader at McKinsey. We also created the Same Side Forum, a group of 25 colleagues who will act as an advisory board and meet regularly with Satty to help drive the I&D agenda forward. We also recognised the importance of creating an I&D identity to allow us to articulate what our ambitions are and what I&D means to William Hill, internally and externally. Working with the Same Side Forum we created BELONG which gives us an identity and brand, a statement and narrative to summarise our ambition, and four areas of focus (pillars) to articulate how we will achieve this ambition.

It became clear early on that we would not be able to implement an effective I&D strategy without the data to measure where we are and understand where we want to be. In Q3 we therefore embarked on the first ever William Hill Census – a short, confidential and anonymous survey focused on understanding more about colleagues and collecting an unprecedented amount of demographic information – from identity to cultural, social and economic background. In addition to the Census, we also expanded the YourSay question set to get a better understanding of colleagues' feelings about our Belong ambition. We will be working with the Same Side Forum to analyse and interpret the results to help shape our agenda in 2021 and beyond.

As a result, and although much progress remains to be made, we were delighted to learn that the *Financial Times* ranked William Hill at number 150 in its second annual Diversity Leaders ranking.

As part of our ongoing commitment to I&D, we have again reported on William Hill's UK gender pay gap, details of which can be found on our website. We are pleased that positive progress has again been made. The number of colleagues who agree or strongly agree that William Hill treats all employees fairly, irrespective of gender, age, race, disability, religion or sexual orientation has increased from 75% to 81% (with a further 9% neutral). However, the proportion of women within our senior management population has reduced slightly from 29% to 26%. The gender pay data represents a snapshot on a set date (i.e. 5 April 2020 this year) and this figure has increased since then, in addition to 30% female representation being maintained across our senior leadership population made up of all direct reports to the Executive Team plus c40 other key roles.

Although our mean pay gap has increased from 14.7% to 17.3%, our shop closure programme in 2019 had a significant impact on the make-up of our Retail population. By way of illustration, had the same gender split been maintained post the closure programme, the pay gap would have improved from 14.7% to 13.5%. The analysis has again confirmed that men and women are paid equally for equivalent work across the organisation, with the gender pay gap arising through proportionately fewer women in senior management, addressing which remains a key focus of our Belong ambitions (see above). The Company is committed to all forms of pay equality, and our disclosure outlines the steps the Company is taking to eliminate any disparity in pay and opportunity.

CEO pay ratio

The table below shows how the CEO's single-figure remuneration for 2020 compares to equivalent single-figure remuneration for full-time-equivalent UK employees, on a Group basis, ranked at the 25th, 50th and 75th percentile.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2020	Option B	47:1	42:1	38:1
2019	Option B	110:1	93:1	85:1

No components of pay and benefits have been omitted for the purpose of the above calculations. Option B was selected given that this method of calculation was considered to be the most efficient and robust approach in respect of gathering the required data for 2019, and the salaried employee data is considered representative of the relevant quartiles.

	Salary			Total pay and benefits		
Year	25th %tile	Median	75th %tile	25th %tile	Median	75th %tile
2020	£16,035	£18,002	£19,782	£17,162	£19,216	£21,075

Change in remuneration of the Directors compared to average employee levels

The percentage change in the remuneration of Directors compared to the percentage change in average remuneration levels for all full-time salaried colleagues across the Retail, Online and Group areas of the UK business that were employed throughout 2019 and 2020 is as follows:

			Additional statutory information						
	Chief Executive Officer	All other employees	Chief Financial Officer	Chairman	Mark Brooker (Senior Independent Director)	Jane Hanson (Non-Executive Director)	Robin Terrell (Non-Executive Director)	Lynne Weedall (Non-Executive Director)	Gordon Wilson (Non-Executive Director)
Salary	0%	-0.1%	5.9%	0%	0%	0%	0%	0%	0%
Taxable benefits	-58.5%	15.1%	43.7%	n/a	n/a	n/a	n/a	n/a	n/a
Annual bonus	-100%	-100%	-100%	n/a	n/a	n/a	n/a	n/a	n/a

ANNUAL REPORT ON REMUNERATION

This section details the remuneration of the Executive and Non-Executive Directors (including the Chairman) for the period ended 29 December 2020. This report, and the Chair's Annual Statement, will be subject to an advisory vote at the 2021 AGM.

Implementation of Remuneration Policy in 2021

Base salaries

The current base salaries for the CEO and CFO as at 1 January 2021 are as follows:

	2021	2020	% increase
Ulrik Bengtsson	£600,000	£600,000	–
Matt Ashley[1]	£450,000	£450,000	–

1. Appointed as CFO from 6 April 2020.

Chairman and Non-Executive Directors' fees

Chairman and Non-Executive Director fees will remain unchanged for 2021:

	2021	2020	% increase
Chairman	£295,000	£295,000	–
Base Non-Executive fee	£55,000	£55,000	–
Senior Independent Director fee	£15,000	£15,000	–
Committee Chair (Audit and Risk; Remuneration; and Corporate Responsibility) fee	£18,000	£18,000	–

Benefits and pension

Ulrik Bengtsson and Matt Ashley will each continue to receive a pension allowance of 5% of salary. Any expenses relating to the performance of a Director's duties in carrying out business-related activities, such as travel to and from Company meetings, related accommodation, attendance at Company award ceremonies and attendance at sporting events, will be settled by the Company. In cases where such expenses have been classified as taxable benefits by HMRC, any related personal tax due will also be settled by the Company to ensure that the Director is not out of pocket.

2021 annual bonus

Annual bonus potential for 2021 for the CEO and CFO will be set at 150% of salary and 125% of salary respectively. 10% of the maximum will be payable at threshold performance and 50% of the maximum will be payable for target performance.

40% of bonus potential will be based on Group operating profit targets, 20% will be based on Group net revenue targets, 20% will be based on Group cash flow and 20% will be based on personal objectives set by the Chairman and agreed by the Committee.

Details of the actual targets for 2021 have not been disclosed on the grounds of commercial sensitivity.

2021 PSP awards

It is not currently intended to grant PSP awards in 2021.

Matt Ashley

As announced on 2 April 2020, Matt Ashley was appointed to the Board as an Executive Director from 6 April 2020. Details of his remuneration arrangements are as follows:

Base salary:	£450,000
Pension:	5% of salary
Annual bonus:	125% of salary (pro-rated in the year of joining)
PSP:	175% of salary (pro-rated to 75% of salary in the year of joining)
Shareholding guidelines:	200% of salary
Other:	In addition, Matt was compensated for share awards which he forfeited upon resignation on a like-for-like basis (i.e. vesting periods, dividend equivalents and holding periods where applicable): – Matt received a cash payment of £387,613 in April 2020 in respect of a forfeited National Express (NE) award that was due to vest at that time. On 23 April 2020, Matt acquired 220,802 ordinary shares, at an average price of £0.9255, in the Company using the after-tax proceeds from this payment; – 47,543 ordinary shares in William Hill PLC (WH Ordinary Shares) in relation to a deferred bonus award made by NE to Matt on 9 March 2020 which is due to vest on 9 March 2021; – 251,576 WH Ordinary Shares in relation to NE LTIP awards originally granted to Matt on 3 April 2018. This Compensatory Award was granted under the Company's PSP and is due to vest on 3 April 2021 with vesting being determined by the Company in line with the original NE LTIP performance metrics applicable to 2018 NE LTIP awards. Any shares vested will be subject to the normal two-year holding period for William Hill LTIPs and the Company's Executive Director shareholding guidelines; and – 113,534 WH Ordinary Shares in relation to NE awards originally granted to Matt on 15 April 2019. This Compensatory Award was granted under the Company's PSP and is due to vest on 15 April 2022 with vesting being determined by the Company in line with the original NE LTIP performance metrics applicable to 2019 NE LTIP awards. Any shares vested will be subject to the normal two-year holding period for William Hill LTIPs and the Company's Executive Director shareholding guidelines.

Remuneration paid in respect of 2020

Audited information

Single total figure of remuneration for each Director

Name	Year	Fees/basic salary £	Benefits in Kind (BIK)[1] £	BIK from performance of duties[2] £	Annual bonus (Cash Award)[3] £	Annual bonus (Deferred Shares)[3 & 4] £	Pension £	PSP[5] £	Additional awards £	Total £	Total fixed remuneration £	Total variable remuneration £
Executive Directors												
Ulrik Bengtsson	**2020**	**600,000**	**12,317**	**–**	**–**	**–**	**30,000**	**157,015**	**–**	**799,332**	**642,317**	**157,015**
(from 5 Sep 2019)	2019	193,973	4,050	800	126,089	126,089	9,699	–	–	460,700	208,521	252,178
Matt Ashley	**2020**	**332,771**	**9,190**	**–**	**–**	**–**	**16,504**	**–**	**387,613**	**746,078**	**358,465**	**387,613**
(from 6 April 2020)	2019	–	–	–	–	–	–	–	–	–	–	–
Ruth Prior	**2020**	**159,585**	**5,640**	**–**	**–**	**–**	**30,082**	**–**	**–**	**195,307**	**195,307**	**0**
(to 15 May 2020)	2019	425,000	9,735	959	–	–	85,000	–	–	520,694	520,694	0
Non-Executive Directors												
Roger Devlin	**2020**	**295,000**	**–**	**2,000**	**–**	**–**	**–**	**–**	**–**	**297,000**	**297,000**	**0**
	2019	295,000	–	2,959	–	–	–	–	–	297,959	297,959	0
Mark Brooker	**2020**	**88,000**	**–**	**0**	**–**	**–**	**–**	**–**	**–**	**88,000**	**88,000**	**0**
	2019	88,000	–	–	–	–	–	–	–	88,000	88,000	0
Robin Terrell	**2020**	**73,000**	**–**	**0**	**–**	**–**	**–**	**–**	**–**	**73,000**	**73,000**	**0**
	2019	69,942	–	1,500	–	–	–	–	–	71,442	71,442	0
Gordon Wilson	**2020**	**55,000**	**–**	**0**	**–**	**–**	**–**	**–**	**–**	**55,000**	**55,000**	**0**
(from 2 Jan 2019)	2019	55,000	–	–	–	–	–	–	–	55,000	55,000	0
Jane Hanson	**2020**	**55,000**	**–**	**0**	**–**	**–**	**–**	**–**	**–**	**55,000**	**55,000**	**0**
(from 1 July 2019)	2019	27,500	–	–	–	–	–	–	–	27,500	27,500	0
Lynne Weedall	**2020**	**73,000**	**–**	**0**	**–**	**–**	**–**	**–**	**–**	**73,000**	**73,000**	**0**
(from 1 July 2019)	2019	31,609	–	–	–	–	–	–	–	31,609	31,609	0
Former Directors												
Philip Bowcock	**2020**	**–**	**–**	**–**	**–**	**–**	**–**	**–**		**–**		
(to 30 Sep 2019)	2019	450,000	26,550	10,959	289,141	289,141	90,000	269,945		1,425,735	577,509	848,244
Georgina Harvey	**2020**	**–**	**–**	**–**	**–**	**–**	**–**	**–**		**–**		
(to 31 Dec 2019)	2019	68,956	–	3,459	–	–	–	–		72,415		
David Lowden	**2020**	**–**	**–**	**–**	**–**	**–**	**–**	**–**		**–**		
(to 4 March 2019)	2019	12,726	–	–	–	–	–	–		12,726		

1. Benefits in Kind for Ulrik Bengtsson, Matt Ashley, and Ruth Prior comprised of private healthcare, life assurance, income protection and a company car allowance.
2. Certain expenses relating to the performance of duties (not included in the Benefits in Kind column above) in carrying out activities, such as travel to and from Company meetings, related accommodation, attendance at Company award ceremonies and attendance at sporting events are classified as taxable benefits by HMRC. In such cases, the Company will ensure that the Director is not out of pocket by settling the related tax via a PAYE Settlement Agreement (PSA) with HMRC. In line with current regulations, these taxable benefits have been disclosed and are shown in the BIK from performance of duties column. The figures shown include the cost of the taxable benefit plus the related tax and National Insurance charge.
3. In respect of the annual bonus awards for 2020 (see page 94 for details of the targets and performance against the targets), these were withdrawn for senior management as announced on 8 April 2020.
4. When fifty per cent (50%) of Ulrik Bengsston's 2019 bonus was awarded to him in the form of a deferred share award that will vest two years after the award date, that award was calculated using a share price of 150p (the three-day average share price following the publication of the 2019 results), rather than using the prevailing share price at that time of the award (128p).
5. The impact of share price movements on the vesting of the 2018 PSP awards (three-year performance period) granted to Ulrik Bengtsson, based on the average three-month share price to 31 December 2020 (272.8p) and ignoring dividend equivalents, as compared to the face value of awards at grant, is as follows:

Face value of awards expected to vest (309,405 shares x 17.0% x 282.8p)	£148,747
Value of awards vesting excluding dividend equivalents (309,405 shares x 17.0% vesting x 272.2p)	£143,156
Impact of share price movements on vesting values	(£5,591)

Remuneration arrangements for former Directors

As announced on 13 January 2020, Ruth Prior resigned from the Board. She did not receive any severance payment when she left the Company. In 2020, Ruth received only her base salary, benefit and pension provision during her notice period until ceasing to be an Executive Director at the AGM on 15 May 2020. Ruth did not receive any bonus for 2019 or for the portion of 2020 for which she was employed by William Hill, and Ruth's unvested PSP and deferred annual bonus awards lapsed as a result of resignation.

As noted in the 2019 Directors' Remuneration Report, Philip Bowcock retained his 2018 PSP award on a time-pro-rated basis. This will vest following the determination of the relevant conditions for this award with 52,912 shares due for vesting. These shares remain subject to a two-year holding period.

2020 annual bonus awards

Although the 2020 annual bonus was suspended, we have disclosed below details of the financial targets set for the year:

Adjusted operating profit targets (55%)

Performance	2020 adjusted operating profit targets	% of this part of the bonus payable	2020 actual adjusted operating profit	Percentage of maximum bonus payable (max 100%)
Threshold	£134.8m	10%		
Target	£141.9m	50%	n/a	n/a
Maximum	£156.1m	100%		

Group net revenue targets (20%)

Performance	2020 net revenue targets	% of this part of the bonus payable	2020 actual net revenue	Percentage of maximum bonus payable (max 100%)
Threshold	£1,545.9m	10%		
Target	£1,627.3m	50%	n/a	n/a
Maximum	£1,708.7m	100%		

Sustainability (15%)

The sustainability element of the 2020 annual bonus was split into three equally weighted parts and overall performance would have resulted in a payout of 14.2% out of 15%:

1. Employee Net Promoter Score improved by +25 points and would have resulted in maximum performance of 5% out of 5%.
2. Customer Net Promoter Score progress was measured by reference to a blend of the progress against objectives set for UK Retail, UK Online and Mr Green. Strong progress was recorded against all three, with Retail performing above maximum, UK Online slightly above target and International Online above maximum. Crucially all three also showed positive upward momentum towards the end of 2020. In total, this resulted in performance of 4.2% out of 5%.
3. Compliance progress objectives were set in relation to improving tools, procedures and processes and, in particular, achieving high levels of mandatory training completion across all areas and levels of the Group. Overall performance was 5% out of 5%.

Vesting of share awards

2018 PSP awards

Grants under the PSP in 2018, based on a three-year performance period to 31 December 2020, are due to vest in 2021 as follows:

Measure	Threshold vesting	Maximum vesting	Outcome	Vesting (% of maximum)
Relative total shareholder return (TSR) (20%)	Median TSR of peer group[1]: (25% of maximum)	Median TSR of peer group plus 10% p.a. (100% of maximum)	Below median	0%
Earnings per share (EPS) growth (40%) 2016 base: 22.3p	4% EPS CAGR (25% of maximum)	8% EPS CAGR (100% of maximum)	-53.7%	0%
Online net revenue growth (20%)	7% ONR CAGR (25% of maximum)	12% ONR CAGR (100% of maximum)	3.5%	0%
Sustainability (20%)	See below: 25% vests at threshold and 100% vests at maximum			
Total				**17%**

1. 888, Betsson, Entain, International Game Technology, OPAP, Flutter, Playtech, The Rank Group, and Kindred.

Within the 2018 PSP, 20% is based on sustainability, and to deliver this we have had three focus areas on which we have reported each year:

Focus area	Aim
Culture and mindset	Enhance the organisational mindset of ensuring our products don't cause harm.
Tools, processes and systems	Enhance tools, processes and systems which prevent harm and protect our most vulnerable customers.
Advocacy	Shift perceptions of the industry with the general public.

Across the three years of the 2018 award, we have had a three-step approach to our progress:

- 2018 objectives were based around 'fixing and embedding our new approach to sustainability';
- 2019 activities were focused around an 'enhance' phase; and
- 2020 was planned as an 'accelerate' phase.

During 2020, a range of specific actions (see also the Sustainability Report on page 28) were taken to support our sustainability aspirations across our identified focus areas:

- support for the Betting and Gaming Council safer gambling pledges;
- implementation of affordability trials for all new customers from targeted areas of the UK;
- deployment of 20% of our advertising for safer gambling messaging during the first Covid-19 lockdown and ongoing since that time;
- implemented 24/7 real-time monitoring for higher deposit customers with levels based on below/above 25 years of age;
- implemented a UK credit card ban within tight timescales; and
- introduced the approach of guard rails which are proactively applied to accounts when customers return from a break from play (self-exclusion/GAMSTOP) or when we have reason to believe that it is in the customer's interest to play within a safe set of circumstances. These are usually in the shape of deposit limits.

Within our focus area of culture and mindset (all described earlier) the following actions reflect the seriousness with which William Hill respected its 'licence to operate' and the importance of public perceptions of the Company as a responsible business within the regulated UK gaming sector:

- topping up furlough payments for impacted staff to 100% of normal salary in the April to July lockdown, and maintaining 100% of salary throughout other furlough periods;
- fewer than 25 compulsory redundancies despite the Retail business restructure, thereby retaining the jobs of many colleagues; and
- repayment of £24.5m of Coronavirus Job Retention Scheme (furlough) monies to the UK Treasury, along with £5.1m not claimed in the latter part of 2020.

All of these positive actions reflect a focus on sustainability to ensure the long-term continuity of the business as part of the fabric of UK society, where we are seen to be a respected, trusted and responsible licensed gaming operator.

Taking all of the above into account, and reflecting that actions in prior years were tracking at an assessment of between 'target' and maximum performance, the Committee determined that across the entire three-year period, an outcome of 17% out of the 20% of the 2018 PSP available for this metric was appropriate.

Remuneration Committee review of vesting of 2018 PSP awards

While consideration was given to adjusting the EPS outturn for the numerous material regulatory events which have taken place over the three-year performance period, the Committee concluded that such adjustments for this part of the awards were not considered appropriate. The Committee considered the appropriate level of vesting for the awards, and concluded that the overall vesting of 17% under the metrics was appropriate and aligned to the experience of shareholders over the period.

Outstanding PSP awards

The table below summarises the performance measures for the PSP award made in 2019:

Measure	Link to strategy	Details of performance condition
Relative TSR (20%)	Supports our objective to create superior shareholder value	The Company's TSR is measured over the period 1 January 2019 to 31 December 2021 against a bespoke group of peers (888, Betsson, Entain, Flutter Entertainment, Playtech, Kindred Group). If TSR is: – below median, none of this element will vest; – at median, 15% vests; and – at median plus 10% p.a., 100% vests. For performance between median and full attainment, vesting is on a straight-line basis.
Online net revenue growth (30%)	Reflects the importance of Online performance within our business model	If Online net revenue grows by: – below 5% p.a., none of this element will vest; – 5% p.a., 15% vests; and – 11% p.a., 100% vests. For performance between 5% p.a. and 11% p.a., vesting is on a straight-line basis.
Retail free cash flow (20%)	Reflects the importance of remodelling our Retail estate	If cumulative free cash flow (cFCF) (defined as EBITDA less capex less exceptionals) is: – below £85m over the three years to 31 December 2021, none of this element will vest; – £85m, 15% vests; and – £195m, 100% vests. For performance between £85m and £195m, vesting is on a straight-line basis.
US value growth (30%)	Reflecting the strategic objective of growing a business of scale in the US	If the value of the US business grows by: – below 50% over the three years to 31 December 2021, none of this element will vest; – 50%, 15% vests; and – 125%, 100% vests. For performance between 50% and 125%, vesting is on a straight-line basis. Although the Committee considers the starting value of the US business to be commercially sensitive at the current time, full details of the start and end valuation methodology, and the respective valuations, will be disclosed on a retrospective basis in the relevant Directors' Remuneration Report published just prior to the vesting date.

When determining the vesting outcome, and as demonstrated in previous years, the Committee will ensure that it is consistent with the Group's overall performance, taking account of any factors it considers relevant, in line with our approved Remuneration Policy.

Outstanding PSP, deferred bonus and SAYE share awards

The table below sets out details of the Executive Directors' outstanding awards under the PSP, deferred bonus and SAYE plans:

Name	Scheme	Number of shares at 1 January 2020	Granted during the period	Lapsed during the period	Vested during the period	Number of shares at 29 December 2020	Date from which exercisable	Expiry date
Ulrik Bengtsson	PSP 2018	309,405	–	–	–	309,405	May 2021	May 2028
	PSP 2019	566,783	–	–	–	566,783	May 2022	May 2029
	Deferred bonus	11,844	–	–	–	11,844	Mar 2021	Mar 2029
	Deferred bonus	–	189,257	–	–	189,257	Mar 2022	Mar 2030
	Total	**888,032**	**189,257**	**–**	**–**	**1,077,289**		
Matt Ashley	PSP buyout award	–	251,576	–	–	251,576	Apr 2021	Apr 2028
	PSP buyout award	–	113,534	–	–	113,534	Apr 2022	Apr 2029
	Deferred bonus buyout	–	47,543	–	–	47,543	Mar 2021	Mar 2029
	Total	**–**	**412,653**	**–**	**–**	**412,653**		
Philip Bowcock[1]	PSP 2016	243,701	–	209,827	33,874	–	May 2020	May 2026
	PSP 2017	439,583	–	346,831	92,752	–	Aug 2020	Aug 2027
	PSP 2018	283,786	–	–	–	283,786	May 2021	May 2028
	PSP 2019	259,100	–	–	–	259,100	May 2022	May 2029
	Deferred bonus	89,906	–	–	89,906	–	Mar 2020	Mar 2028
	Deferred bonus	63,842	–	–	–	63,842	Mar 2021	Mar 2029
	SAYE 2016	6,818	–	–	–	6,818	Aug 2019	Feb 2020
	Total	**1,386,736**	**–**	**556,658**	**216,532**	**613,546**		
Ruth Prior[2]	PSP 2017	280,205		280,205	–	–	May 2020	May 2026
	PSP 2018	262,995		262,995	–	–	May 2021	May 2028
	PSP 2019	481,765	–	481,765	–	–	May 2022	May 2029
	Deferred bonus	35,498	–	35,498	–	–	Mar 2020	Mar 2028
	Deferred bonus	41,781	–	41,781	–	–	Mar 2021	Mar 2029
	Total	**1,102,244**	**–**	**1,102,244**	**–**	**–**		

1. Following Philip Bowcock stepping down from the Board, unvested PSP awards will continue to vest at the normal vesting date subject to performance and a time-pro-rated reduction (as applied to the 2017, 2018 and 2019 awards in the table above).
2. Following Ruth Prior's resignation from the Board in January 2020, all of her unvested share awards have subsequently lapsed.

Notes:

2016 PSP awards are based half on a relative TSR measure, one quarter is based on aggregate EPS over the performance period and the remaining quarter is based on business performance measures (BPMs). Performance for all metrics is measured over four financial years.

2017 PSP awards are based one third on a relative TSR measure, one third is based on aggregate EPS over the performance period and the remaining third is based on BPMs. Performance for all metrics is measured over three financial years.

2018 PSP awards are based on a relative TSR measure (20%), aggregate EPS (40%), online net revenue (20%) and sustainability-based targets (20%). Performance for all metrics is measured over three financial years.

2019 PSP awards are based on a relative TSR measure (20%), online net revenue (30%), cumulative free cash flow Retail targets (20%) and US growth targets (30%). Performance for all metrics is measured over three financial years.

2019 deferred bonus awards (50% of the 2018 annual bonus award) are expected to vest in 2021 following the announcement of the financial results for the 2020 financial year.

2020 deferred bonus awards (50% of the 2019 annual bonus award) are expected to vest in 2022 following the announcement of the financial results for the 2021 financial year.

The Committee has the power, under the approved Remuneration Policy, to adjust the PSP vesting outcome if it considers that it is inconsistent with the Group's overall performance. Completion of the transaction with Caesars will lead to implementation of the treatments detailed in the Cooperation Agreement for the transaction.

Table of Directors' share interests

The share interests of each person who was a Director of the Company at 29 December 2020 (together with interests held by his or her connected persons) were as follows:

	Owned		PSP and RSP awards		Deferred bonus awards		SAYE		Total	% of salary held under shareholding guidelines[1]
Name	01/01/20	29/12/20	Unvested	Vested	Unvested	Vested	Unvested	Vested	29/12/20	29/12/20
Executive Directors										
Ulrik Bengtsson	10,000	130,000	876,188	–	201,101	–	–	–	1,207,289	108%
Matt Ashley	–	305,802	365,110	–	47,543	–	–	–	718,455	199%
Ruth Prior	290,352	–	–	–	–	–	–	–	–	–
Non-Executive Directors										
Roger Devlin	77,490	95,548	–	–	–	–	–	–	95,548	n/a
Mark Brooker	11,500	14,234	–	–	–	–	–	–	14,234	n/a
Robin Terrell	12,344	14,812	–	–	–	–	–	–	14,812	n/a
Gordon Wilson	10,000	42,000	–	–	–	–	–	–	42,000	n/a
Jane Hanson	–	–	–	–	–	–	–	–	0	n/a
Lynne Weedall	–	12,000	–	–	–	–	–	–	12,000	n/a

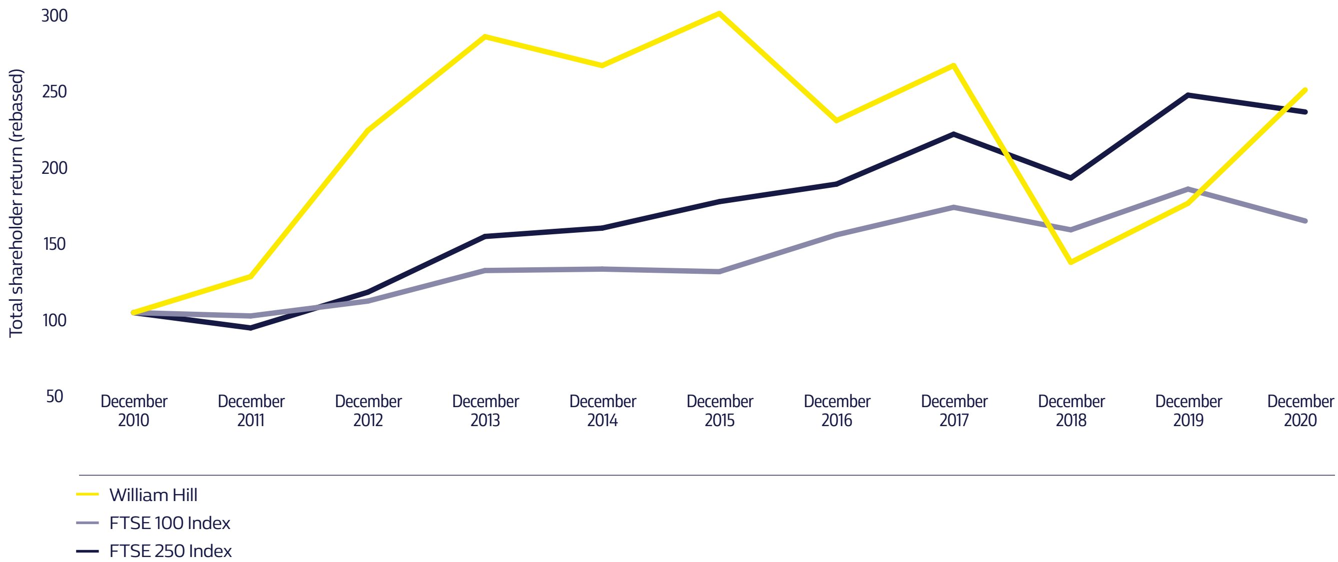
1. Calculated as legally owned shares held on 29 December 2020 multiplied by the average share price over the three-month period to 29 December 2019 (273p), divided by the base salary on 29 December 2020.

During the period 29 December 2020 to 4 March 2021, there have been no changes in the Directors' share interests.

Total shareholder return chart and Chief Executive earnings history

The chart below shows the Company's TSR performance compared with that of the FTSE 100 and FTSE 250 indices over the last ten years. As a member of both at various points during the ten-year period, the Committee believes both indices are appropriate to compare William Hill's performance against.

Source: Datastream (Thomson Reuters)



The ten-year single-figure history of the CEO is shown in the table below.

Financial year	2011 RT	2012 RT	2013 RT	2014 RT[1]	2014 JH[2]	2015 JH	2016 JH[3]	2016 PB[4]	2017 PB[5]	2018 PB	2019 PB[5]	2019 UB[6]	2020 UB
Ralph Topping/James Henderson/Philip Bowcock/Ulrik Bengtsson													
Single-figure remuneration (£'000)	£3,403	£1,914	£4,673	£2,277	£1,369	£914	£396	£605	£1,324	£1,023	£1,426	£461	£799
Annual bonus outcome (% max)	100%	94%	100%	0%	86%	88%	0%	0%	54.8%	19.3%	85.8%	86.7%	n/a
PSP vesting outcome (% max)	0%	49%	n/a	100%	95%	95%	0%	n/a	n/a	n/a	13.9%[7] and 21.1%[8]	n/a	17

1. CEO to 31 July 2014.
2. From 1 August 2014.
3. CEO to 21 July 2016.
4. From 21 July 2016.
5. As interim CEO to 10 March 2017 and as permanent CEO to 30 September 2019.
6. CEO-designate from 5 September 2019, CEO from 30 September 2019.
7. Relates to the 2016 PSP award (four-year performance period).
8. Relates to the 2017 PSP award (three-year performance period).

Change in remuneration of the CEO

See page 90.

Relative importance of spend on pay

The following table sets out the percentage change in profit, dividends and overall spend on pay in 2020 compared to 2019.

	2020	2019	% change
Adjusted operating profit	£57.3m	£147.0m	-61.0%
Shareholder distributions, of which:	–	£90.9m	-100%
Dividends	–	£90.9m	-100%
Share buybacks	–	–	–
Employee remuneration costs	£312.2m	£381.8m	-18.2%

CEO pay ratio

See page 90.

Auditable sections of the Annual Report on Remuneration

The auditable sections of the Annual Report on Remuneration are shown from page 93 (starting with the single total figure of remuneration for each Director) up to page 98 (including the section titled Table of Directors' share interests).

Statement of shareholder voting at the 2020 AGM

At the 2020 AGM, a resolution was proposed for shareholders to approve the 2019 Annual Report on Remuneration and to renew the Directors' Remuneration Policy. The following votes were received:

	2019 Annual Report on Directors' Remuneration (15 May 2020 AGM)		Approval of Directors' Remuneration Policy (15 May 2020 AGM)	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For	437,801,682	98.67%	455,175,665	93.04%
Against	5,885,594	1.33%	34,027,384	6.96%
Total	**443,687,276**	**100%**	**489,203,049**	**100%**
Withheld	129,478,575	–	83,963,886	–

Remuneration Policy

The Directors' Remuneration Policy was approved by shareholders at the Annual General Meeting on 15 May 2020 and has effect from the date of that meeting. A full version of the Directors' Remuneration Policy can be found within our 2019 Annual Report which is available at www.williamhillplc.com/investors-centre. The Directors' Remuneration Policy was prepared in accordance with Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) and takes into account the provisions of the 2018 UK Corporate Governance Code and other good practice guidelines from institutional shareholders and shareholder bodies.

OTHER STATUTORY INFORMATION

For the purposes of the UK Companies Act 2006, the Directors present their report along with the audited consolidated financial statements for the 52-week period ended 29 December 2020, which comprises of the Chairman's Governance Statement and the Corporate Governance Report on pages 58-73 and, the Directors' Statements of Responsibilities on page 103. The Strategic Report sets out those matters required to be disclosed in the Directors' Report which are considered to be of strategic importance:

- Risk management objectives and policies (pages 50-53);
- Likely future developments of the Company - Strategic Report (pages 1-53);
- Inclusion and diversity (pages 35-36);
- Provision of information to, and consultation with stakeholders (pages 16-17); and
- Carbon emissions (page 39).

In accordance with the UK Financial Conduct Authority's Listing Rules, all other information to be included in the Annual Report and Accounts 2020, where applicable, under LR 9.8.4, is set out in this Directors' Report or on the following pages:

Annual General Meeting (AGM)

If the acquisition by Caesars Entertainment, Inc. is delayed or does not proceed the Company intends to hold an Annual General Meeting on 30 June 2021, at which all the Directors will be expected to attend and will be available to answer shareholder questions. Further details of the 2021 AGM will be provided in due course (if scheduled).

Annual Report and Accounts

The Directors are aware of their responsibilities in respect of the Annual Report and Accounts. The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable. It provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. Further information regarding related processes can be found in the Audit and Risk Management Committee Report on pages 74-78 and the Directors' Responsibilities Statement appears on page 103.

Auditor and disclosure of information to auditor

Each of the Directors in office at the date when this report was approved confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware;
- The Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information; and that
- Deloitte LLP have expressed their willingness to be re-appointed as auditor of the Company. A resolution to re-appoint Deloitte LLP as the Company's auditor will be proposed at the forthcoming AGM.

Conflicts of interest

The composition of the Board means that many of the Directors have considerable experience, at Board level, in industry and in other roles outside of William Hill. Whilst this brings benefits to the stewardship of William Hill, controls are in place to ensure that suitable arrangements are made when a director's external role could come into conflict with their duties as a Director of William Hill.

In accordance with the Companies Act 2006, the Company's Articles of Association include provisions reflecting recommended practice concerning conflicts of interest. The Board has in place procedures for Directors to report any potential or actual conflicts to the other members of the Board for their authorisation where appropriate.

In deciding whether to authorise a conflict or potential conflict of interest only non-interested directors (i.e., those who have no interest in the matter under consideration) will be able to take the relevant decision. In taking the decision, the Directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. In addition, the Directors may impose conditions or limitations when giving authorisation if they think this is appropriate. The Board is confident that the appropriate checks and balances are in place to identify and minimise potential conflicts of interest.

Directors' and officers' liability insurance

The Group has purchased and maintains appropriate insurance cover in respect of directors' and officers' liabilities. The Group has also entered into qualifying third-party indemnity arrangements for the benefit of all its Directors, in a form and scope which comply with the requirements of the Companies Act 2006.

Membership of the Board during the 2020 financial period

The names of all persons who were directors of the Company as at 29 December 2020 can be found on pages 55–57. In addition, the following served as directors of the Company until they stepped down or retired on the respective dates shown:

– Ruth Prior (15 May 2020).

Results and dividends

During the financial period and as a result of the Covid-19 pandemic, and the subsequent uncertainty regarding the Company's capital structure and allocation priorities, the Board cancelled the 2019 final dividend which had been previously recommended. During the review of the 2020 half-year results and in the context of the dividend policy the Board decided not to make an interim payment.

The Group's profit on ordinary activities after taxation, for the period was £51.0m (2019: loss £27.0m). No dividends were paid to the ordinary shareholders in 2020. The Directors will not be recommending a final dividend for the period (2019: nil).

Issue of new ordinary shares

During the financial period ended 29 December 2020, the Company issued 174,872,457 new ordinary 10p shares, under a placing agreement, raising net proceeds of approximately £218.6m. The increase in share capital was 19.99% resulting in an issued share capital of 1,075,598,163 ordinary 10p shares (including Treasury shares). The shares were issued at a discount of 7.8% and the proceeds were used to enable the Group to pursue its long-term growth ambitions, increase its strategic and financial flexibility and reduce leverage.

No other new ordinary shares were issued, and the Company utilised shares held in treasury or through market purchases to satisfy employee share and incentive share awards.

Political donations

There were no political donations made or political expenditure incurred during the period in respect of EU political parties, candidates or organisations (2019: nil). The Board has, however, given approval for certain subsidiaries in respect of William Hill's US business to make donations within specified limits. In the US, it is far more common than in the UK for corporations to participate in the political process through a variety of methods, including raising or donating funds to political candidates. The approval from the Board will permit the US business to decide and agree on modest political contributions to candidates for political office in jurisdictions where the Company is doing or seeks to do business.

Contributions to political candidates do not guarantee that elected officials will support a particular piece of legislation or otherwise act in their official capacity to benefit the Company. Rather, they assist in electing individuals whom the Company believes are likely to support its business goals and in establishing productive working relationships with elected representatives.

The Board therefore continues to believe that giving approval for the US business to make such political contributions is essential for the Company to fully participate in the American political process. In respect of the US, political expenditure of $61,000 was incurred in 2020 (2019: $21,500), and this included contributions to the American Gaming Association.

Share capital and rights attaching to them

Details of the authorised and issued share capital during the year are provided in note 29 to the financial statements.

As at 4 March 2021, the Company had an allotted and fully paid-up share capital of 1,075,598,163 ordinary shares of 10p each, with an aggregate nominal value of £107,559,816.30, which included 24,861,974 ordinary shares in treasury. There were therefore 1,050,736,189 ordinary shares in issue as at 4 March 2021 (excluding treasury shares).

Each ordinary share of the Company carries one vote. Further information on the rights and obligations attached to the Company's ordinary shares are set out in its Articles of Association. Holders of ordinary shares are entitled, subject to any applicable law and the Company's Articles of Association, to:

– Have shareholder documents made available to them, including notice of any general meeting;
– Attend, speak and exercise voting rights at general meetings, either in person or by proxy; and
– Participate in any distribution of income or capital.

Authority to purchase own shares

An authority for the Company to purchase its own shares remains valid until the forthcoming AGM, when it is intended that a resolution will be put forward to shareholders to renew such authority.

Share Repurchase Programme and treasury shares

Although authority exists for the Company to repurchase its own shares, the Board did not decide to extend the Share Repurchase Programme, regarding shares purchased into Treasury, and no ordinary shares were repurchased into Treasury during 2020 (2019: Nil).

A total of 1,452,355 ordinary shares (2019: 102,954) were subsequently disposed from Treasury during the financial period, to satisfy awards under the Group's share incentive schemes. It is the current intention of the Directors that the remaining treasury shareholding will either continue to be held in treasury, or will be used similarly to satisfy existing and future share and incentive scheme awards.

The Board purchased 970,576 (2019: 323,846) ordinary shares in the market and placed these into the Employee Benefit Trust (EBT). Further details can be found in note 30 of the financial statements.

A total of 923,855 ordinary shares were subsequently transferred out of the EBT during the financial period, to satisfy awards under the Group's share incentive schemes. It is the current intention of the Directors that the remaining EBT shareholding will either continue to be held in the EBT, or will be used similarly to satisfy existing and future share and incentive scheme awards.

Share voting rights and restrictions on transfer of shares

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and voting rights. There are no restrictions on the transfer of ordinary shares in the Company other than certain restrictions imposed by laws and regulations. This includes but is not limited to the Market Abuse Regulation, insider trading laws and requirements relating to closed periods. Also included are the requirements of the Company's Share Dealing policies, which follow the requirements of the Market Abuse Regulation, and whereby directors and certain employees of the Company require approval to deal in the Company's securities.

Significant agreements – change of control

The Company has committed bank facilities dated October 2018 and November 2019, consisting of a 5-year multi-currency syndicated revolving credit facility of £390m and a 3-year bilateral multi-currency revolving credit facility of £35m respectively. Under the terms of these facilities, the lenders can give notice to the Company to repay outstanding amounts plus accrued and unpaid interest, and cancel the commitments, where there is a change of control of the Company.

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

All of the Company's share schemes contain provisions relating to a change in control. Outstanding options and awards normally vest and become exercisable on a change of control, subject to the satisfaction of any performance conditions at that time.

There are no other agreements considered to be significant in terms of their potential impact to which the Company is party which take effect, alter or terminate in the event of a change of control in the Company.

Substantial shareholdings

The Company had been notified, in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority, of the notifiable interests in the ordinary share capital of the Company set out in the table below:

Percentage of issued share capital (%)

Name of Holder	As at 29 December 2020	As at 4 March 2021
Credit Suisse Group AG	8.78%	8.78%
Societe Generale	5.98%	5.65%
Done Brothers Cash Betting Limited	5.96%	5.96%
HG Vora Special Opportunities Master Fund	5.09%	5.09%

US regulation

Shareholders of William Hill may be subject to regulation in the US as a result of the Company's ownership of licensed subsidiaries in various US states and the Company's registration as a publicly traded company operating in such states. Information regarding relevant US gaming regulatory requirements is available on the Company's website at https://www.williamhillplc.com/investors-centre/shareholder-centre/us-regulation/

Roger Devlin
Chairman

4 March 2021

DIRECTORS' STATEMENT OF RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation. They have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'. Under company law, the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the parent company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that the Directors:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy, at any time, the financial position of the Company, and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm that to the best of our knowledge:

- The Annual Report and Accounts 2020, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- The Group Financial Statements, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and Article 4 of the IAS Regulation (in the case of the consolidated financial statements) and United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) (in the case of the parent company financial statements), give a true and fair view of the assets, liabilities, financial position and loss of the Group and the undertakings included in the consolidation taken as a whole; and
- The Strategic Report and risk sections of the Annual Report and Accounts 2020, which represent the management report, include a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

This responsibility statement has been approved by the Board of Directors and is signed on its behalf by:

Ulrik Bengtsson
Chief Executive Officer

4 March 2021

Matt Ashley
Chief Financial Officer

4 March 2021

INDEPENDENT AUDITOR'S REPORT

to the members of William Hill PLC

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of William Hill plc (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 29 December 2020 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice) conformity with the requirements of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company statements of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement;
- the statement of accounting policies;
- the related notes to the group financial statements (1 to 35); and
- the related notes to the parent company financial statements (1 to 11).

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law, international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as adopted by the European Union and as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosures Framework" (United Kingdom Generally Accepted Accounting Practice) in conformity with the requirements of the Companies Act 2006.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters

The key audit matters that we identified in the current year were:

- Management override of controls;
- Impairment of the Retail licence intangible asset;
- Classification of exceptional items;
- Valuation of a specific derivative financial liability; and
- Accounting for customer claims in Austria.

Within this report, key audit matters are identified as follows:

Newly identified

Increased level of risk

Similar level of risk

Decreased level of risk

Materiality

The materiality that we used for the group financial statements was £5.0m which was determined on the basis of revenue.

Scoping

Our scope covered six components. Of these, four (UK Retail, UK Online, International Online and Corporate) were full scope audits, one (US) was subject to specified procedures on certain account balances and the remaining two components were subject to analytical review procedures. Components subject to full scope or specific balance procedures comprised 90% of revenues from continuing operations, over 90% of operating profit from continuing operations and over 90% of the group's net assets.

Significant changes in our approach

We have identified new key audit matters in the current year relating to management override of controls, the valuation of a specific derivative financial liability and the accounting for customer claims in Austria. We no longer report the following as key audit matters:

- Valuation of the acquired Mr Green brand intangible asset; and
- Valuation of the intangible asset recognised in relation to the Eldorado Resorts transaction.

The related key judgements for both matters were concluded upon in 2019.

The benchmark for determining materiality is different compared to 2019, where we previously used 5% of adjusted profit before tax adjusted for exceptional items and losses associated with the expansion of the US business as the benchmark. The change to using revenue as a benchmark was made given the impact of Covid-19 on the group's adjusted profit before tax in the current year.

Our scoping assessment has also changed since 2019 to respond to the changes in the relative contribution of each component of the group as a result the impact of Covid-19.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis included an assessment of the two scenarios explained below:

- Should the acquisition by Caesars not proceed within the foreseeable future, we evaluated the directors' assessment over the group and parent's ability to continue as going concern in its own right by:
  - Assessing trading forecasts including consideration of their consistency with those most recently approved by the Board and management;
  - Considering the adequacy of financing facilities currently in place, including the £425m undrawn revolving credit facility, which is not forecast to be utilised during the going concern outlook period;
  - Evaluating severe but plausible scenarios and reverse stress tests applied by management to their forecasts, which takes into account the group's principal risks and uncertainties; and
  - Testing the model used by management to perform the going concern assessment including its mechanical accuracy and its sensitivity to changes in assumptions.
- Should the acquisition by Caesars proceed within the outlook period, we have evaluated the directors' assessment over the group and parent's ability to continue as a going concern, including consideration of Caesars' publicly-communicated funding position, by:
  - Assessing management's forecast cash reserve at the expected change of control date as well as the ability and the likelihood of securing additional finance; and
  - With support from internal restructuring specialist, considering the likelihood of the bondholder to seek redemption of the group's bonds in the event of change of control.
- For both scenarios we considered contradictory evidence in assessing management's forecast and model by challenging whether management's lockdown scenario adequately captures the potential macro-economic risks arising as a result of the Covid-19 outbreak, based on reasonable and supportable evidence available to management at the reporting date; and
- Finally, we evaluated whether the disclosures in the financial statements were appropriate given the current circumstances facing the entity as outlined on pages 123 and 124.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Management override of controls

Key audit matter description	We consider that the risk of error or fraud is heightened as a result of management override of controls in light of the proposed acquisition of the group by Caesars and their public statement that they intend to seek to dispose of the non-US business following their acquisition (see page 48). In particular, we have considered the impact of the Caesars' transaction on a number of significant accounting judgements that could be influenced by management bias. These areas relate to judgements and estimates that could impact the level of pay-out of reward schemes, as well as judgement and estimates that could influence the potential subsequent sale by Caesars of the group's non-US business. These areas include the impairment of the UK Retail licence intangible assets, accounting for customer claims (and the associated contingent liability disclosure), the identification and classification of exceptional items and the valuation of the US business. Further details of our audit response are included in the other key audit matters. This risk can further manifest itself through the posting of invalid and non-routine journals, recorded to influence the financial statements.
How the scope of our audit responded to the key audit matter	Our procedures around areas of judgement and estimation were performed within the context of challenging management's bias and involved: – Obtaining and understanding of relevant controls over the financial statement close and reporting process which seek to address the risk of management override; – Making inquiries of management and members of the Audit and Risk Management Committee to obtain their perspectives of the impact of the Caesars' acquisition and how that may impact the motives of management and their consequential bias in making judgements and estimates in preparing the financial statements; – Identifying and challenging areas of judgement and estimation uncertainty related to the areas noted above to determine whether any evidence existed of management bias including the areas described in the other key audit matters below; – Engaging our specialists on complex accounting areas such as the valuation the US business and engaging with a fraud specialist to understand where to appropriately direct the nature and extent of our audit procedures given the transaction; and – Profiling the full year's transaction listing to identify manual journals which may display characteristics of audit interest and could represent areas where management controls may have been overridden. For the journals identified, we have understood the business rationale and obtained appropriate audit evidence to support the journal.
Key observations	Based on the procedures performed, we did not identify any material matters or management bias arising from management override of controls.

5.2. Impairment of Retail licence intangible asset

Key audit matter description	The group's UK Retail business recognises an indefinite-lived licence intangible asset, which is subject to an annual impairment review. The impact of Covid-19 and the resultant Retail shop closures are indicators that the indefinite life for the licence intangible asset was no longer appropriate. Management performed a reassessment and determined that a 20-year useful economic life ("UEL") over the retail licence would be appropriate going forward (effective 30 December 2020). In making this estimate, management considered relevant industry and economic data. As disclosed in note 12 to the financial statements, management have determined a valuation of the Retail group of CGUs of £364m, which resulted in an impairment of £126m. This valuation was determined using a value in use approach. Management assessed the impact of Covid-19 on the group's short term cash flows as well as how the likely impact of changes in customer behaviour will impact the UK Retail business in the medium to long term by considering data from the UK Gambling Commission and industry data from another external third party. We identified a key audit matter regarding the valuation of the licence intangible asset as the determination of the recoverable amount of the UK Retail business (which is the group of cash generating units that support the valuation of the licence intangible asset) is subject to significant estimation uncertainty, heightened by the increased uncertainty due to Covid-19. In respect of this approach, the most significant estimates are: (i) the short- to medium-term cash flows (in years 1-5) of the forecasts prepared by management; and (ii) the discount rate applied to determine the recoverable amount. The Audit and Risk Management Committee's discussion of this key audit matter is set out on page 78.
How the scope of our audit responded to the key audit matter	We focused our audit work on challenging key assumptions used by management in conducting their impairment review. Our procedures included: – Assessing the relevant controls over the group's short to medium-term forecasting process and determination of the discount rate; – Using internal valuation specialists to assess and challenge the discount rates used by management to independently determine what we would consider to be reasonable range of discount rates, and assessing whether management's methodology for determining their rates is appropriate; – Evaluating and challenging the group's cash flow forecasts based on external data (including external industry data and analyst reports) to substantiate the growth forecasts and the forecast impact of Covid-19 on the group cash flows. In addition, we retrospectively analysed the actual cash flows experienced during Covid-19 lockdowns in 2020 to assess the reasonableness of the lockdown assumptions in the 2021 forecast; – Comparing and challenging management's estimated recoverable amount of the group to the overall enterprise value of the group, comparing to third-party analyst reports and considering the fair value less cost of sell of the group with reference to the offer made by Caesars; – Assessing the sensitivity of the recoverable amount to potential changes in the assumptions used relating to future Covid-19 lockdowns to determine what magnitude of change could trigger a material change in the recoverable amount; – Assessing the integrity and mechanical accuracy of the impairment model by independently rebuilding the value in use model; and – Evaluating the impairment disclosures against the requirements of IAS 36 – *Impairment of Assets*.
Key observations	Based on the procedures performed, we consider the impairment charge recorded against the UK Retail licence intangible asset to be reasonable. We consider the impairment disclosures within note 12 of the financial statements to be appropriate and in compliance with IAS 36 *Impairment of Assets*, including the sensitivities disclosed around the discount rate and the cash flows.

5.3. Classification of exceptional items

Key audit matter description	The group has reported adjusted profit before interest and tax ("adjusted profit") of £57.3m (2019: £147.0m), which is derived from statutory profit before interest and tax of £80.3m (2019: £12.9m) and adjusting for a number of items which the group considers meet the definition of being exceptional and accordingly presented separately in the income statement. In calculating adjusted profit, there is a risk that the classification of items identified as exceptional may not be appropriate or in accordance with IAS 1 *Presentation of Financial Statements* and so distort the reported adjusted profit. Consistency in the identification and presentation of these items is also important to ensure comparability of year-on-year reporting in the financial statements. The classification of exceptional items is subject to management judgement, and we consider there to be a risk of potential fraud through possible management bias in the determination of which items of income and expense should be included within the adjusted profit alternative performance measure. In particular, we believe there is an increased risk associated with classification and disclosure of exceptional items related to the group's acquisition by Caesars. This issue has also been considered by the Audit and Risk Committee on page 78. Explanations of each exceptional item are set out in note 3 of the financial statements.
How the scope of our audit responded to the key audit matter	We have considered the classification of certain of the costs included within exceptional items and have challenged management on items not classified as exceptional but reported within statutory profit for the year. Our procedures included: – Assessing the relevant controls over the group's process over the identification and classification of exceptional items; – Investigating the nature of each exceptional item, including challenging management's rationale for classification as such. In doing so we considered the nature and size of the item, whether the item meets the group's policy of being exceptional and whether there is an appropriate level of consistency compared to the group's previously recognised exceptional items; – Evaluating other significant items of income and expense not classified as exceptional as well as considering whether these are adequately and appropriately disclosed within the Annual Report and Accounts; – Testing a sample of exceptional items by agreeing these to supporting documentary evidence; and – Assessing the disclosure of the exceptional items, as set out in note 3 of the financial statements, including consideration of the group's compliance with European Securities and Markets Authority and Financial Reporting Council guidance.
Key observations	Based on the procedures performed, we are satisfied that the overall classification of exceptional items and the related disclosures in the financial statements are appropriate.

5.4. Valuation of specific derivative financial liability

Key audit matter description	William Hill US ("WH US") signed a commercial agreement with a third party under which WH US operates as the exclusive sportsbook provider across certain locations. This commercial agreement included a contractual term, which is accounted for as a derivative financial liability. Under the terms of this agreement a liability crystallises in the event of a change of control of William Hill plc with an amount due to the third party being linked to equity value of the WH US business capped at a maximum of US $75.0m (£55.6m). Management have determined the fair value of this derivative financial liability to be £49.9m ($67.3 million) at the balance sheet date as disclosed in note 27 of the financial statements. Management considers the probability of an exit event to be 99%. On this basis, the value of the derivative financial liability is principally derived from the equity value of WH US. The valuation of this financial liability, underpinned by the value of WH US, is one of the most significant judgements made by management particularly in light of the Ceasars' transaction and their intention to seek suitable partners to acquire the non-US business. Management sought support from an independent third-party expert in order to undertake a valuation of WH US. The valuation was prepared on a fair value basis using an equally weighted estimate of three valuation approaches. Our key audit matter is focused on the risk that valuation assumptions applied in the valuation of WH US are inappropriate. The Audit and Risk Management Committee's discussion of this key audit matter is set out on page 78.
How the scope of our audit responded to the key audit matter	We have challenged management's judgements and estimates made in arriving to the value of the financial liability. Our procedures included: – Assessing the relevant controls over the group's process over the valuation of the related derivative financial liability including relevant controls over the valuation of the US business; – Reviewing management's assessment of the likelihood of the exit event occurring by comparing against information available publicly; – Through the involvement of our internal valuation specialists, evaluating the suitability of the valuation methodology applied and testing the business and key assumptions, including benchmarking to external data sources and holding discussions with both management and management's expert; – Assessing the competence, capabilities and objectivity of management's experts; – Assessing the mechanical accuracy of the valuation model by independently rebuilding the model and agreeing the forecast cash flows to internally prepared forecasts; – Performing sensitivity analysis over the key input assumptions to inform our risk assessment and using this to assess the adequacy of disclosures, including key sensitivities disclosed within the annual report and the reasonably possible range of estimates disclosed in note 27; and – Considering contradictory evidence by assessing the WH US valuation against the overall market capitalisation of the group as at 29 December 2020, as well as with reference to the Caesars' offer price and other valuation analysis from third-party analysts.
Key observations	Based on our work, we are satisfied with the valuation of the specific derivative financial liability and the disclosed range of reasonably possible changes in assumption.

5.5. Accounting for customer claims in Austria

Key audit matter description	The group provides online gambling services into Austria through two principal brands, William Hill itself in Gibraltar, and Mr Green in Malta under the principles of EU Law (free movement of services). However, Austrian law requires gambling providers to hold an Austrian gambling licence for the provision of online gambling in Austria. This is limited to only one licence awarded to a local operator. During the latter part of 2020, the group was subject to an acceleration of customer claims from consumers alleging that the underlying contracts are null or void given the local licensing regime. The claims relate to losses incurred by customers following the use of the group's gambling products in Austria. Upon consideration of external legal advice, the group considers that there is a possible outflow of economic benefits associated with these claims. This issue is further described in note 35. Judgement is required in assessing whether there is sufficient evidence to determine whether management's conclusion that the existence of these claims and future potential claims represent a contingent liability is appropriate in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. In particular: – the basis upon which management believes that a contingent liability exists in accordance with IAS 37; – the legal status of these customer claims, the existence of other legal avenues available to the group and the group's intention and ability to not incur economic outflow pending the resolution of such legal avenues; and – the disclosure of the potential financial effect that has been determined to be up to £25m. This is based on claim volumes, value received to date, the likely legal costs the group will incur to defend the claims and the presumption that sale tax deductions can be obtained for any pay outs. We identified a key audit matter relating to the classification of the customer claims in Austria as contingent liability and the related disclosure. The Audit and Risk Management Committee's discussion of this key audit matter is set out on page 78.
How the scope of our audit responded to the key audit matter	To address the risk identified, our procedures involved: – Evaluating the relevant controls over the group's identification and recording of customer claims and over the accounting for such claims; – Holding discussions with internal legal counsel and members of the board of directors in order to corroborate management's conclusions on the basis upon which they believe that the existence of these claims represent a contingent liability, particularly in consideration of the legal advice upon which this is based; – Making written inquiries of and meeting with the group's external legal advisors in Austria and Malta to understand the legal status of the claims and the group's proposed course of action in dealing with these claims; – Assessing the competence, capabilities and objectivity of management's experts; – Testing the data that supports the number and monetary value of claims received to date by agreeing a sample of claims to supporting documentation; – Considering management's assessment of the potential financial effect of the claims and the range of possible outcomes by challenging management's assumptions used to develop this range as well as developing an independent range of possible outcomes based on the same set of data used by management to derive their calculation; and – Evaluating the disclosures in the financial statements (note 35) to assess whether they appropriately represent the most recent fact pattern and are in accordance with IAS 37.
Key observations	Based on the procedures performed, we are satisfied that the classification and disclosures within note 35 in the financial statements are appropriate based on the best available evidence at the time of issuing the financial statements. Following our assessment of the controls relevant to the completeness and valuation of provisions, we communicated to management and the Audit & Risk Committee the importance of the timely evaluation, escalation and communication of emerging legal and regulatory matters.

6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	£5.0m (FY19: £5.5m)	£4.5m (FY19: £4.95m)
Basis for determining materiality	We have used 0.4% of revenue as the benchmark rounded down to the nearest million for determining materiality. In prior year, we used 5% of pre-tax profit adjusted for exceptional items and losses associated with the expansion of the US business.	Parent company materiality set at 3% of net assets (FY19: 3%), but capped at 90% of group materiality (FY19: 90%).
Rationale for the benchmark applied	In light of the impact of Covid-19 on the group we consider revenue to be a more stable benchmark for the business this year given the group has not significantly changed in size and scale during the current year. The profit-related benchmarks for the group are impacted by Covid-19 and are volatile from one period to the next, and therefore they are not representative of the overall size of the business in the current year.	The parent company acts principally as a holding company and therefore net assets is a key measure. The cap has been applied in line with our methodology for setting materiality for components.

6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	65% (2019: 70%) of group materiality	65% (2019: 65%) of parent company materiality
Basis and rationale for determining performance materiality	In determining this reduced level of performance materiality, we considered the following factors: a. The impact of Covid-19 and industry wide pressure on the financial statements, the increased uncertainty this has had across a number of areas as well as the judgements taken by management and the associated disclosures; b. The quality of the control environment and whether we were able to rely on controls in certain areas (specifically the revenue business process at the UK Online, UK Retail and International Online components); and c. Any adjustments proposed by us to management in the prior period that were not adjusted.	

6.3. Error reporting threshold

We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of £250,000 (FY19: £275,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level.

Having assessed internal management reporting, product line, operating segments and geographical location, we identified UK Retail, UK Online, International Online and the US as the principal components of the group. All of these were subjected to audit procedures representing 90% (FY19: 93%) of the group's revenue from continuing operations, over 90% (FY19: over 90%) of operating profit from continuing operations and over 86% (FY19: 90%) of the group's net assets.

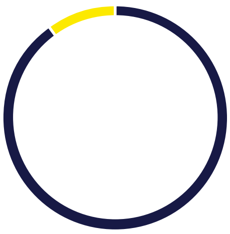
We planned our work to perform a full scope audit of UK Retail, UK Online and International Online and Corporate where the audit work of UK Retail, UK Online and Corporate was conducted by a single team from Deloitte's UK firm across two locations (the UK and Gibraltar) while the International Online audit work was undertaken by our component auditors in Malta.

In addition, WH US was subject to specified audit procedures where the extent of our testing was based on our assessment of the risks of material misstatements and the increased size of the component in relation to the Group's operations, due to the negative impact of the Covid-19 outbreak to the UK Retail operations. Accordingly, we directed our US component team to perform specified audit procedures over revenue related balances.

The components in scope for the current period were selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above. Our audit work on each location was executed at levels of materiality applicable to each individual entity which were lower than group materiality and ranged from £1.63m to £2.28m (FY19: £1.65m to £3.85m). Our materiality used for the audit of the parent company financial statements was £4.5m (FY19: £4.95m).

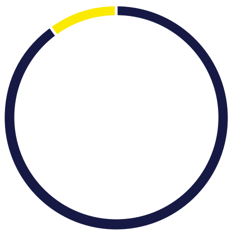
At the group level, we performed audit procedures on the parent company financial statements as well as on the consolidated financial statements themselves, capitalized development costs, and analytical review at group level on components not included elsewhere in the scope of our audit.

Revenue (%)



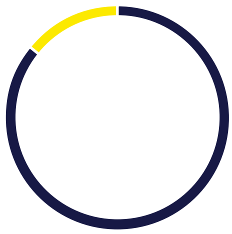
Full audit scope and specified audit procedures	90%
Analytical procedures	10%

Operating profit (%)



Full audit and specified audit procedures	90%
Analytical procedures	10%

Net assets (%)



Full audit and specified audit procedures	86%
Analytical procedures	14%

7.2. Our consideration of the control environment

The group operates a diverse IT infrastructure globally. We have involved IT specialists in obtaining understanding of the relevant IT environment including, in some instances, performance of general IT control testing. We did not place reliance on certain of the general IT controls that we tested for the purpose of the substantive audit procedures.

We also obtained an understanding of the relevant controls associated with the financial reporting process. We were able to rely on controls over certain aspects of the revenue account balances in the UK Retail, UK Online and International Online components.

7.3. Working with other auditors

We take an active part in the conduct of the audits at the components. For each component, we included the component audit team in our team briefings, to discuss the group risk assessment and audit instructions, to confirm their understanding of the business, and to discuss their local risk assessment. Throughout the audit, we increased the regular contact in order to support, challenge and direct their audit approach. We also attended local audit close meetings with local management, performed remote reviews of their working papers, and reviewed their reporting to us of the findings from their work. In response to the Covid-19 pandemic which limited our ability to make component visits, frequent calls and virtual meetings were held between the group and component teams and remote access to relevant working papers was provided.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- the group's own assessment of the risks that irregularities may occur either as a result of fraud or error that was approved by the board;
- results of our enquiries of management, internal audit, general counsel, and the audit and risk committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including tax, valuations, pensions, IT, forensic and industry specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. The forensic specialist provided insight into common fraud schemes seen in the industry.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud related to the classification of exceptional items. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules and prevailing pensions and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the group's licences offering betting and gaming services to customers across a range of jurisdictions, including as issued by the UK Gambling Commission.

11.2. Audit response to risks identified

As a result of performing the above, we identified the risk of management override of controls and the classification of exceptional items as a key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to these key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit and risk committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with relevant licensing and regulatory authorities; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 123 and 124;
- the directors' explanation as to its assessment of the group's prospects, the period this assessment covers and why the period is appropriate set out on pages 123 and 124;
- the directors' statement on fair, balanced and understandable set out on page 77;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 50;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 72; and
- the section describing the work of the audit committee set out on page 74.

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1. Auditor tenure

Following the recommendation of the audit and risk committee, we were appointed on December 2001 to audit the financial statements for the year ending 1 January 2002 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is nineteen years, covering the years ending 1 January 2002 to 29 December 2020.

15.2. Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Griffin FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, UK

4 March 2021

CONSOLIDATED INCOME STATEMENT

for the 52 weeks ended 29 December 2020

Continuing operations	Notes	52 weeks ended 29 December 2020 Adjusted £m	Exceptional items and adjustments (note 3) £m	Statutory total £m	52 weeks ended 31 December 2019 Adjusted £m	Exceptional items and adjustments (note 3) £m	Statutory total £m
Revenue	1, 2	**1,324.3**	**–**	**1,324.3**	1,581.7	–	1,581.7
Cost of sales	2, 3	**(325.5)**	**238.3**	**(87.2)**	(377.9)	–	(377.9)
Gross profit	2	**998.8**	**238.3**	**1,237.1**	1,203.8	–	1,203.8
Other operating income	1	**13.9**	**–**	**13.9**	16.1	–	16.1
Other operating expenses	3	**(955.7)**	**(215.3)**	**(1,171.0)**	(1,073.8)	(134.1)	(1,207.9)
Share of results of associates	2, 4	**0.3**	**–**	**0.3**	0.9	–	0.9
Profit/(loss) before interest and tax	2, 5	**57.3**	**23.0**	**80.3**	147.0	(134.1)	12.9
Investment income	1, 2, 7	**3.2**	**18.9**	**22.1**	3.0	–	3.0
Finance costs	2, 8	**(51.4)**	**–**	**(51.4)**	(53.5)	–	(53.5)
Profit/(loss) before tax	2	**9.1**	**41.9**	**51.0**	96.5	(134.1)	(37.6)
Tax	3, 9	**13.4**	**(13.4)**	**–**	(2.7)	13.3	10.6
Profit/(loss) for the period		**22.5**	**28.5**	**51.0**	93.8	(120.8)	(27.0)
Attributable to:							
Equity holders of the parent				**59.7**			(26.9)
Non-controlling interests				**(8.7)**			(0.1)
Earnings/(loss) per share (pence)							
Basic	11	**2.3**		**6.2**	10.7		(3.1)
Diluted	11	**2.3**		**6.1**	10.7		(3.1)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the 52 weeks ended 29 December 2020

	Notes	**52 weeks ended 29 December 2020 £m**	52 weeks ended 31 December 2019 £m
Profit/(loss) for the period		**51.0**	(27.0)
Items that will not be reclassified subsequently to profit or loss:			
Actuarial remeasurements in defined benefit pension scheme	33	**(1.2)**	(2.0)
Tax on remeasurements in defined benefit pension scheme	28	**0.2**	0.3
Items that may be reclassified subsequently to profit or loss:			
Translation of foreign operations		**9.7**	(4.0)
Other comprehensive income/(loss) for the period		**8.7**	(5.7)
Total comprehensive income/(loss) for the period		**59.7**	(32.7)
Attributable to:			
Equity holders of the parent		**69.4**	(32.6)
Non-controlling interests		**(9.7)**	(0.1)
		59.7	(32.7)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 52 weeks ended 29 December 2020

	Attributable to equity holders of the parent								
	Called-up share capital £m	Share premium account £m	Capital redemption reserve £m	Merger reserve £m	Own shares held £m	Hedging and translation reserve £m	Accumulated losses £m	Non-controlling interests £m	Total equity £m
At 31 December 2019	**90.0**	**709.9**	**6.8**	**(26.1)**	**(87.0)**	**2.6**	**(383.3)**	**7.3**	**320.2**
Profit/(loss) for the financial period	–	–	–	–	–	–	59.7	(8.7)	51.0
Actuarial remeasurements in defined benefit pension scheme (note 33)	–	–	–	–	–	–	(1.2)	–	(1.2)
Tax on remeasurements in defined benefit pension scheme (note 28)	–	–	–	–	–	–	0.2	–	0.2
Exchange differences on translation of foreign operations	–	–	–	–	–	10.7	–	(1.0)	9.7
Total comprehensive income/(loss) for the period	**–**	**–**	**–**	**–**	**–**	**10.7**	**58.7**	**(9.7)**	**59.7**
Purchase and issue of own shares (note 30)	–	–	–	–	(1.6)	–	–	–	(1.6)
Transfer of own shares to recipients (note 30)	–	–	–	–	4.7	–	(3.2)	–	1.5
Equity placing (note 29)	17.5	6.7	–	194.4	–	–	–	–	218.6
Credit recognised in respect of share remuneration (note 32)	–	–	–	–	–	–	3.1	–	3.1
Tax charge in respect of share remuneration (note 28)	–	–	–	–	–	–	(2.2)	–	(2.2)
At 29 December 2020	**107.5**	**716.6**	**6.8**	**168.3**	**(83.9)**	**13.3**	**(326.9)**	**(2.4)**	**599.3**

	Attributable to equity holders of the parent								
	Called-up share capital £m	Share premium account £m	Capital redemption reserve £m	Merger reserve £m	Own shares held £m	Hedging and translation reserve £m	Accumulated losses £m	Non-controlling interests £m	Total equity £m
At 1 January 2019	**88.7**	**689.4**	**6.8**	**(26.1)**	**(88.0)**	**6.6**	**(378.5)**	**–**	**298.9**
Loss for the financial period	–	–	–	–	–	–	(26.9)	(0.1)	(27.0)
Actuarial remeasurements in defined benefit pension scheme (note 33)	–	–	–	–	–	–	(2.0)	–	(2.0)
Tax on remeasurements in defined benefit pension scheme	–	–	–	–	–	–	0.3	–	0.3
Exchange differences on translation of foreign operations	–	–	–	–	–	(4.0)	–	–	(4.0)
Total comprehensive loss for the period	**–**	**–**	**–**	**–**	**–**	**(4.0)**	**(28.6)**	**(0.1)**	**(32.7)**
Purchase and issue of own shares	–	–	–	–	(0.5)	–	–	–	(0.5)
Transfer of own shares to recipients	–	–	–	–	1.5	–	(1.5)	–	–
Partnership with Caesars	1.3	20.5	–	–	–	–	110.3	5.9	138.0
Credit recognised in respect of share remuneration (note 32)	–	–	–	–	–	–	4.5	–	4.5
Tax credit in respect of share remuneration	–	–	–	–	–	–	1.4	–	1.4
Acquisition of Mr Green	–	–	–	–	–	–	–	1.5	1.5
Dividends paid (note 10)	–	–	–	–	–	–	(90.9)	–	(90.9)
At 31 December 2019	**90.0**	**709.9**	**6.8**	**(26.1)**	**(87.0)**	**2.6**	**(383.3)**	**7.3**	**320.2**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 29 December 2020

	Notes	29 December 2020 £m	31 December 2019 £m
Non-current assets			
Intangible assets	12	**974.6**	1,095.9
Property, plant and equipment	13	**235.1**	265.0
Interests in associates	14	**23.3**	24.5
Investments	15	**5.2**	0.4
Deferred tax assets	28	**47.5**	43.5
Retirement benefit asset	33	**49.2**	48.4
Loans receivable	34	**7.7**	9.9
		1,342.6	1,487.6
Current assets			
Trade and other receivables	19	**63.5**	45.0
Cash and cash equivalents	20	**722.6**	459.4
Corporation tax assets		**4.3**	–
Freehold property held for sale	16	**1.1**	0.7
Investment property held for sale	21	**1.7**	1.7
Disposal group asset held for sale	16	**–**	10.1
Loans receivable	34	**2.1**	–
		795.3	516.9
Total assets		**2,137.9**	2,004.5
Current liabilities			
Trade and other payables	22	**(468.9)**	(421.8)
Corporation tax liabilities		**(26.3)**	(20.3)
Derivative financial instruments	27	**(68.5)**	(19.0)
Borrowings	24	**–**	(203.2)
Lease liabilities	17	**(36.5)**	(37.5)
Provisions	23	**(84.4)**	(76.9)
Disposal group liabilities held for sale	16	**–**	(3.5)
		(684.6)	(782.2)
Non-current liabilities			
Borrowings	24	**(694.6)**	(693.5)
Lease liabilities	17	**(89.2)**	(125.7)
Provisions	23	**(4.0)**	(1.6)
Deferred tax liabilities	28	**(66.2)**	(81.3)
		(854.0)	(902.1)
Total liabilities		**(1,538.6)**	(1,684.3)
Net assets		**599.3**	320.2
Equity			
Called-up share capital	29	**107.5**	90.0
Share premium account		**716.6**	709.9
Capital redemption reserve		**6.8**	6.8
Merger reserve		**168.3**	(26.1)
Own shares held	30	**(83.9)**	(87.0)
Hedging and translation reserves		**13.3**	2.6
Accumulated losses		**(326.9)**	(383.3)
Total equity attributable to equity holders of the parent		**601.7**	312.9
Non-controlling interests		**(2.4)**	7.3
Total equity		**599.3**	320.2

The financial statements of William Hill PLC, registered number 4212563, were approved by the Board of Directors and authorised for issue on 4 March 2021 and are signed on its behalf by:

U Bengtsson
Director

M Ashley
Director

CONSOLIDATED CASH FLOW STATEMENT

for the 52 weeks ended 29 December 2020

	Notes	52 weeks ended 29 December 2020 £m	52 weeks ended 31 December 2019 £m
Net cash from operating activities	31	**366.5**	183.0
Investing activities			
Dividends from associates	14	**–**	1.4
Interest received on cash and cash equivalents		**3.5**	1.5
Proceeds on disposal of property, plant and equipment		**0.2**	6.1
Amounts drawn down on loan facility made available to NeoGames	34	**–**	(5.0)
Acquisition of CG Technology – net of cash acquired and settlements	18	**(2.9)**	–
Acquisition of Alfabet – net of cash acquired	18	**(0.4)**	–
Acquisition of Mr Green – net of cash acquired		**–**	(173.7)
Net proceeds on sale of Northern Ireland and Isle of Man operations	16	**7.4**	–
Proceeds on partial disposal of investments in associates	14	**10.0**	2.1
Purchases of property, plant and equipment		**(20.3)**	(10.7)
Expenditure on intangible assets		**(72.9)**	(83.9)
Net cash used in investing activities		**(75.4)**	(262.2)
Financing activities			
Purchase of own shares	30	**(1.6)**	(0.5)
Net proceeds on equity placing	29	**218.6**	–
Amounts drawn down on Revolving Credit Facilities		**425.0**	–
Amounts repaid on Revolving Credit Facilities		**(425.0)**	–
Amounts paid on redemption of existing senior unsecured loan notes	24	**(203.4)**	(171.6)
Existing senior unsecured notes redemption costs		**–**	(8.1)
Proceeds on issue of 4.75% senior unsecured notes due May 2026	24	**–**	350.0
Debt facility issue costs		**–**	(1.5)
Lease liabilities – principal payments		**(44.5)**	(46.7)
Dividends paid	10	**–**	(90.9)
Net cash (used in)/from financing activities		**(30.9)**	30.7
Net increase/(decrease) in cash and cash equivalents in the period		**260.2**	(48.5)
Changes in foreign exchange rates		**3.0**	(2.2)
Transferred to disposal group held for sale		**–**	(0.4)
Cash and cash equivalents at start of period		**459.4**	510.5
Cash and cash equivalents at end of period	20	**722.6**	459.4

STATEMENT OF GROUP ACCOUNTING POLICIES

General information

William Hill PLC is a Company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is 1 Bedford Avenue, London, WC1B 3AU. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 1 to 53 and note 2.

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

Basis of accounting

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

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

Adoption of new and revised standards

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

Standards in issue but not yet effective

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

Revenue recognition

Direct revenue

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

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

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

Service provider revenue

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

Other operating income

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

Going concern

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

As highlighted in notes 24 and 25 to the financial statements, the Group meets its day-to-day working capital requirements from the positive cash flows generated by its trading activities and its available cash resources. These are supplemented when required by additional drawings under the Group's revolving credit facilities (RCF), which are predominantly committed until October 2023 (with £35.0m committed until November 2022). During the period, the Group drew down the facilities and obtained waivers against the covenants attached to them throughout 2020 with a reset at June 2021 and December 2021.

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

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

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

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

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

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

Consideration of potential subsequent sale by Caesars

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

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

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

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

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

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

Exceptional items and adjustments

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

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

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

Critical accounting judgements and key sources of estimation uncertainty

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

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

Critical accounting judgements

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

Exceptional items and adjustments

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

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

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

IFRS 16 'Leases'

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

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

Contingent liabilities

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

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

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

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

Separately a provision of £1.2m (note 23) is held at 29 December 2020 for claims in separate jurisdictions where an outcome in favour of the consumers in question is probable.

Key sources of estimation uncertainty

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

Impairment of intangible assets with indefinite lives

Determining whether intangible assets with indefinite lives are impaired requires an estimation of the value in use of the cash-generating units to which the intangible assets have been allocated. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Note 12 provides information on the assumptions used in these financial statements, as well as the degree of sensitivity to changes in assumptions.

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

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

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

As the impact of Covid-19 and the continued impact of the £2 maximum stake continues to become more fully known in time, this could result in further impairments (or reversals of the existing impairment charge) of assets in the Retail segment. Refer to note 12 for an analysis of the sensitivity of the impairment to a range of reasonably possible changes in assumptions.

Retirement benefit costs

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

Derivative financial liability

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

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

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

NOTES TO THE GROUP FINANCIAL STATEMENTS

1. Revenue

An analysis of the Group's revenue is as follows:

	52 weeks ended 29 December 2020 £m	52 weeks ended 31 December 2019 £m
Direct revenue	**1,316.1**	1,570.8
Service provider revenue	**8.2**	10.9
Revenue	**1,324.3**	1,581.7
Other operating income	**13.9**	16.1
Investment income	**22.1**	3.0
	1,360.3	1,600.8

Direct revenue is treated as a derivative under IFRS 9 'Financial Instruments' and is therefore out of scope of IFRS 15 'Revenue from Contracts with Customers'. Service provider revenue is within the scope of IFRS 15 'Revenue from Contracts with Customers'. Service provider revenue exists only in the US segment, see note 2.

Revenue is also referred to as 'net revenue' within the 2020 Annual Report and Accounts. Net revenue is an industry term equivalent to Revenue as described in these financials statements.

At the period end, the Group held no material contract assets or liabilities and there were no material unsatisfied performance obligations.

Within other operating income is income relating to the divestment of a portion of its shareholding in its associate, NeoGames, see note 14, and to movements in certain Group shareholdings, see note 15.

Investment income is further explained in note 7.

2. Segment information

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

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

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

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

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

2. Segment information continued

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

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

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

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

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

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

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

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

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

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

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

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

3. Exceptional items and adjustments

Adjusted results

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

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

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

- management and Board reviews of performance against expectations and over time, including assessments of segmental performance (see note 2 and the Strategic Report);
- Remuneration Committee assessments of targets and performance for management remuneration purposes (see pages 85 to 99);
- in support of business decisions by the Board and by management, encompassing both strategic and operational levels of decision-making; and
- assessments of loan covenant compliance, which refer to adjusted results.

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

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

Exceptional items

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

Adjustments

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

3. Exceptional items and adjustments continued

Exceptional items and adjustments are as follows:

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

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

VAT Income

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

Impairment of the Retail segment

As a result of the impact of the Covid-19 pandemic as well as a change in the useful economic life of the Retail licences intangible asset, management recognised an impairment of intangible assets of the Retail segment. Details of this impairment are provided in note 12. This was presented as an exceptional item due to its material nature and relates to the Retail segment.

Caesars transaction related costs

The Group has incurred costs associated with the proposed transaction with Caesars, which it has aggregated and presented as an exceptional item given their material size and one-off nature. Of these costs, £47.4m relates to the fair value movement of a specific derivative financial liability held as part of a commercial agreement with a third party that crystallises in the event of a change of control of William Hill PLC. The payment at the change of control is determined by the valuation of the William Hill US business and the increase in value in the period reflects both an increased value of the William Hill US business and the increased probability of an exit event occurring (see note 27). Only the fair value movement as a result of the Caesars transaction has been included as exceptional with the cost recognised in the current year before the transaction and in the prior year remaining within adjusted results. £13.9m relates to an accelerated charge on a cash-settled share-based payment scheme offered to US employees (US LTIP) as it is triggered by a change of control with the amount of the payment based on the incremental value of the William Hill US business across the vesting period, see note 32. Only the incremental charge from the acceleration and the increased value of the William Hill US business as a result of the Caesars transaction has been recognised as an exceptional item, with the charges that would have been incurred if the Caesars transaction were not taking place recognised in adjusted results. £9.1m relates to amounts due to advisors, which are costs that have already been borne by the Group for work performed during the period. Several further costs are contingent on the deal completing and are disclosed as a contingent liability, see note 35.

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

4. Share of results of associates

	52 weeks ended 29 December 2020 £m	52 weeks ended 31 December 2019 £m
Share of results after taxation in associated undertakings	**0.3**	0.9

The above represents the Group's share of the results of Sports Information Services (Holdings) Limited, NeoGames S.a.r.l and Green Jade Games Limited (Green Jade), further details of which are given in note 14.

5. Profit/(loss) before interest and tax

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

	52 weeks ended 29 December 2020 £m	52 weeks ended 31 December 2019 £m
Net foreign exchange losses	**4.5**	3.1
Loss/(gain) on disposal of property, plant and equipment and investment properties	**0.3**	(3.2)
Impairment of Retail segment	**125.7**	–
Staff costs (note 6)	**312.2**	394.5
Depreciation of property, plant and equipment (note 13)	**62.9**	66.6
Amortisation of intangible assets (note 12)	**83.8**	75.6

Fees payable to Deloitte LLP and their associates are shown below:

	52 weeks ended 29 December 2020 £m	52 weeks ended 31 December 2019 £m
Audit fees		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**0.8**	0.7
The audit of the Company's subsidiaries, pursuant to legislation	**0.3**	0.2
	1.1	0.9
Non-audit fees		
Other assurance services	**0.1**	0.1
	0.1	0.1
Total fees payable to Deloitte LLP	**1.2**	1.0

Deloitte LLP does not provide services for the Group's pension schemes.

The audit fees payable to Deloitte LLP are reviewed by the Audit and Risk Management Committee to ensure such fees are competitive, fair and reasonable. The Audit and Risk Management Committee sets the policy for awarding non-audit work to the auditor and reviews the nature and extent of such work and related fees in order to ensure that independence is maintained. The fees disclosed consolidate all payments made to Deloitte LLP by the Company and its subsidiaries during the period and are presented net of VAT and other sales taxes.

6. Staff costs

The average monthly number of persons employed, including Directors, during the period was 11,615. The total split by segment was: Retail 7,677; Online 2,259; US 741; and Corporate 938 (52 weeks ended 31 December 2019: Total 14,838. By segment: Retail 11,153; Online 1,944; US 725; and Corporate; 1,016). Their aggregate remuneration comprised:

	52 weeks ended 29 December 2020 £m	52 weeks ended 31 December 2019 £m
Wages and salaries	**254.3**	349.4
Social security costs (including social security costs on share-based remuneration)	**25.0**	28.9
Share-based remuneration[2]	**21.4**	4.5
Other pension net costs (note 33)	**11.5**	11.7
	312.2	394.5
Remeasurement loss in defined benefit scheme (note 33)[1]	**1.2**	2.0
Total staff costs from continuing activities	**313.4**	396.5

1. The £1.2m relating to remeasurement loss (52 weeks ended 31 December 2019: £2.0m loss) has been recognised in other comprehensive income. The remainder of staff costs above were charged to the Income Statement, with certain staff costs classified as exceptional items.
2. Note the costs accrued for the US LTIP were disclosed within wages and salaries within other operating expenses in the prior year and not disclosed separately as a cash settled share-based payment transaction as the scheme was not considered material.

7. Investment income

	52 weeks ended 29 December 2020 £m	52 weeks ended 31 December 2019 £m
Interest on cash and cash equivalents	**2.2**	1.7
Interest on net pension scheme assets or liabilities (note 33)	**1.0**	1.3
Finance income in respect of VAT reclaim (note 3)	**18.9**	–
	22.1	3.0

8. Finance costs

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

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

The tax charge/(credit) comprises:

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

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

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

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

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

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

10. Dividends proposed and paid

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

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

11. Earnings/(loss) per share

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

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

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

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

12. Intangible assets

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

Licences

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

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

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

Brands, trade names and customer relationships

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

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

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

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

Impairment reviews

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

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

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

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

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

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

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

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

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

CGUs

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

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

12. Intangible assets continued

Retail impairment review

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

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

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

Results of impairment reviews

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

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

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

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

The Nevada CGU includes the goodwill recognised on acquisition of CG Technology of £2.4m (note 18) and the Online CGU includes the goodwill recognised on acquisition of Alfabet of £0.4m.

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

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

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

Sensitivity of impairment reviews

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

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

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

13. Property, plant and equipment

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

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

The net book value of land and buildings comprises:

	29 December 2020 £m	31 December 2019 £m
Freehold	**13.9**	17.5
Long leasehold improvements	**1.8**	2.7
Short leasehold improvements	**73.1**	76.4
	88.8	96.6

Of the total net book value of land and buildings, £1.8m (31 December 2019: £2.0m) relates to administrative buildings and the remainder represents LBOs in the UK and betting locations in the US. The cost of assets on which depreciation is not provided amounts to £4.5m, representing freehold land (31 December 2019: £4.5m). At 29 December 2020, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £6.1m (31 December 2019: £10.3m).

14. Interests in associates

The Group holds interests in five associated undertakings at an aggregate value of £23.3m (31 December 2019: £24.5m).

The Group uses the equity method of accounting for associates. The following table shows the aggregate movement in the Group's interests in associates:

	£m
At 31 December 2019	24.5
Share of results before interest and taxation	2.4
Share of interest	(1.1)
Share of taxation	(0.4)
Dividend received	–
Green Jade Games	(0.2)
NeoGames partial disposal	(1.9)
At 29 December 2020	**23.3**

SIS

At 29 December 2020, William Hill Organization Limited, a principal subsidiary of the Company, held an investment of 19.5% (31 December 2019: 19.5%) of the ordinary share capital of Sports Information Services (Holdings) Limited (SIS), a company incorporated in Great Britain. The Group is able to exert significant influence over SIS by way of its 19.5% holding and its seat on the Board of Directors.

The SIS group of companies provides real time, pre-event information and results, as well as live coverage of horseracing, greyhound racing and other sporting activities and events via satellite. The statutory financial statements of SIS are prepared to the year ending 31 March. The results recognised are based on statutory accounts to March 2020 and management accounts thereafter.

The following financial information relates to SIS as at and for the 52 weeks ended 29 December 2020:

	29 December 2020 £m	31 December 2019 £m
Total assets	**108.1**	102.8
Total liabilities	**(50.9)**	(42.0)
Total revenue	**150.3**	217.4
Total (loss)/profit after tax	**(4.9)**	1.3

NeoGames

NeoGames is a leading iLottery software and service provider to lotteries worldwide, including in Europe and the US.

On 7 August 2015, William Hill Organization Limited acquired 30.9% of the ordinary share capital of NeoGames S.a.r.l (NeoGames), a company incorporated in Luxembourg, for a total cash consideration of $25.0m. During the period, NeoGames announced an Initial Public Offering (IPO) which was taken up on 18 November 2020. As part of the IPO, the Company sold a portion of its holding in NeoGames for proceeds of $10.7m (£8.0m) and, at 29 December 2020, the Group held 24.5% of the ordinary share capital of NeoGames. The profit on disposal of this shareholding of £6.1m has been shown within other operating income within adjusted results. The Group is able to exert influence over NeoGames by way of its equity holding.

As part of the original acquisition, William Hill Organization Limited had an option to acquire the remaining share capital in 2021. Prior to the IPO, William Hill Organization Limited waived its right to the option.

The Group has made available a $15m loan facility to NeoGames which can be drawn down on request and which attracts compound interest at varying rates on each drawn down amount (note 34).

The following financial information relates to NeoGames as at and for the 52 weeks ended 29 December 2020:

	29 December 2020 £m	31 December 2019 £m
Total assets	**69.3**	23.6
Total liabilities	**(31.1)**	(25.9)
Total revenue	**38.0**	26.6
Total profit/(loss) after tax	**5.5**	(1.1)

Lucky Choice Limited and 49's Limited

At the end of the previous reporting period, William Hill Organization Limited held directly or indirectly 33% of the entire share capital of Lucky Choice Limited and of 49's Limited. These companies were formed for the purpose of promoting and publicising certain numbers betting formats. During the period, the Group sold its entire shareholding in 49's Limited for proceeds of £2.0m (note 34). In the opinion of the Directors, the results of these companies are not material to the results of the Group. Consequently, the investment in Lucky Choice Limited has been stated at cost and has not been accounted for under the equity method, which would normally be appropriate for an associated undertaking.

Green Jade Games Ltd

Green Jade Games Ltd is an iGaming software content development company, a subsidiary acquired as part of the acquisition of Mr Green & Co AB. It was partially disposed of during the previous reporting period, reducing the Group's investment from 100% to 25%. This resulted in a loss of control of the subsidiary and a recognition of an associate at fair value on disposal. The carrying value of Green Jade Games Ltd at 29 December 2020 was £1.3m (31 December 2019: £1.5m).

15. Investments

Flutter Entertainment shares

As part of the Group's agreement with Caesars (previously Eldorado), completed on 29 January 2019, the Group is entitled to 50% of equity interest in any third party issued as consideration of any betting skins.

In November 2018, The Stars Group (TSG) announced an agreement with Caesars to give TSG certain options to operate online betting and gaming in states where Caesars operates casino properties. As part of this agreement, TSG offered Caesars up front equity interest of $25m with potentially an additional $5m of equity upon exercise of the first option by TSG. A further equity stake may be provided after five years, based on TSG's net gaming revenue generated in markets accessed via Caesars. The Group will also receive the first $25m of revenue share payable by TSG and the majority of the revenue share thereafter.

In the period, this led to the Group holding an equity investment in Flutter Entertainment plc (Flutter), as owners of TSG, being the payment of 50% of the additional $5m of equity above upon exercise of the first option by TSG. This investment is classified as fair value through profit or loss. The valuation of the equity investment is based on the Flutter share price at the reporting period end with gains recognised through Other operating income in the Income Statement. The value of the investment held at 29 December 2020 is £3.7m.

Good Luck Have Fun Group AB ('GLHF Group') shares

During the period, Mr Green and Co AB ('Mr Green') converted a shareholder loan that had been previously extended to GLHF Group into additional issued share capital to increase its shareholding in GLHF Group to 10.47%. The value of the converted shareholder loan was Kr15.0m plus interest (£1.3m).

The value of this investment as at 29 December 2020 is £1.3m.

The Group also holds other investments in unquoted shares of £0.2m (31 December 2019: £0.4m).

16. Disposals

On 12 January 2020, the Group agreed to sell its Northern Ireland and Isle of Man operations to BoyleSports Limited. These operations were previously presented as a disposal group held for sale and presented separately in the Consolidated Statement of Financial Position. The Northern Ireland operations were disposed of on 7 February 2020 and the Isle of Man operations were disposed of on 29 May 2020.

The Group sold net assets totalling £7.7m for proceeds of £7.4m, thus leading to a loss on disposal of £0.3m.

In 2019, 48 freehold properties, which were closed as part of the 713 shops closures in the period were transferred to asset held for sale in the period and held in current assets. During the period, 40 of these freehold properties were sold for proceeds of £4.7m leading to a profit on disposal of £4.0m.

In 2020, a further 17 freehold properties were closed as a part of the 119 shops shut in the period. During the period, three of these freehold properties were sold for proceeds of £0.2m leading to a profit on disposal of £0.1m

The freehold property assets remaining are held at the combined net book value of £1.1m as assets held for sale as the fair value less costs to sell is greater than the carrying amount on a shop-by-shop basis.

17. Leases

The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

The lease liability is initially measured at the present value of the lease payments that have not been paid at the commencement date, discounted using an appropriate discount rate. The discount rate used to calculate the lease liability is the rate implicit in the lease, if it can be readily determined, or the lessee's incremental borrowing rate if not. The Group uses an incremental borrowing rate for its leases, which is determined based on a series of inputs including a risk-free rate based on our debt portfolio as well as country-specific adjustments.

A right-of-use asset is also recognised equal to the lease liability and depreciated over the period from the commencement date to the earlier of, the end of the useful life of the right-of-use asset or the lease term.

The Group has assessed the lease term of properties within its retail estate to be up to the first available contractual break within the lease. The Group has deemed that it cannot be reasonably certain that it will continue beyond this time given the continued uncertainty surrounding the Retail business. The Group has also applied a number of practical expedients that are detailed in the Statement of Group Accounting Policies.

17. Leases continued

The Group note that leases not included due to either being low value or having a term of less than 12 months are deemed immaterial.

The Group has a very small number of sublet properties which have been assessed in accordance with IFRS 16 and have also been deemed immaterial. The accounting policy applied to these small number of sublet properties can be seen on page 172.

The Group will continue to monitor both the above scenarios and disclose these if they are deemed material to users of the Annual Report and Accounts.

Amounts recognised in the Consolidated Income Statement:

	£m
Right-of-use asset depreciation	37.4
Finance costs	4.7

A maturity analysis of the contractual undiscounted cash flows is as follows:

	£m
Due within one year	40.2
Due between one and two years	29.5
Due between two and three years	22.5
Due between three and four years	15.9
Due between four and five years	11.3
Due beyond five years	19.3

18. CG Technology acquisition

On 3 September 2020, the Group completed the acquisition of CG Technology. The Group consequently operates four additional William Hill branded sports books in Nevada open at The Venetian Resort, The Palazzo Resort, The Cosmopolitan of Las Vegas, and Silverton in Las Vegas.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	£m
Net assets acquired:	
Cash and cash equivalents	0.9
Intangible assets	4.6
Property, plant and equipment	0.4
Trade and other payables	(1.0)
Net identifiable assets acquired	4.9
Add: Goodwill	2.4
Total consideration	7.3

	£m
Purchase consideration:	
Cash consideration	7.3
Less: cash and cash equivalents acquired	(0.9)
Net consideration	6.4

The net consideration is reduced by a settlement of damages and fees to the Group by CG Technology in respect of specific legal action following the 2012 acquisition of businesses in Nevada and a working capital adjustment on acquisition. Including acquisition-related costs of £0.5m, this led to a net cash outflow from the acquisition of £2.9m.

The goodwill is attributable to CG Technology's assembled workforce and synergies expected to arise in the US after the Group's acquisition.

The acquired business contributed revenue of $4.2m (£3.2m) and adjusted operating profit $1.2m (£0.9m) to the Group from 3 September 2020 to 29 December 2020. If the acquisition had occurred on 1 January 2020, the contributed consolidated revenue for the period ended 29 December 2020 would have been $9.5m (£7.4m) and the adjusted operating profit would have been materially the same as contributed in the period from 3 September 2020 to 29 December 2020.

On 27 December 2020, the Group completed the acquisition of Alfabet S.A.S, a Colombia operator licensed to offer games of chance and sports betting in the Colombia state for £0.4m cash consideration. Given the size of the acquisition, no further disclosures are provided.

19. Trade and other receivables

Trade and other receivables comprise:

	29 December 2020 £m	31 December 2019 £m
Trade receivables	**5.1**	6.4
Other receivables	**28.2**	8.9
Prepayments	**30.2**	29.7
	63.5	45.0

Trade and other receivables are stated at their gross receivable value less impairment for expected credit loss. Trade and other receivables are impaired when there is no reasonable expectation of recovery and an impairment analysis is performed at each reporting date to measure expected credit loss. The Group has elected to use the simplified method to measure expected credit loss and the provision the Group holds for expected credit losses is £0.1m as at 29 December 2020 (31 December 2019: £0.1m).

Other receivables includes the finance income receivable in respect of the VAT reclaim (note 3).

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

20. Cash and cash equivalents

Cash and cash equivalents are comprised of cash and short-term bank deposits held by the Group with an original maturity of three months or less. In total, the Group has £722.6m in cash and cash equivalents (31 December 2019: £459.4m). The carrying amount of these assets approximates their fair value.

Cash and cash equivalents include:

	29 December 2020 £m	31 December 2019 £m
Cash and cash equivalents	**722.6**	459.4
Less:		
Client funds held in Online[1]	**(73.9)**	(50.3)
Client funds held in US[1]	**(18.2)**	(11.0)
Restricted funds held in US[2]	**(35.1)**	(22.1)
Restricted deposits in respect of Spanish and Italian regulatory requirements	**(4.8)**	(4.5)
Cash (excluding customer balances and restricted cash)[3]	**590.6**	371.5

1. Client funds held are matched by liabilities of an equal value.
2. Restricted funds held in the US cannot be withdrawn without approval from the local regulator and match or exceed betting and customer liabilities.
3. Cash (excluding customer balances and restricted cash) represents the cash available to the Group used in the calculation of net debt for covenant purposes (note 25).

21. Investment property

The Group owns two residential investment properties in Guernsey (31 December 2019: two), which are classified as held for sale at 29 December 2020, consistently with 31 December 2019. These assets are presented within current assets.

The properties are held at a fair value of £1.7m (31 December 2019: £1.7m), based upon estimates of current market prices advised by independent estate agents at 29 December 2020. There were no fair value movements during the period charged to the Consolidated Income Statement (52 weeks ended 31 December 2019: £nil).

22. Trade and other payables

Trade and other payables comprise:

	29 December 2020 £m	31 December 2019 £m
Trade payables	**165.4**	128.4
Other payables	**8.1**	9.8
Taxation and social security	**86.1**	81.1
Accruals	**209.3**	202.5
	468.9	421.8

The average credit period taken for trade purchases is 33 days (period ended 31 December 2019: 20 days).

The Directors consider that the carrying amount of trade payables approximates their fair value.

Included in trade payables is an amount of £97.1m (31 December 2019: £82.9m) in respect of amounts due to clients, representing deposits received and customer winnings. This is offset by an equivalent or greater amount of cash held, which is included in cash and cash equivalents.

The Group has not used any supplier financing arrangements in the period.

23. Provisions

Provisions comprise:

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

Shop closure provisions

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

Other restructuring costs

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

Indirect tax provision

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

Legal provisions

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

24. Borrowings

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

Bank facilities

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

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

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

£425m Revolving Credit Facilities

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

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

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

Overdraft facility

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

Senior Unsecured Notes

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

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

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

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

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

24. Borrowings continued

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

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

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

Weighted average interest rates

The weighted average interest rates paid, including commitment fees, were as follows:

	52 weeks ended 29 December 2020 %	52 weeks ended 31 December 2019 %
2026 notes	**4.8**	4.8
2023 notes	**4.9**	4.9
2020 notes	**–**	4.3
Bank loans	**n/a**	n/a

We have not calculated a weighted average interest rate for bank facilities as these were only used for six months during the period and as such, the commitment fees on those bank facilities would distort the outcome.

Change of control

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

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

Fair value of loans and facilities

The Group's £350m 4.875% Senior Unsecured Notes due 2023 are listed on the London Stock Exchange and at the period end date their fair value was £373.1m (31 December 2019: £375.3m).

The Group's £350m 4.75% Senior Unsecured Notes due 2026 are listed on the London Stock Exchange and at the period end date their fair value was £389.4m (31 December 2019: £363.9m).

25. Financial risk management

The Group's activities expose it to a variety of financial risks. Financial risk management is primarily carried out by the Group Treasurer with reference to risk management policies approved by the Board and supervised by the CFO. The Board approves written principles for risk management, as described in the Strategic Report on page 50. The principal financial risks faced by the Group comprise liquidity risk, financing risk, credit risk, interest rate risk, currency risk and pensions risk. These risks are managed as described below.

Liquidity risk

Liquidity risk is the risk that the Group has insufficient funds available to settle its liabilities as they fall due. The Group's business generates strong operating cash flows and the Group aims to maintain sufficient cash balances to meet its anticipated working capital requirements based on regularly updated cash flow forecasts. Liquidity requirements that cannot be met from operational cash flow or existing cash resources would be satisfied by drawings under the Group's RCF. The Group maintains adequate committed but undrawn facilities to meet such requirements. Details of the Group's borrowing arrangements are provided in note 24.

The table below details the Group's expected maturity for its financial liabilities, excluding lease liabilities which are shown in note 17. The table has been drawn up on the undiscounted contractual maturities of the financial instruments, including interest that will be receivable or payable on them. Where applicable, interest payments in respect of the floating rate liabilities are estimated based on the one-month sterling LIBOR rate at the period end date.

	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	More than 5 years £m	Total £m
29 December 2020					
2023 notes including interest	**17.1**	**17.1**	**361.8**	**–**	**396.0**
2026 notes including interest	**16.6**	**16.6**	**49.9**	**355.6**	**438.7**
Bank loans including interest[1]	**1.9**	**1.9**	**1.4**	**–**	**5.2**
Other financial liabilities	**328.1**	**–**	**–**	**–**	**328.1**
Total	**363.7**	**35.6**	**413.1**	**355.6**	**1,168.0**
31 December 2019					
2020 notes including interest	207.1	–	–	–	207.1
2023 notes including interest	17.1	17.1	378.8	–	413.0
2026 notes including interest	16.6	16.6	49.9	372.1	455.2
Bank loans including interest[1]	1.9	1.9	3.3	–	7.1
Other financial liabilities	257.6	–	–	–	257.6
Total	500.3	35.6	432.0	372.1	1,340.0

1. Bank loan interest includes commitment fees payable on the undrawn portion of the RCF.

Capital management and financing risk

The Group seeks to maintain an appropriate capital structure which enables it to continue as a going concern, supports its business strategy and takes into account the wider economic environment. The Group's capital comprises equity and debt finance, and these elements are managed to balance the requirements of the business and the interests of shareholders and debt providers. The Group manages its capital structure through cash flows from operations, returns to shareholders in the form of dividends and share buybacks, the raising or repayment of debt and the raising of equity capital from investors.

Financing risk is the risk that the Group is unable to access sufficient finance to refinance its debt obligations as they fall due. The Group manages this risk by maintaining a balance between different funding sources including equity and debt. It seeks to mitigate its debt financing risk by diversifying its sources of debt capital. The bank loan and sterling corporate bond markets are currently used for this purpose. The Board also seeks to mitigate the Group's refinancing risk by having an appropriately balanced debt maturity profile.

Net debt to EBITDA ratio

The Group measures leverage primarily through its net debt to EBITDA ratio. As one of the financial covenants under its revolving credit facilities, the Group must ensure that its net debt to trailing 12-month EBITDA does not exceed 3.5 times. In May 2020, the Group agreed with its lenders that its covenants would be waived for the financial period ended 29 December 2020 and amended for the financial period ending 28 December 2021.

The net debt to EBITDA ratio is not a statutory measure and so its basis and composition may differ from other leverage measures published by other companies.

The net debt to EBITDA ratio was:

	29 December 2020 £m	31 December 2019 £m
Nominal value of Senior Unsecured Notes (note 24)	**700.0**	903.4
Counter indemnity obligations under bank guarantees	**3.7**	3.8
Cash (excluding customer balances and other restricted cash) (note 20)	**(590.6)**	(371.5)
Net debt for covenant purposes	**113.1**	535.7
EBITDA for covenant purposes (see table below)	**144.0**	226.2
Net debt to EBITDA ratio	**0.8**	2.4

25. Financial risk management continued

EBITDA for covenant purposes is adjusted profit before depreciation, amortisation, interest, tax and equity settled share-based payments for continuing operations, and is calculated as follows:

	29 December 2020 £m	31 December 2019 £m
Adjusted profit before interest and tax	**57.3**	147.0
Depreciation	**25.5**	23.2
Amortisation	**64.6**	57.3
Equity settled Share-based payments	**3.1**	4.5
Adjustment in respect of Mr Green[1]	**–**	(1.3)
'Frozen GAAP' adjustment[2]	**(0.9)**	(2.3)
Non-controlling interests share of EBITDA	**(5.6)**	(2.2)
EBITDA for covenant purposes	**144.0**	226.2

1. In 2019, EBITDA for covenant purposes included 12 months of results for the entire Group. For this purpose, the pre-acquisition loss of Mr Green for January 2019 is added to the consolidated 11 months results already included in the adjusted profit before interest and tax figure.
2. Adjusted profit before interest and tax includes the impact of the implementation of IFRS 16 'Leases' which came into effect the previous reporting period (note 17). EBITDA for covenant purposes is calculated on a 'Frozen GAAP' basis, meaning, based on accounting standards in effect at the inception of the RCF. An adjustment was therefore made to remove the net effect of the IFRS 16 'Leases' accounting entries.

Credit risk

The Group is exposed to credit risk from counterparties defaulting on their obligations, resulting in financial loss to the Group. It arises in relation to transactions with commercial counterparties and financial institutions. It also arises from customers who have been granted access to credit facilities.

The Group manages its counterparty risk by closely monitoring and, where appropriate, limiting the amount that can be deposited or accumulated with any one counterparty. The Group will only deposit funds with pre-approved financial institutions with specified minimum credit ratings or strong balance sheet. The Group's policy is to mitigate its credit risk with respect to derivative transactions by using a number of different counterparties for material transactions.

Interest rate risk

Interest rate risk arises from the Group's borrowings. Protecting Group earnings from rising interest rates is predominantly achieved by fixing the interest costs on a significant proportion of the Group's debt.

Current treasury policy stipulates that at least 70% of the Group's debt should be at fixed rates. At 29 December 2020, all of the Group's borrowings were at fixed rates.

The Group also earns investment income from deposits placed with certain approved financial institutions. Based on the current level of variable interest bearing deposits and borrowing facilities, a 100 basis points change in interest rates would have the following impact on the Group financial statements:

	Increase of 100 basis points £m	Decrease of 100 basis points £m
Increase/(decrease) in profit	7.6	(2.2)
Increase/(decrease) in equity reserves	7.6	(2.2)

The Directors have used a 100 basis points change in interest rates as they assess that this best illustrates the impact of plausible changes in interest rates on the Group's performance and financial position, capped at an interest rate of zero percent.

Currency risk

The Group earns revenues in foreign currencies, primarily euro and US dollar, which exposes it to foreign exchange risk. The Group mitigates this risk by incurring costs in currencies matching its revenues. Any remaining transactional foreign currency exposure is not considered to be material and is not hedged. Material individual foreign currency transaction exposures are considered for hedging on an ad hoc basis. As at 29 December 2020, the Group had no derivative contracts for currency hedging purposes (31 December 2019: £nil).

The Group is also exposed to foreign currency accounting translation risk on the earnings and net assets of its overseas operations which are denominated in foreign currencies. The Group does not hedge such translation risk.

Revenue by currency

Revenue by currency for continuing operations is analysed below:

	52 weeks ended 29 December 2020 %	52 weeks ended 31 December 2019 %
Sterling	**64.8**	74.6
Euro	**16.4**	15.2
US dollar	**13.4**	8.8
Swedish krona	**2.2**	0.2
Other currencies	**3.2**	1.2
Total	**100.0**	100.0

A 5% weakening in the Euro would have reduced profit before interest and tax by £1.9m and net assets by £11.8m.

A 5% weakening in the US dollar would have increased profit before interest and tax by £2.9m and reduced net assets by £6.2m.

Pensions risk

The Group operates defined benefit and defined contribution pension schemes for its employees. Pensions risk arises in respect of the defined benefit scheme where the cost of funding retirement benefits ultimately falls upon the Group. The last triennial actuarial valuation as at 30 September 2019 showed a funding surplus on the defined benefit scheme of £23.6m. The Group agreed to pay £1.9m per annum in respect of the costs of insured death benefits, expenses and levies until September 2025.

The Group seeks to manage the cash flow impact arising from pensions risk. Accordingly, the defined benefit scheme was closed to new entrants in 2002 and was restricted as to future accrual from April 2011. The Group attempts to further manage its exposure by agreeing with the Pension Scheme Trustees the assumptions to be used to calculate the scheme liabilities, the investment strategy to be followed and any cash contributions to be made by the Group.

26. Financial instruments

The carrying value of the Group's financial instruments by category, as defined by IFRS 9 'Financial Instruments', (together with non-financial instruments for reconciling purposes) is analysed as follows:

	29 December 2020 £m	31 December 2019 £m
Fair value through the Income Statement		
Investments (note 15)	**3.7**	0.1
Fair value through Other Comprehensive Income		
Investments (note 15)	**1.5**	0.3
Amortised cost		
Cash and cash equivalents (note 20)	**722.6**	459.8
Trade and other receivables (note 19)	**33.3**	15.3
Loans receivable (note 34)	**9.8**	9.9
Total financial assets	**770.9**	485.4
Non-financial assets	**1,367.0**	1,519.1
Total assets	**2,137.9**	2,004.5
Fair value through the Income Statement		
Ante post bets (note 27)	**(18.6)**	(17.6)
Derivative financial liability	**(49.9)**	(1.4)
Liabilities at amortised cost		
Borrowings (note 24)	**(694.6)**	(896.7)
Trade and other payables	**(259.6)**	(294.7)
Lease liabilities (note 17)	**(125.7)**	(163.2)
Total financial liabilities	**(1,148.4)**	(1,373.6)
Non-financial liabilities	**(390.2)**	(310.7)
Total liabilities	**(1,538.6)**	(1,684.3)
Net assets	**599.3**	320.2

The Directors believe that, owing to the nature of the Group's non-derivative financial instruments, the carrying value equates to the fair value, apart from borrowings where the fair value is disclosed in note 24.

26. Financial instruments continued

Fair value hierarchy

The hierarchy (as defined in IFRS 13 'Fair Value Measurement') of the Group's financial instruments carried at fair value was as follows:

	29 December 2020				31 December 2019			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets/(liabilities) held at fair value								
Flutter Entertainment shares (note 15)	3.7	–	–	3.7	–	–	–	–
GLHF Group AB shares (note 15)	1.3	–	–	1.3	–	–	–	–
Ante post bet liabilities (note 27)	–	–	(18.6)	(18.6)	–	–	(17.6)	(17.6)
Specific derivative financial liability (note 27)	–	–	(49.9)	(49.9)	–	–	(1.4)	(1.4)
Total	5.0	–	(68.5)	(63.5)	–	–	(19.0)	(19.0)

The Group also holds other investments in unquoted shares of £0.2m (31 December 2019: £0.4m).

A reconciliation of movements on level 3 instruments is provided in the table below.

	Ante post bet liabilities £m	Specific derivative financial liability £m	Total £m
At 31 December 2019	(17.6)	(1.4)	(19.0)
Total profits/(losses):			
To profit or loss	1.1	(48.5)	(47.4)
Net settlements	(2.1)	–	(2.1)
Disposals	–	–	–
At 29 December 2020	(18.6)	(49.9)	(68.5)

27. Derivative financial instruments

Ante post bets

Ante post bets are a liability arising from an open position at the period end date in accordance with the Group's accounting policy for derivative financial instruments. Ante post bets at the period end totalled £18.6m (31 December 2019: £17.6m) and are classified as current liabilities.

Ante post bet liabilities are valued using methods and inputs that are not based upon observable market data and all fair value movements are recognised in revenue in the Income Statement. Although the final value will be determined by future betting outcomes, there are no reasonably possible changes to assumptions or inputs that would lead to material changes in the fair value determined. The principal assumptions relate to the Group's historic gross win margins by betting markets and segments. Although these margins vary across markets and segments, they are expected to stay broadly consistent over time, only varying in the short term. The gross win margins are reviewed annually at period end. As at 29 December 2020, the gross win margins ranged from 2%-25%.

Specific derivative financial liability

The specific derivative financial liability is a contractual liability held as part of a commercial agreement with a third party that crystallises in the event of a change of control of William Hill PLC with the payout determined by the increase in value of the William Hill US business, capped at a maximum payout of $75.0m. The value on the statement of financial position for this derivative financial liability is £49.9m at 29 December 2020 (31 December 2019: £1.4m), representing the best estimated expected payout on completion of the acquisition of the Group by Caesars.

The William Hill US business has been valued using methods and inputs that are not based upon observable market data and all fair value movements are recognised in the Income Statement. The final payout on completion of the acquisition will be made based on an agreed value of the William Hill US business between the Group and the third party, with a separate third party valuation specialist used to confirm the value if necessary. For 29 December 2020, the Group has performed a valuation of the William Hill US business using an income approach, specifically a discounted cash flow analysis, supported by a market approach, specifically a Guideline Public Company method. Key assumptions within this valuation included the estimated future cash flows of the business, the discount rate, the terminal value, the timing of regulation of new states where betting is not currently regulated and the comparator company multiples used. The Group has assessed a plausible range of payout on the liability is £43.0m to £55.6m ($58.0m to $75.0m noting the maximum liability is capped at $75.0m) based on reasonably possible changes in these key assumptions.

The £1.4m recognised at 31 December 2019 was valued using a Black-Scholes model based on the valuation of the US business at that time, an allowance for future volatility of the valuation and an assessment of the probability of an exit event over the life of the eight-year commercial agreement.

28. Deferred tax

The following are the deferred tax assets/(liabilities) recognised by the Group and movements thereon during the current period:

	31 December 2019 £m	Disposal £m	Amount credited/ (charged) to reserves £m	Amount credited/ (charged) to income £m	Amount credited to Other Comprehensive Income £m	At 29 December 2020 £m
Fixed asset timing differences	(3.6)	0.1	0.5	14.0	–	**11.0**
Retirement benefit obligations	(8.2)	–	–	(1.3)	0.2	**(9.3)**
Licences and other intangibles	(59.6)	–	0.1	5.8	–	**(53.7)**
Other timing differences	11.2	–	–	10.0	–	**21.2**
Share remuneration	2.3	–	(2.7)	4.0	–	**3.6**
Tax losses	20.1	–	0.5	(12.1)	–	**8.5**
	(37.8)	0.1	(1.6)	20.4	0.2	**(18.7)**

The enacted future rate of UK corporation tax of 19.0% (52 weeks ended 31 December 2019: 17.0%), the Gibraltar statutory income tax rate of 10.0% (52 weeks ended 31 December 2019: 10.0%), the Maltese effective tax rate of 5.0% and the effective US federal and state tax rates of 23.8% (52 weeks ended 31 December 2019: 23.8%) have been used to calculate the amount of deferred tax.

The Group has recognised £47.5m (2019: £43.5m) of deferred tax assets, including £8.4m (31 December 2019: £20.1m) in respect of unutilised tax losses which are available in companies which are anticipated to make future profits. The Group has unutilised tax losses of £31.9m (31 December 2019: £46.5m) in entities which are not anticipated to make profits in the foreseeable future and for which no deferred tax has been recognised.

Other temporary differences include a deferred tax asset of £9.1m in relation to interest restrictions for which an asset has been recognised to the extent that sufficient taxable temporary differences exist at the period end date.

Certain deferred tax assets and liabilities have been offset in the above analysis. The deferred tax liability for fixed asset timing differences of £11.1m includes deferred tax liabilities of £3.2m, offset by deferred tax assets of £14.3m in other tax jurisdictions. The following is the analysis of the deferred tax balances for financial reporting purposes:

	29 December 2020 £m	31 December 2019 £m
Deferred tax liabilities	**(66.2)**	(81.3)
Deferred tax assets	**47.5**	43.5
	(18.7)	(37.8)

29. Called-up share capital

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

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

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

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

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

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

30. Own shares

	£m
At 31 December 2019	(87.0)
Purchase and issue of own shares	(1.6)
Transfer of own shares to recipients	4.7
At 29 December 2020	**(83.9)**

Own shares held comprise:

	29 December 2020			31 December 2019		
	Number of shares	**Nominal value £m**	**Cost £m**	Number of shares	Nominal value £m	Cost £m
William Hill Holdings Employee Benefit Trust	**49,363**	**0.0**	**0.2**	2,642	0.0	0.0
Treasury shares	**25,127,306**	**2.5**	**83.7**	26,579,661	2.7	87.0
	25,176,669	**2.5**	**83.9**	26,582,303	2.7	87.0

The shares held either in treasury or in the William Hill Holdings Employee Benefit Trust (EBT) were purchased at a weighted average price of £3.33 (31 December 2019: £3.27).

Further to the shareholders' resolution of the Company passed at the AGM held on Wednesday 15 May 2020, the Company purchased 970,576 of its own shares during the period (31 December 2019: 323,846). The shares previously acquired under the share repurchase programme are all held in treasury with no shares cancelled in the period. The Company has the authority, under the shareholders' resolution passed on Wednesday 15 May 2020, to purchase up to a maximum of 90,075,571 shares of the Company. The minimum price (exclusive of all expenses) which may be paid for an ordinary share is 10p (being the nominal value of the ordinary share). The maximum price (exclusive of all expenses) which may be paid for an ordinary share is an amount equal to the higher of:

- 105% of the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that ordinary share is purchased; and
- the amount stipulated by Article 5(6) of the Market Abuse Regulation (Exemption for buy-back programmes and stabilisation).

The authority conferred, unless varied, revoked or renewed prior to such time, expires at the earlier of the conclusion of the next AGM of the Company or on 30 June 2021.

31. Notes to the cash flow statement

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

The following is a reconciliation of liabilities arising from financing activities:

	29 December 2020 £m	31 December 2019 £m
Total liabilities from financing activities at the beginning of the period	**1,062.0**	719.7
Recognition of lease liabilities on adoption of IFRS 16	**–**	190.2
Lease acquisitions and reassessments	**7.1**	21.9
Amounts paid on redemption of existing senior unsecured loan notes	**(203.4)**	(171.6)
Lease liabilities – principal payments	**(44.5)**	(46.7)
Proceeds on issue of 4.75% senior unsecured notes due May 2026	**–**	350.0
Existing senior unsecured notes redemption costs	**–**	(8.1)
Debt finance costs	**(0.4)**	(1.6)
Net cash flows	**(248.3)**	122.0
Other non-cash movements	**(2.1)**	8.2
Foreign exchange movements	**1.6**	–
Total liabilities from financing activities at the end of the period	**820.3**	1,062.0

During the period ended 29 December 2020, the total cash outflow for leases recognised in accordance with IFRS 16 was £49.2m, of which £44.5m related to cash payments for the principal portion of lease liabilities (recognised within cash flows from financing activities in the Consolidated statement of cash flows) and £4.7m related to cash payments for interest expense related to lease liabilities (recognised within cash flows from operating activities in the Consolidated statement of cash flows).

32. Share-based payments

The Group had the following equity settled share-based payment schemes in operation during the period:

- Performance Share Plan (PSP), Executive Bonus Matching Scheme (EBMS), Restricted Share Plan (RSP) and Retention Awards (RA), encompassing awards made in the years from 2015 to 2020; and
- Save As You Earn (SAYE) share option schemes encompassing grants made in the years from 2015 to 2020.

In addition, the Group held a cash settled share-based payment scheme during the period:

- US Long Term Incentive Plan (LTIP) granted in 2019.

Details of these schemes are provided on pages 85 to 99 in the Directors' Remuneration Report and below.

Costs of schemes

The costs of the schemes during the period, excluding accrued social security costs, were:

	52 weeks ended 29 December 2020 £m	52 weeks ended 31 December 2019 £m
PSP, EBMS, RSP and RA	**2.1**	3.2
SAYE schemes	**1.0**	1.3
Total equity settled share-based payment schemes	**3.1**	4.5
US LTIP[1]	**18.3**	–
Total share-based payment schemes	**21.4**	4.5

1. Note the costs accrued for the US LTIP were disclosed within other operating expenses in the prior year and not disclosed separately as a cash settled share-based payment transaction as the scheme was not considered material.

PSP, EBMS, RSP and RA

The PSP provides conditional awards of shares dependent on the Group's Adjusted EPS growth, Total Shareholder Return (TSR) performance and certain business performance measures over a three or four-year period, as well as continued employment of the individual at the date of vesting (awards are usually forfeited if the employee leaves the Group voluntarily before the awards vest). EBMS shares are partly deferred shares conditional on continued employment of the individual at the date of vesting and partly share awards dependent on the Group's EPS growth, as well as continued employment at the date of vesting. EBMS awards must be exercised within one month from their vesting date, which is three years after their grant date. If PSP options remain unexercised after a period of ten years from the date of grant, the options lapse.

The RSP and RA are deferred grants of shares contingent upon continued employment.

The PSP, EBMS, RSP and RA are conditional awards of shares for which the recipients do not have to pay an exercise price. The weighted average share price at the date of exercise for share awards exercised during the period was £1.43 (52 weeks ended 31 December 2019: £1.53). The awards outstanding at 29 December 2020 had a remaining weighted average contractual life of 6.6 years (31 December 2019: 7.8 years).

With regard to the transaction with Caesars, these schemes would be modified at the point of the change of control at which point it is expected there would be an acceleration of the remaining charges.

Options under these schemes are as follows:

	29 December 2020 Number	31 December 2019 Number
Outstanding at beginning of the period	**13,474,567**	9,117,577
Granted during the period	**2,110,796**	5,833,205
Forfeited during the period	**(5,442,953)**	(573,969)
Exercised during the period	**(1,391,930)**	(902,246)
Outstanding at the end of the period	**8,750,480**	13,474,567
Exercisable at the end of the period	**197,083**	–

SAYE schemes

Options under the SAYE schemes, which are open to all eligible employees, are based on a three or five-year monthly savings contract. Options under the scheme are granted with an exercise price up to 20% below the share price when the savings contract is entered into. The options remain valid for six months beyond the end of the relevant savings contract.

The exercise prices for the 2015, 2016, 2017, 2018, 2019 and 2020 SAYE schemes were £3.03, £2.64, £1.96, £1.99, £1.45 and £1.45 respectively.

The weighted average share price for shares exercised during the period ended 29 December 2020 was £1.96, whilst no shares were exercised during the period ended 31 December 2019. The options outstanding at 29 December 2020 had a remaining weighted average contractual life of 3.1 years (31 December 2019: 2.7 years).

With regard to the transaction with Caesars, the SAYE schemes would be modified at the point of the change of control at which point it is expected there would be an acceleration of the remaining charges.

Options under these schemes are as follows:

	29 December 2020		31 December 2019	
	Number	Weighted average exercise price £	Number	Weighted average exercise price £
Outstanding at beginning of the period	**9,819,256**	**1.74**	9,596,748	2.14
Granted during the period	**8,372,898**	**1.45**	5,622,307	1.45
Forfeited during the period	**(4,148,793)**	**1.85**	(5,399,799)	2.15
Exercised during the period	**(841,627)**	**1.96**	–	–
Outstanding at the end of the period	**13,201,734**	**1.51**	9,819,256	1.74
Exercisable at the end of the period	**334,476**	**2.09**	713,674	2.65

Fair values of share-based payments

Share-based payments are valued using the Black-Scholes-Merton pricing formula. The inputs are as follows:

	SAYE		PSP, EBMS, RSP, RA	
	29 December 2020	31 December 2019	29 December 2020	31 December 2019
Weighted average share price at date of grant	**£2.81**	£1.81	**£1.31**	£1.61
Weighted average exercise price	**£1.45**	£1.45	**£1.43**	£nil
Expected volatility	**52%**	30%	**52%**	30%
Expected life	**3-5 years**	3-5 years	**1-3 years**	1-3 years
Risk free interest rate	**(0.1%)**	0.6%	**(0.1%)**	0.6%
Expected dividend yield	**6.2%**	4.8%	**6.2%**	4.8%

Expected volatility was determined by calculating the historical volatility of the Group's shares over a period matching the option life. The expected life of the option used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

For PSP, the value of the option has also been adjusted to take into account the market conditions applicable to the option (i.e., TSR requirements) by applying a discount to the option value.

This discount is calculated based on an estimate of the probability of achieving the relevant condition and was 25% for the 52 weeks ended 29 December 2020 (52 weeks ended 31 December 2019: 25%).

The weighted average fair value of the awards granted under the PSP, EBMS, RSP and RA schemes at the date of grant was £1.40 per option (31 December 2019: £1.52). The weighted average fair value of the options granted under SAYE grants at the date of grant was £1.15 per option (52 weeks ended 31 December 2019: £0.32).

US LTIP scheme

The US LTIP scheme provides conditional awards of cash payments to key US management dependent on the growth in the valuation of the William Hill US business over a three-year period, as well as continued employment of the individual, with half the payment paid at the end of the three-year period and half paid one year after this (awards are usually forfeited if the employee leaves the William Hill US business voluntarily before the cash payments).

The scheme includes a change of control consideration such that the acquisition by Caesars leads to a crystallisation of the first payment on completion of the transaction and the second payment one year after this. The acquisition price also leads to the potential payout at the maximum total award of £30.7m. At 29 December 2020, management have calculated a fair value of the liability based on a maximum payout made on an accelerated timetable with the best estimate of when the acquisition is expected to complete being the end of the first quarter of 2021.

The current period charge of £18.3m is split between an amount that would have been within our underlying trade without the transaction with Caesars shown within adjusted operating expenses of £4.4m and the portion relating to an accelerated and increased charge triggered by the change of control of £13.9m presented within exceptional items, consistent with other costs associated with the transaction, see note 3.

33. Retirement benefit schemes

The Group operates a number of defined contribution and defined benefit pension schemes. The UK schemes are operated under a single trust and the assets of all the schemes are held separately from those of the Group in funds under the control of trustees.

The respective costs of these schemes are as follows:

	52 weeks ended 29 December 2020 £m	52 weeks ended 31 December 2019 £m
Defined contribution schemes (charged to profit before interest and tax)	**8.7**	10.5
Defined benefit scheme (charged to profit before interest and tax)	**2.8**	1.2
Defined benefit scheme (credited to investment income)	**(1.0)**	(1.3)
Defined benefit scheme (charged to other comprehensive income)	**1.2**	2.0
	11.7	12.4

Defined contribution schemes

The defined contribution schemes, to which both the Group and employees contribute to fund the benefits, are available for all eligible employees. The only obligation of the Group with respect to these schemes is to make the specified contributions.

The total cost charged to income in respect of these schemes represents contributions payable to the schemes by the Group at rates specified in the rules of the respective schemes. At 29 December 2020, contributions of £nil (31 December 2019: £nil) due in respect of the current reporting period were outstanding to be paid over to the schemes.

Defined benefit scheme

The Group also operates a defined benefit scheme in the UK for eligible employees which closed to new members in 2002. Under the scheme, employees are entitled to retirement benefits varying between 1.67% and 3.33% of final pensionable pay for each year of service on attainment of a retirement age of 63. With effect from 1 April 2011, the defined benefit scheme was closed to future accrual but maintains the link for benefits accrued up to 31 March 2011 with future salary increases (up to a maximum of 5% per annum). Employed members of this scheme were automatically transferred into one of the defined contribution schemes. The costs of administering the scheme are borne by the Group.

For the purposes of preparing the information disclosed in these accounts, a full actuarial valuation of the scheme was carried out at 30 September 2019 and updated to 29 December 2020 by a qualified independent actuary. The present values of the defined benefit obligation and the related current service cost were measured using the projected unit credit method and by rolling forward the results of the 30 September 2019 technical provisions using actuarial techniques, allowing for cashflows and interest over the period, differences between the assumptions used to set the technical provisions and those selected for accounting under IAS 19, experience from making an allowance for actual deferred revaluation and pension increases in payment over the period and the PIE exercise carried out in 2019.

Guaranteed minimum pensions (GMP)

Following the judgement in the Lloyds case on 26 October 2018, the need to equalise for the effect of differences in guaranteed minimum pensions (GMP) between males and females was made more certain. On 20 November 2020, the High Court issued a supplementary ruling in the case with respect to members that have transferred out of their scheme prior to the ruling. The results of this mean that:

- Trustees are obliged to make transfer payments that reflect equalised benefits and are required to make top up payments where this was not previously the case;
- A Defined Benefit scheme that received a transfer is concurrently obliged to provide equalised benefits in respect of the transfer payments; and
- There were no exclusions on the grounds of discharge forms, CETV legislation, forfeiture provisions or the Limitation Act 1980.

Consequently, the Company's corporate advisor estimated that the potential GMP equalisation cost of this additional ruling as at 29 December 2020 was £0.2m. This was included within the defined benefit obligation as at 29 December 2020 and was recognised as a past service cost within profit and loss.

Covid-19

This accounting period has experienced the emergence of the Covid-19 coronavirus which has affected businesses and financial markets generally in the UK and the rest of the world. The impact of Covid-19 in respect of the assumptions used to measure the liability may potentially be seen in two aspects. Firstly, the membership of the Scheme at the year-end and secondly, in the assumption for future improvements. At the period end date, the Company's corporate advisor has chosen not to make any explicit adjustment to the Scheme's liabilities for actual mortality over the year (as they would expect that this will be immaterial due to the age profile of excess deaths). Similarly, they consider that it is too early to assess the longer-term impact of Covid-19 in terms of future improvements to longevity. Hence, they have not proposed any fundamental changes to the mortality assumptions.

As a result of Covid-19, the Company has not undertaken any business adjustments or engaged with the Trustees of the Scheme or the Pensions Regulator in any way that requires an adjustment to the pension disclosures.

Funding valuation

The general principles adopted by the Trustees for the purposes of this funding valuation are that the assumptions used, taken as a whole, will be sufficiently prudent for pensions already in payment to continue to be paid and to reflect the commitments which will arise from members' accrued pension rights. The Group agreed to pay £1.9m per annum in respect of the costs of insured death benefits, expenses and levies until September 2025.

The IAS 19 'Employee Benefits' position of the plan, as reflected in the Group Statement of Financial Position, is generally expected to differ from that of the triennial funding valuation assessment. The last triennial actuarial valuation as at 30 September 2019 showed a funding surplus on the defined benefit scheme of £23.6m compared to the £49.2m in our Statement of Financial Position as at 29 December 2020. The principal reasons for this difference are the requirements for prudence in the funding valuation (which contrasts with the IAS 19 best estimate principle) and the application of a prudent estimate of asset returns in the funding valuation (which contrasts with the IAS 19 requirement to use a discount rate derived from high quality corporate bonds). We also consider the fact that the valuations are at different dates. The accounting deficit figure is calculated as at the period end date of 29 December 2020, and the actuarial deficit was calculated as at 30 September 2019.

We have concluded, following professional advice, no adjustment is required to our accounting to reflect either the recovery of the current IAS 19 surplus or a minimum funding requirement; this reflects that the Group has an unconditional right to recover that surplus in the future.

In April 2018, the Trustees of the William Hill pension scheme signed a buy-in bulk annuity policy. The policy was taken out to insure a proportion of the defined benefit pension scheme obligation against the risk of rising costs in the future.

Disclosure of principal assumptions

The financial assumptions used by the actuary in determining the present value of the defined benefit scheme's liabilities were:

	29 December 2020	31 December 2019
Rate of increase of salaries	**2.0%**	2.0%
Rate of increase of pensions (non-pensioner)	**2.8%**	2.9%
Rate of increase of pensions (pensioner)	**3.1%**	3.1%
Discount rate	**1.3%**	2.0%
Rate of RPI inflation (non-pensioner)	**2.8%**	3.0%
Rate of RPI inflation (pensioner)	**3.1%**	3.1%
Rate of CPI inflation	**2.3%**	2.3%

In accordance with the relevant accounting standard, the discount rate has been determined by reference to market yields at the period end date on high-quality fixed income investments at a term consistent with the expected duration of the liabilities. Price inflation is determined by the difference between the yields on fixed and index-linked Government bonds with an adjustment to allow for differences in the demand for these bonds, which can distort this figure. The expected rate of salary growth and pension increases are set with reference to the expected rate of inflation. No change has been made to the basis of inflation applied to pension increases in the scheme.

The mortality assumption is kept under review and has been updated. The current life expectancies for a member underlying the value of the accrued liabilities are:

Life expectancy at age 65	**29 December 2020 years**	31 December 2019 years
Male retiring now	**21.8**	21.2
Male retiring in 25 years' time	**23.5**	23.4
Female retiring now	**23.8**	23.7
Female retiring in 25 years' time	**25.7**	26.0

33. Retirement benefit schemes continued

The assets in the scheme are set out in the table below. Assets with quoted prices in an active market are identified separately.

	29 December 2020 £m	31 December 2019 £m
Equities (quoted)	–	–
Corporate bonds (quoted)	105.5	88.4
Corporate bonds (unquoted)	2.4	2.6
Multi-asset fund (quoted)	39.1	–
Multi-asset fund (unquoted)	27.8	65.7
Gilts and cash (quoted)	14.1	10.5
Gilts and cash (unquoted)	119.7	115.2
Buy-in asset	153.7	137.7
Total market value of assets	462.3	420.1
Present value of scheme liabilities	(413.1)	(371.7)
Surplus in scheme	49.2	48.4

The Group has recognised the scheme surplus as a non-current asset.

Analysis of the amount charged/(credited) to adjusted profit before interest and tax:

	52 weeks ended 29 December 2020 £m	52 weeks ended 31 December 2019 £m
Current service cost	1.2	0.8
Past service cost – scheme amendments	0.2	(1.5)
Administration expenses	1.4	1.9
Total operating charge	2.8	1.2

Analysis of the amounts recognised in the Consolidated Statement of Comprehensive Income:

	52 weeks ended 29 December 2020 £m	52 weeks ended 31 December 2019 £m
Actual return less expected return on pension scheme assets	(51.6)	(35.3)
Actuarial loss arising from changes in financial assumptions	52.8	37.3
Actuarial remeasurements	1.2	2.0

Movements in the present value of defined benefit obligations in the period were as follows:

	52 weeks ended 29 December 2020 £m	52 weeks ended 31 December 2019 £m
At beginning of period	371.7	344.4
Movement in period:		
Service cost	1.2	0.8
Interest cost	7.2	9.1
Remeasurements – changes in financial assumptions	40.7	43.8
Remeasurements – changes in demographic assumptions	1.5	(8.6)
Remeasurements – experience adjustments	10.6	2.1
Benefits paid	(18.8)	(17.6)
Insurance premium for risk benefits	(1.2)	(0.8)
Past service cost – scheme amendments	0.2	(1.5)
At end of period	413.1	371.7

Movements in the present value of fair value of scheme assets in the period were as follows:

	52 weeks ended 29 December 2020 £m	52 weeks ended 31 December 2019 £m
At beginning of period	**420.1**	384.9
Movement in period:		
Interest income on plan assets	**8.2**	10.4
Remeasurements – return on plan assets (excluding interest income)	**51.6**	35.3
Contributions from sponsoring companies	**3.8**	9.8
Administration expenses charged to profit before interest and tax	**(1.4)**	(1.9)
Benefits paid	**(18.8)**	(17.6)
Insurance premium for risk benefits	**(1.2)**	(0.8)
At end of period	**462.3**	420.1

Sensitivity analysis of the principal assumptions used to measure scheme liabilities

The sensitivity of the present value of the scheme's liabilities to changes in the principal assumptions used to measure these liabilities is illustrated in the table that follows. The illustrations consider the single change shown, with the other assumptions assumed to be unchanged. In practice, changes in one assumption may be accompanied by offsetting changes in another assumption (although this is not always the case). In addition, changes in the assumptions may occur at the same time as changes in the market value of the scheme assets, which may or may not offset the change in assumptions.

Assumption	Changes in assumption	Impact on defined benefit obligation
Discount rate	Decrease by 0.25% p.a.	Increase by £17.0m
Discount rate	Increase by 0.25% p.a.	Decrease by £18.0m
Rate of increase in inflation	Increase by 0.25% p.a.	Increase by £13.5m
Rate of increase in inflation	Decrease by 0.25% p.a.	Decrease by £11.5m
Life expectancy	Members assumed to live one year longer	Increase by £18.0m

The sensitivity to price inflation includes the corresponding impact on CPI, revaluation in deferment and pension increases in payment. It does not include any adjustments to future salary increases.

Nature and extent of the risks arising from financial instruments held by the defined benefit scheme

Pension assets and liabilities (pre-tax) of £462.3m and £413.1m respectively were held on the Group's Statement of Financial Position at 29 December 2020 (31 December 2019: £420.1m and £371.7m respectively). Through the scheme, the Group is exposed to a number of potential risks as described below:

- asset volatility: the scheme's defined benefit obligation is calculated using a discount rate set with reference to corporate bond yields; however, in addition to corporate bonds, the scheme invests in asset classes other than corporate bonds which may out or underperform corporate bonds in the long term but provide volatility and risk in the short term;
- changes in bond yields: the risk of a decrease in bond yields, which increases the value of the scheme liabilities, is partially offset by the upside benefit of an increase in the value of the scheme's bond holdings;
- inflation risk: a significant proportion of the scheme's defined benefit obligation is linked to inflation, and therefore higher inflation would result in a higher defined benefit liability. Although a proportion of the scheme's investments are in inflation-linked securities which should compensate for any changes in inflation, the balance of the scheme's assets is either unaffected by inflation or only loosely correlated with inflation and therefore an increase in inflation would also increase the deficit; and
- life expectancy: if the scheme's members live longer than expected, the scheme's benefits will need to be paid for longer, increasing the defined benefit obligation (longevity risk).

The Trustees and the Company manage the investment risk (asset volatility) in the scheme by investing c90% of the scheme's investments in Liability Driven Investments (LDI) strategies which aim to invest in assets whose values move broadly in tandem with changes in liability values arising from market movements.

The Company accepts and indemnifies the other residual risks in the scheme including longevity risk.

33. Retirement benefit schemes continued

Funding

Alongside the risk assessment above, on 30 September 2020, the Group agreed an ongoing funding requirement with the Trustees which expires on 30 September 2025 (note 25).

The weighted average duration of the scheme's defined benefit obligation as at 29 December 2020 is 18 years (31 December 2019: 17 years).

The undiscounted maturity profile of the defined benefit obligation between one and ten years is shown below:

	29 December 2020 £m	31 December 2019 £m
Less than one year	**11.3**	10.7
Between one and two years	**12.0**	11.3
Between two and five years	**39.3**	37.4
Between five and ten years	**77.0**	73.6

No allowance is made for commutation lump sums or individual transfers out due to the fluctuating nature of these payments.

34. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates are disclosed below.

Trading transactions

Associates

During the period, the Group made purchases of £31.7m (52 weeks ended 31 December 2019: £74.5m) from Sports Information Services Limited, a subsidiary of the Group's associated undertaking, Sports Information Services (Holdings) Limited. At 29 December 2020, the amount payable to Sports Information Services Limited by the Group was £2.9m (31 December 2019: £nil).

During the period, William Hill Organization Limited sold its investment in 49's Limited to Sports Information Services Limited, see note 14 for further details.

The Group made purchases of £6.6m (52 weeks ended 31 December 2019: £4.5m) from its associated undertaking, NeoGames. At 29 December 2020, £1.5m was payable to NeoGames in respect of purchases (31 December 2019: £nil).

The Group made available a $15m loan facility to NeoGames in 2018. At 29 December 2020, $12.5m (£9.3m) of the drawn down amount along with $0.7m (£0.5m) associated interest was receivable from NeoGames (31 December 2019: $12.5m drawn down with $0.4m interest). This loan is considered to be low credit risk as Neogames have a low risk of default and a strong capacity to meet its contractual cash flow obligations in the near term. During the period, the Group divested a portion of its shareholding in NeoGames for proceeds of $10.7m (£8.0m), see note 14 for further details.

During the period, the Group made purchases of £12k (31 December 2019: £13k) from Green Jade Games Ltd. At 29 December 2020, the amount payable by the Group was £nil (31 December 2019: £5k).

All transactions with associates were made on market terms.

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'.

	52 weeks ended 29 December 2020 £m	52 weeks ended 31 December 2019 £m
Short-term employee benefits (including salaries)	**2.2**	2.2
Post-employment benefits (employer's contribution)	**0.1**	0.2
Share-based payments (IFRS 2 charges)	**0.6**	0.5
	2.9	2.9

The disclosures above include £nil received by Directors in respect of dividends on the Company's ordinary shares (52 weeks ended 31 December 2019: c£44,900).

The values presented above include share-based payments measured in accordance with IFRS 2. This is a different basis from that used for the presentation in the Directors' Remuneration Report (DRR). In addition, the above includes bonuses on a paid basis, whereas the DRR includes them on an accrued basis. Other than the inclusion of dividends, the timing of bonus inclusion and the basis of measurement of share-based payments, all values above are presented on a consistent basis with those disclosed in the DRR.

Pension schemes

The pension schemes of the Group are related parties. Arrangements between the Group and its pension schemes are disclosed in note 33.

35. Contingent liabilities

Legal claims

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

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

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

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

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

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

Contingent Advisor fees

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

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

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

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

as at 29 December 2020

	Notes	29 December 2020 £m	31 December 2019 £m
Non-current assets:			
Investments	4	**1,323.7**	1,304.8
Current assets:			
Trade and other receivables	5	**1,234.4**	1,174.4
Cash		**0.2**	–
Total assets		**2,558.3**	2,479.2
Current liabilities:			
Trade and other payables	6	**(128.0)**	(35.3)
Borrowings	7	**–**	(203.2)
Non-current liabilities:			
Borrowings	7	**(694.6)**	(693.5)
Total liabilities		**(822.6)**	(932.0)
Net assets		**1,735.7**	1,547.2
Equity			
Called-up share capital	8	**107.5**	90.0
Share premium account	9	**716.6**	709.9
Capital redemption reserve		**6.8**	6.8
Merger reserve		**194.4**	–
Own shares held	10	**(83.9)**	(87.0)
Retained earnings		**794.3**	827.5
Total equity		**1,735.7**	1,547.2

The Company's loss for the period was £33.2m (52 weeks ended 31 December 2019: £24.5m loss).

The Parent Company financial statements of William Hill PLC, registered number 4212563, were approved by the Board of Directors and authorised for issue on 4 March 2021 and are signed on its behalf by:

U Bengtsson
Director

M Ashley
Director

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

for the 52 weeks ended 29 December 2020

	Called-up share capital £m	Share premium account £m	Capital redemption reserve £m	Merger reserve £m	Own shares held £m	Retained earnings £m	Total equity £m
At 31 December 2019	90.0	709.9	6.8	–	(87.0)	827.5	1,547.2
Loss for the financial period	–	–	–	–	–	(30.0)	(30.0)
Total comprehensive loss for the period	**–**	**–**	**–**	**–**	**–**	**(30.0)**	**(30.0)**
Purchase and issue of own shares (note 10)	–	–	–	–	(1.6)	–	(1.6)
Transfer of own shares to recipients (note 10)	–	–	–	–	4.7	(3.2)	1.5
Equity placing (note 8)	17.5	6.7	–	194.4	–	–	218.6
At 29 December 2020	**107.5**	**716.6**	**6.8**	**194.4**	**(83.9)**	**794.3**	**1,735.7**

	Called-up share capital £m	Share premium account £m	Capital redemption reserve £m	Own shares held £m	Retained earnings £m	Total equity £m
At 1 January 2019	**88.7**	**689.4**	**6.8**	**(88.0)**	**944.4**	**1,641.3**
Loss for the financial period	–	–	–	–	(24.5)	(24.5)
Total comprehensive loss for the period	**–**	**–**	**–**	**–**	**(24.5)**	**(24.5)**
Purchase and issue of own shares (note 10)	–	–	–	(0.5)	–	(0.5)
Transfer of own shares to recipients (note 10)	–	–	–	1.5	(1.5)	–
Partnership with Caesars	1.3	20.5	–	–	–	21.8
Dividends paid (note 3)	–	–	–	–	(90.9)	(90.9)
At 31 December 2019	**90.0**	**709.9**	**6.8**	**(87.0)**	**827.5**	**1,547.2**

PARENT COMPANY STATEMENT OF ACCOUNTING POLICIES

for the 52 weeks ended 29 December 2020

Significant accounting policies

Basis of preparation

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100, and as such, these financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by section 408 of the Companies Act 2006, the Income Statement of the Company has not been presented.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, business combinations, presentation of a cash flow statement, standards not yet effective and related party transactions. Where required, equivalent disclosures are given in the consolidated financial statements.

The principal accounting policies adopted are set out below.

Investments

Non-current asset investments are shown at cost less any accumulated impairment losses.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other periods, and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the period end date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each period end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the period end date. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the date of the transaction or at an average rate. Monetary assets and liabilities denominated in foreign currencies at the period end date are reported at the rates ruling at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the Income Statement.

Finance costs

Finance costs and income arising on interest-bearing financial instruments carried at amortised cost are recognised in the Income Statement using the effective interest rate method. Finance costs include the amortisation of fees that are an integral part of the effective finance cost of a financial instrument, including issue costs, and the amortisation of any other differences between the amount initially recognised and the redemption price.

Interest-bearing borrowings

Interest-bearing borrowings are recorded at the fair value of the proceeds received, net of discounts and direct issue costs. Finance charges, including the unwinding of any discounts, premiums payable on settlement or redemption and direct issue costs, are charged on an accrual basis to the Income Statement using the effective interest method. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost. Any accrued finance costs are included in borrowings.

Own shares held

Own shares held in treasury and held in employment benefit trusts are included within equity.

Share-based payments

The Company issues equity-settled share-based payments to certain employees within the William Hill PLC Group and operates a number of HMRC-approved Save As You Earn (SAYE) share option schemes open to all eligible employees within the William Hill PLC Group, which allow the purchase of shares at a discount. The cost to the Company of both of these types of share-based payments is measured at fair value at the date of grant. Fair value is expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and is borne by the employing Company within the Group.

Fair value is measured by use of the Black-Scholes-Merton pricing formula. The expected life used in the model has been adjusted, based on management's best estimates, for the effects of non-transferability, exercise restrictions and behavioural considerations. Where relevant, the value of the option has also been adjusted to take into account any market conditions applicable to the option.

Further descriptions of the Group's share-based payment plans are given in note 32 to the Group financial statements.

Going concern

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

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

In June 2020, following the successful equity placement that raised £218.6m of cash (note 8), £220.0m of the £425.0m RCF was repaid. The remaining £205.0m drawn was repaid in September 2020. Further, the remaining £203.4m of the Group's 2020 £375m senior unsecured notes has been repaid in full in the period, demonstrating the strong liquidity of the Group throughout this period. The Group also recognised £208.3m of VAT income in the period, of which the majority has been received in cash in the period excluding interest income receivable of the reclaim (£18.9m) which has been agreed and the Group expects to receive within the first quarter (note 3 to the Group financial statements). There are no borrowings due within the next 12 months with the next due date on senior unsecured notes in 2023.

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

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

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

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

The Group's financing arrangements include a change of control clause as detailed in note 7 to the financial statements, but as a result of the arrangements detailed above, the Directors are confident that Caesars has the financing in place to acquire and operate the Group after the completion of the acquisition and accordingly believe that sufficient liquidity should be in place to allow the Group to continue as a going concern.

Consideration of potential subsequent sale by Caesars

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

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

PARENT COMPANY STATEMENT OF ACCOUNTING POLICIES CONTINUED

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

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

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

The Group has also assessed a range of downside scenarios to assess if there was a significant risk to the Group's liquidity position. The forecasts and scenarios prepared consider the trading experience during the pandemic and downside scenarios such as possible further lockdowns, cancellation of ongoing sporting events and a slower recovery of operations than expected from the pandemic have been modelled. These scenarios, both individually and in combination, have enabled the Directors to conclude that the Group has adequate resources to continue to operate for the foreseeable future. Management has performed separate reverse stress tests and has identified further actions to conserve cash that would be actioned to mitigate the impact, please see the viability statement on pages 48 to 49 for further detail. Based on the above considerations, the Directors continue to adopt the going concern basis in preparing these financial statements.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors do not consider that there are any judgements, estimates or assumptions that could lead to a material change in the carrying amounts of assets and liabilities.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1. Directors' remuneration and interests

The Company had no employees other than Directors during the current or prior period. The Company did not operate any pension schemes during the current or prior period. Details of Directors' remuneration, share interests, share options and other entitlements, which form part of these financial statements, are given in the parts of the Directors' Remuneration Report on pages 85 to 99 which are described as having been audited.

2. Income statement disclosures

As permitted by section 408 of the Companies Act 2006, the Company has elected not to present its own Income Statement for the year.

The audit fee for the Company and the consolidated financial statements is disclosed in note 5 to the Group financial statements. Fees payable to Deloitte LLP and their associates for audit and non-audit services to the Company are not required to be disclosed because the Group financial statements disclose such fees on a consolidated basis.

3. Dividends proposed and paid

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

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

4. Investments

	£m
Cost and net book value at 1 January 2019	1,038.2
Investments in subsidiary undertakings	266.6
Cost and net book value at 31 December 2019	1,304.8
Investments in subsidiary undertakings	18.9
At 29 December 2020	**1,323.7**

During the period, the Company made investments of £18.9m in WHUS TechCo, Inc, a fellow Group undertaking.

It is the opinion of the Directors that the total value of the Company's investment in its subsidiaries is not less than the amounts at which they are stated in the Parent Company Statement of Financial Position.

All subsidiaries of the Company, their country of incorporation and ownership of their share capital are shown in the appendix to the Group financial statements.

5. Trade and other receivables

	29 December 2020 £m	31 December 2019 £m
Amounts owed by Group undertakings	**1,234.4**	1,174.4

6. Trade and other payables

	29 December 2020 £m	31 December 2019 £m
Amounts owed to Group undertakings	**119.6**	25.6
Accruals and deferred income	**8.4**	9.7
	128.0	35.3

7. Borrowings

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

Bank facilities

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

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

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

£425m Revolving Credit Facilities

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

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

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

Overdraft facility

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

Senior Unsecured Notes

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

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

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

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

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

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

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

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

Change of control

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

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

Further details of borrowings are shown in note 24 to the Group financial statements.

8. Called-up share capital

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

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

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

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

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

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

Share options

Options have been granted to subscribe for ordinary shares of the Company under various share option and award schemes as shown below:

	Number of shares under option	Price per share	Exercise period
Performance Share Plan (2015)	16,089	Nil	Between 2019 and 2025
Performance Share Plan (2016)	60,021	Nil	Between 2020 and 2026
Performance Share Plan (2017)	77,768	Nil	Between 2020 and 2027
Performance Share Plan (2018)	2,140,532	Nil	Between 2021 and 2028
Performance Share Plan (2019)	3,972,483	Nil	Between 2022 and 2029
Performance Share Plan (2020)	365,110	Nil	Between 2021 and 2030
Executive Bonus Matching Scheme (2019)	302,952	Nil	Between 2020 and 2022
Executive Bonus Matching Scheme (2020)	976,266	Nil	Between 2022 and 2023
Executive Deferred Share Bonus Plan (2020)	493,402	Nil	Between 2021 and 2023
Restricted Share Plan (2018)	41,641	Nil	Between 2020 and 2021
Restricted Share Plan (2019)	92,589	Nil	Between 2020 and 2029
Restricted Share Plan (2020)	211,627	Nil	Between 2022 and 2029
SAYE 2015	39,105	£3.03	Between 2020 and 2021
SAYE 2016	33,397	£2.64	Between 2019 and 2022
SAYE 2017	314,311	£1.96	Between 2020 and 2023
SAYE 2018	943,174	£1.99	Between 2021 and 2024
SAYE 2019	3,638,654	£1.45	Between 2022 and 2025
SAYE 2020	8,233,093	£1.45	Between 2023 and 2026

Note 32 to the Group financial statements has further information on these schemes, including the valuation models and assumptions used.

9. Share premium

	29 December 2020 £m	31 December 2019 £m
At start of period	**709.9**	689.4
Shares issued in the period (note 8)	**6.7**	20.5
At end of period	**716.6**	709.9

10. Own shares

	£m
At 31 December 2019	(87.0)
Purchase and issue of own shares	(1.6)
Transfer of own shares to recipients	4.7
At 29 December 2020	**(83.9)**

Own shares held comprise:

	29 December 2020			31 December 2019		
	Number of shares	Nominal value £m	Cost £m	Number of shares	Nominal value £m	Cost £m
William Hill Holdings Employee Benefit Trust	**49,363**	**0.0**	**0.2**	2,642	0.0	0.0
Treasury shares	**25,127,306**	**2.5**	**83.7**	26,579,661	2.7	87.0
	25,176,669	**2.5**	**83.9**	26,582,303	2.7	87.0

The shares held either in treasury or in the William Hill Holdings Employee Benefit Trust (EBT) were purchased at a weighted average price of £3.33 (31 December 2019: £3.27).

Further to the shareholders' resolution of the Company passed at the AGM held on Wednesday 15 May 2020, the Company purchased 970,576 of its own shares during the period (31 December 2019: 323,846). The shares previously acquired under the share repurchase programme are all held in treasury with no shares cancelled in the period. The Company has the authority, under the shareholders' resolution passed on Wednesday 15 May 2020, to purchase up to a maximum of 90,075,571 shares of the Company. The minimum price (exclusive of all expenses) which may be paid for an ordinary share is 10p (being the nominal value of the ordinary share). The maximum price (exclusive of all expenses) which may be paid for an ordinary share is an amount equal to the higher of:

- 105% of the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that ordinary share is purchased; and
- the amount stipulated by Article 5(6) of the Market Abuse Regulation (Exemption for buy-back programmes and stabilisation).

The authority conferred, unless varied, revoked or renewed prior to such time, expires at the earlier of the conclusion of the next AGM of the Company or on 30 June 2021.

11. Financial commitments

The Company had no capital commitments at 29 December 2020 (31 December 2019: £nil).

The Company had no commitments under non-cancellable operating leases at 29 December 2020 (31 December 2019: £nil).

FIVE-YEAR SUMMARY
(Unaudited)

	2020[3,4] £m	2019[3,4] £m	2018 £m	2017[1] £m	2016[1] £m
Summarised results:					
Revenue	**1,324.3**	1,581.7	1,621.3	1,711.1	1,603.8
Profit/(loss) before interest and tax	**80.3**	12.9	(687.9)	(43.7)	225.6
Profit/(loss) before tax	**51.0**	(37.6)	(721.9)	(74.6)	181.3
Profit/(loss) for the period attributable to equity holders of the parent	**59.7**	(26.9)	(716.1)	(83.2)	164.5
Summarised statements of financial position:					
Assets employed:					
Non-current assets	**1,342.6**	1,487.6	937.8	1,968.6	2,151.0
Current assets	**795.3**	516.9	573.9	393.4	291.7
Current liabilities	**(684.6)**	(782.2)	(429.3)	(477.9)	(410.1)
Non-current liabilities	**(854.0)**	(902.1)	(783.5)	(821.4)	(807.1)
Net assets	**599.3**	320.2	298.9	1,062.7	1,225.5
Financed by:					
Equity attributable to equity holders of the parent	**601.7**	312.9	298.9	1,062.7	1,225.5
Equity attributable to non-controlling interests	**(2.4)**	7.3	–	–	–
Total equity	**599.3**	320.2	298.9	1,062.7	1,225.5
Key statistics:					
Adjusted operating profit[2]	**57.3**	147.0	233.6	291.3	261.5
Adjusted basic earnings per share	**2.3p**	10.7p	20.6p	27.6p	22.3p
Adjusted diluted earnings per share	**2.3p**	10.7p	20.4p	(9.7p)	18.8p
Dividends per share (paid)	**Nil**	10.4p	13.2p	12.7p	12.5p
Share price – high	**£3.12**	£2.05	£3.45	£3.18	£4.16
Share price – low	**£0.37**	£1.28	£1.48	£2.39	£2.36

1. The results above are for continuing operations at that point in time. The 2016-2017 results include the performance of the Australian operations which were disposed of on 23 April 2018.
2. Adjusted operating profit is defined as profit before interest and tax, excluding exceptional items and other defined adjustments. Further detail on adjusted measures is provided in note 3 to the Group financial statements.
3. The results for 2019-2020 include the adoption of IFRS 16 'Leases' new accounting standard which had a material impact on the Group financial statements. The previous years have not been restated and therefore reflect the Group's accounting policies in line with the previous IAS 17 'Leases'.
4. The Group acquired Mr Green & Co AB in January 2019 for £244.8m with results consolidated from this date.

STATEMENT OF GROUP ACCOUNTING POLICIES

General information

William Hill PLC is a Company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is 1 Bedford Avenue, London, WC1B 3AU. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 1 to 53 and note 2.

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

Basis of accounting

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

The Group financial statements have been prepared on the historical cost basis, except where certain assets or liabilities are held at amortised cost or at fair value as described in our accounting policies. The key accounting policies adopted are set out on page 123.

Below is a complete list of the remaining accounting policies adopted.

Adoption of new and revised standards

In preparing the Group financial statements for the current period, the Group has adopted the following new IFRSs, amendments to IFRSs and IFRS Interpretations Committee (IFRIC) interpretations. All standards do not have a significant impact on the results or net assets of the Group. Key changes are detailed below:

IAS 1 (amended)	Presentation of Financial Statements
IAS 8 (amended)	Accounting Policies, Changes in Accounting Estimates and Errors
IFRS 3 (amended)	Business Combinations
IFRS 7 (amended)	Financial Instruments: Disclosures
IFRS 9 (amended)	Financial Instruments

Amendments to IAS 1 and IAS 8: Definition of Material

The IASB refined its definition of material to make it easier to understand. It is now aligned across IFRSs and the Conceptual Framework. Adoption of this standard has not had a material impact on the Group financial statements.

Amendments to IFRS 3: Definition of a Business

This amendment provides clarification in assessing whether a transaction results in a business or an asset acquisition. There has been an acquisition of a business CG Technology in the current period by William Hill US. Given the transaction involves purchase of the whole business, this amendment has not had a material impact on the Group's financial statements.

Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform

The amendments provide targeted relief for financial instruments qualifying for hedge accounting in the lead up to IBOR reform. The changes relating to hedge accounting have not impacted the Group's financial statements.

Standards in issue but not effective

At the date of authorisation of the Group financial statements, the following Standards, amendments and Interpretations, which have not been applied in these Group financial statements, were in issue but not yet effective:

New standards	
IFRS 17	Insurance Contracts

Amendments and interpretations	
IAS 1 (amended)	Presentation of Financial Statements
IAS 16 (amended)	Property, Plant and Equipment
IAS 37 (amended)	Provisions, Contingent Liabilities and Contingent Assets
IFRS 7 (amended)	Financial Instruments: Disclosures
IFRS 9 (amended)	Financial Instruments
IFRS 16 (amended)	Leases

The Group does not currently believe that the adoption of these amendments would have a material effect on the results or financial position of the Group.

Basis of consolidation

The Group financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) up to 29 December 2020. Control is achieved where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The results of subsidiaries acquired or disposed of during the period are included in the Consolidated Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired, including separately identifiable intangible assets, is recognised as goodwill. Any discount on acquisition, i.e., where the cost of acquisition is below the fair values of the identifiable net assets acquired, is credited to the Income Statement in the period of acquisition.

Interests in associates

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

The results and assets and liabilities of associates are incorporated in the Group financial statements using the equity method of accounting. Interests in associates are carried in the Statement of Financial Position at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the entity, less any impairment in the value of individual investments. Losses of the associates in excess of the Group's interest in those entities are not recognised.

Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the entity at the date of acquisition is recognised as goodwill within the interests in associates line. Any deficiency of the cost of acquisition below the Group's share of the fair values of the identifiable net assets of the entity at the date of acquisition (i.e., discount on acquisition) is credited to the Income Statement in the period of acquisition.

Where a Group Company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant entity. Losses may provide evidence of an impairment of the asset transferred, in which case appropriate provision is made for impairment.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities, including separately identifiable intangible assets, of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Investment income

Interest income is included within investment income and is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Leasing

At inception of a contract, the Group considers whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the lease payments that have not been paid at the commencement date, discounted using an appropriate discount rate. The discount rate used to calculate the lease liability is the rate implicit in the lease, if it can be readily determined, or the lessee's incremental borrowing rate if not. The Group uses an incremental borrowing rate for its leases, and this is determined based on the margin requirements of our revolving credit facilities as well as country specific adjustments. A right-of-use asset is also recognised equal to the lease liability and depreciated over the period from the commencement date to the earlier of, the end of the useful life of the right-of-use asset or the lease term. The Group has assessed the lease term of properties within its retail estate to be up to the first available contractual break within the lease. The Group has deemed that it cannot be reasonably certain that it will continue beyond this time given the continued uncertainty surrounding the Group's retail business. The Group has also applied the below practical expedients:

- exclude leases from measurement and recognition where the lease term ends within 12 months from the date of initial application and account for these leases as short-term leases;
- exclude low value leases for lease values less than £5,000;
- apply a single discount rate to a portfolio of leases with similar characteristics;
- use hindsight to determine the lease term if the contract contains options to extend or terminate; and
- exclude initial direct lease costs in the measurement of the right-of-use asset.

The Group has a very small number of sublet properties. In these instances, leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Where the Group is an intermediate lessor, the sublease classification is assessed with reference to the head lease right of use asset. Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the lease. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Group's net investment in the lease. Rental income from operating leases is recognised on a straight-line basis over the term of the lease.

This policy is applied to contracts entered into, or modified, on or after January 2, 2019.

Foreign currencies

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each period end date, monetary assets and liabilities that are denominated in foreign currencies are re-translated at the rates prevailing on the period end date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in the profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities, where the changes in fair value are recognised directly in equity.

In order to hedge its exposure to certain foreign exchange risks, the Group makes efforts to match its foreign currency assets and liabilities and, where necessary, the Group takes out foreign currency hedges.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing at the period end date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly, in which case the spot rate for significant items is used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Finance costs

Finance costs and income arising on interest-bearing financial instruments carried at amortised cost are recognised in the Income Statement using the effective interest rate method. Finance costs include the amortisation of fees that are an integral part of the effective finance cost of a financial instrument, including issue costs, and the amortisation of any other differences between the amount initially recognised and the redemption price.

Profit before interest and tax

Profit before interest and tax is stated after the share of results of associates but before investment income and finance costs.

Retirement benefit costs

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

For defined benefit retirement schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each period end date. Actuarial remeasurements are recognised in full in the period in which they occur. They are recognised outside profit or loss and presented in the Statement of Other Comprehensive Income.

The net retirement benefit asset or obligation recognised in the Statement of Financial Position represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost plus the present value of available refunds and reductions in future contributions to the plan.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other periods, and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the period end date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each period end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the period end date. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Internally generated intangible assets – computer software and systems

Expenditure on initial investigation and research of computer software and systems is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from the Group's development of computer systems is recognised only if all of the following conditions are met:

– an asset is created that can be identified (such as software and new processes);
– it is probable that the asset created will generate future economic benefits; and
– the development cost of the asset can be measured reliably.

Internally generated intangible assets are amortised on a straight-line basis over their useful lives, generally between three and ten years. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Intangible assets – licences

Betting licences recognised in acquisitions are recorded at fair value. They are judged to have an indefinite life and are accordingly not amortised but are subject to annual impairment reviews. The Directors consider that the Group's licences have an indefinite life owing to: the fact that the Group is a significant operator in a well-established market; the proven and sustained demand for bookmaking services; and the Group's track record of successfully renewing its betting permits and licences.

During the period, management re-considered the indefinite life estimate of the licence value under IAS 38 'Intangible Assets'. The Retail division has declined gradually over time, the estate has been re-sized twice in recent years, and the industry is naturally moving away from retail space in the UK towards an online/digital presence. These factors lead to the consideration that the value of a licence to operate a LBO/group of LBOs is depreciating over time and is not expected to hold its value indefinitely. As such, from the 52-week financial period starting 30 December 2020, the Group will amortise the assets straight line over a 20-year useful economic life (UEL). This change in UEL is an estimate that management have made based on the available information and is therefore a change in accounting estimate. The impact of such change will be to increase amortisation of intangible assets by c£10m per year.

Intangible assets arising on acquisitions

Intangible assets arising on acquisitions are recorded at their fair value.

Amortisation is provided at rates calculated to write off the valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Acquired brands	– assessed separately for each asset, with lives ranging up to 20 years
Customer relationships	– between 18 months and ten years
Bookmaking and mobile technology	– between three and five years
Wagering/lottery contracts	– ten to 12 years

Property, plant and equipment

Land and buildings held for use in the supply of goods or services, or for administrative purposes, are stated in the Statement of Financial Position at their cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Fixtures, fittings and equipment are stated at cost less accumulated depreciation and subsequent accumulated impairment losses.

Depreciation is provided on all property plant and equipment, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	– 50 years
Long leasehold properties	– 50 years
Short leasehold properties	– over the unexpired period of the lease
Short leasehold improvements	– the shorter of ten years or the unexpired period of the lease
Fixtures, fittings and equipment and motor vehicles	– at variable rates between three and ten years
Right-of-use asset	– reasonably certain lease term

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment of property plant and equipment and intangible assets

At each period end date, the Group reviews the carrying amounts of its goodwill, property plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. This process is described in more detail in note 12 to the financial statements.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Other than for goodwill, where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the point that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognised as income immediately.

Share-based payments

The Group issues equity settled share-based payments to certain employees and operates an HMRC-approved Save As You Earn share option scheme open to all eligible employees which allows the purchase of shares at a discount. The cost to the Group of share-based payment plans is measured at fair value at the date of grant. Fair value is expensed on a straight-line basis over the vesting period, adjusted for the Group's estimate of shares that will eventually vest.

Fair value is measured by use of the Black-Scholes-Merton pricing formula. The expected life used in the model has been adjusted, based on management's best estimates, for the effects of non-transferability, exercise restrictions and behavioural considerations. Where relevant, the value of the option has also been adjusted to take into account any market conditions applicable to the option.

At each period end date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment in reserves.

SAYE share options granted to employees are treated as cancelled when employees cease to contribute to the scheme or resign from the Group. This results in accelerated recognition of the expenses that would have arisen over the remainder of the original vesting period.

The Group has issued a cash settled share based payment scheme, US LTIP, providing conditional awards of cash payments to key US management dependent on the growth in the valuation of the William Hill US business over a three-year period, as well as continued employment of the individual. The Group remeasure the fair value of the liability at the end of each reporting period with the fair value expensed over the vesting period to the extent to which the employees have rendered service to that date and with any changes in fair value recognised in profit or loss for the period.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is recognised in the Consolidated Income Statement.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term bank deposits held by the Group with an original maturity of three months or less, including amounts retained by payment service providers.

Receivables

Trade and other receivables are recorded initially at fair value and subsequently measured at amortised cost using the effective interest method less loss allowance. This generally results in their recognition at nominal value less an allowance for any estimated irrecoverable amounts. Allowance for irrecoverable amounts is recognised based on management's expectation of losses occurring, rather than when the loss has actually been incurred (the 'expected credit loss' model).

Loans receivable

Loans receivable comprise loans granted to other parties which have fixed or determinable payments and are not quoted in an active market. These are measured at amortised cost, less any impairment, with interest income recognised using the effective interest method. Impairments are recognised using the same expected credit loss model as described above.

Investments

Investments comprise shareholdings in entities where the Group is not in a position to have control, joint control or significant influence over the financial and operating policy decisions of the entity. The Group elects to classify investments as either fair value through other comprehensive income or fair value through profit or loss on a case by case basis. Investments are revalued to fair value at each period end date with any fair value movements recognised in other comprehensive income or the Income Statement respectively. The fair value is measured based on the share price of the entity.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group derecognises financial liabilities when and only when the Group's obligations are discharged, cancelled or otherwise expire.

Interest-bearing borrowings

Interest-bearing borrowings are recorded at the fair value of the proceeds received, net of discounts and direct issue costs. Finance charges, including the unwinding of any discounts, premia payable on settlement or redemption and direct issue costs, are charged on an accrual basis to the Income Statement using the effective interest method. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost. Any accrued finance costs are included in borrowings.

Payables

Trade and other payables are not interest-bearing and are initially measured at fair value, and subsequently at their amortised cost.

Derivative financial instruments and hedge accounting

The Group's activities expose it to the risks of changes in interest rates and foreign currency exchange rates. The Group may use fixed rate borrowings to hedge some of its interest rate exposure. The Group may make use of foreign currency forwards to hedge a proportion of its largest net foreign currency transactional exposures. Where possible and practicable, the Group retains foreign currency cash balances equivalent to its foreign currency liabilities to hedge its exposure to foreign currency exchange rates. The Group does not use derivative financial instruments for speculative purposes.

The use of financial derivatives is governed by the Group's policies approved by the Board, which provide written principles on the use of financial derivatives.

All derivative financial instruments are initially measured at fair value at the contract date and are remeasured to their fair value at subsequent reporting dates. Changes in fair value of any derivative instrument that is not part of a hedging relationship are recognised immediately in the Income Statement.

For any derivative instrument that is part of a cash-flow hedging relationship which is designated as effective, changes in the fair value of the derivative financial instruments are recognised directly in equity. Changes in the fair value of ineffective hedges, including the ineffective portion of effective hedges, are recognised immediately in the Income Statement. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in the line of the Income Statement relating to the hedged item, in the same period in which the hedged item affects net profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the period. Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts, and the host contracts are not carried at fair value with unrealised gains or losses reported in the Income Statement under other operating expenses.

Ante post bets are carried at fair market value as they meet the definition of a derivative. The resulting gains and losses from bets are included in revenue. The net liability resulting from open positions is reported on the Statement of Financial Position under the term Derivative financial instruments.

Appendix

Subsidiaries and other related undertakings

The following UK subsidiaries will take advantage of the audit exemption set out within section 479A of the Companies Act 2006 for the period ended 29 December 2020. Unless otherwise stated, the undertakings listed below are 100% owned, either directly or indirectly, by William Hill PLC.

Name of subsidiary and other related undertakings	Company No.
Will Hill Limited	3447836
William Hill Finance Limited	03461992
William Hill Holdings Limited	03688930
William Hill Investments Limited	3721293
Willstan Properties Limited	NI004432
William Hill Steeplechase Limited	109405
Grand Parade Limited	05914860
WHG Services Limited	06714087
Arena Racing Limited	2933005
Bradlow Limited	679671
Brooke Bookmakers Limited	3205108
Camec (Scotland) Limited	656636
Camec Limited	308820
Deviceguide Limited	4180101
Fred Parkinson Management Limited	878299
Goodfigure Limited	4009356
Gus Carter (Cash) Limited	793865
Gus Carter Limited	613410
James Lane (Bookmaker) Limited	1954409
James Lane Group Limited	678873
Laystall Limited	934212
Matsbest Limited	3988801
Matsgood Limited	3991242
Mr Green Consultancy Services Ltd	10562132
Phonethread Limited	5417892
Premier Bookmakers Limited	2884045
Regency Bookmakers (Midlands) Limited	1921992
Selwyn Demmy (Racing) Limited	1618403
T H Jennings (Harlow Pools) Limited	00701499
Trackcycle Limited	4180225
Vickers Bookmakers Limited	2164355
William Hill (Alba) Limited	46349
William Hill (Caledonian) Limited	SC039934
William Hill (Edgware Road) Limited	810023
William Hill (Effects) Limited	3972501
William Hill (Essex) Limited	01374068
William Hill (Football) Limited	389219
William Hill (Goods) Limited	03755109
William Hill (Grampian) Limited	SC28760
William Hill (London) Limited	1278867
William Hill (Midlands) Limited	531785
William Hill (North Eastern) Limited	518619
William Hill (North Western) Limited	503763
William Hill (Northern) Limited	36694
William Hill (Resources) Limited	3272443
William Hill (Scotland) Limited	SC26918
William Hill (Southern) Limited	467589
William Hill (Strathclyde) Limited	SC022899
William Hill (Wares) Limited	3972146
William Hill (Western) Limited	336043

APPENDIX CONTINUED

Name of subsidiary and other related undertakings	Company No.
William Hill Credit Limited	413846
William Hill Employee Shares Trust Limited	3722030
William Hill Trustee Limited	2453213
Willstan Racing Limited	1127534
Windsors (Sporting Investments) Limited	607589

In accordance with Section 409 of the Companies Act 2006, a full list of related undertakings as at 29 December 2020, the address of their registered office and their country of incorporation is shown below. The entire issued share capital is held within the Group except where otherwise shown.

	Country of incorporation	Proportion of all classes of issued share capital owned by the Company
Directly owned:		
William Hill Holdings Limited (1)	Great Britain	100%
WHUS TechCo, Inc. (30)	USA	100%
Mr Green & Co AB (32)	Sweden	100%

Held through intermediate companies

Name of subsidiary and other related undertakings	Country of incorporation	% holding
Ad-gency Limited (entered dissolution process in 2018) (9)	Israel	100%
Admar Services (Gibraltar) Limited (27)	Gibraltar	100%
Admar Services (Malta) Limited(23)	Malta	100%
A.J.Schofield Limited (1)	Great Britain	100%
Alfabet S.A.S(33)	Colombia	90%
American Wagering, Inc. (3)	USA	100%
Arena Racing Limited (1)	Great Britain	100%
Arthur Roye (Turf Accountants) Limited (1)	Great Britain	100%
Arthur Wilson Limited (1) (in liquidation)	Great Britain	100%
AWI Gaming, Inc. (3)	USA	100%
AWI Manufacturing, Inc. (3)	USA	100%
B.B.O'Connor (Lottery) Limited (4)	Jersey	100%
B.J.O'Connor Limited (4)	Jersey	100%
B.J.O'Connor Holdings Limited (4)	Jersey	100%
Baseflame Limited (1)	Great Britain	100%
Bill Taylor of Huyton Limited (1) (in liquidation)	Great Britain	100%
Bookhost Limited (1) (in liquidation)	Great Britain	100%
Bradlow Limited (1)	Great Britain	100%
Brandywine Bookmaking, LLC (30)	USA	100%
Brooke Bookmakers Limited (1)	Great Britain	100%
BW Sub Co. (3)	USA	100%
Camec (Provincial) Limited (1) (in liquidation)	Great Britain	100%
Camec (Scotland) Limited (1)	Great Britain	100%
Camec (Southern) Limited (1)	Great Britain	100%
Camec (Western) Limited (1)	Great Britain	100%
Camec Limited (1)	Great Britain	100%
Cellpoint Investments Limited (10)	Cyprus	100%
City Tote Limited (1)	Great Britain	100%
Cleveley House Limited (7) (awaiting dissolution)	Guernsey	100%
Computerized Bookmaking Systems, Inc. (3)	USA	100%
Concession Bookmakers Limited (1)	Great Britain	100%
Daniel McLaren Limited (1)	Great Britain	100%
Dansk Underholding Ltd (23)	Malta	100%
Dawcar Limited (1)	Great Britain	100%
Deluxe Online Limited (1)	Great Britain	100%
Demmy Investments Limited (1) (in liquidation)	Great Britain	100%
Deviceguide Limited (1)	Great Britain	100%

Name of subsidiary and other related undertakings	Country of incorporation	% holding
Douglas Tyler Limited (1)	Great Britain	100%
Eclipse Bookmakers Limited (1) (in liquidation)	Great Britain	100%
Evenmedia Limited (1)	Great Britain	100%
Eventip Limited (1)	Great Britain	100%
Evoke Gaming Ltd (23)	Malta	100%
Fred Parkinson Management Limited (1)	Great Britain	100%
Gearnet Limited (1) (in liquidation)	Great Britain	100%
Goodfigure Limited (1)	Great Britain	100%
Grand Parade Limited (1)	Great Britain	100%
Grand Parade sp. z o.o (16)	Poland	100%
Green Gaming Group PLC (23)	Malta	100%
Green Jade Games Limited (25)	Malta	25%
Groatbray Limited (1) (in liquidation)	Great Britain	100%
Gus Carter (Cash) Limited (1)	Great Britain	100%
Gus Carter Limited (1)	Great Britain	100%
Ivy Lodge Limited (7)	Guernsey	100%
James Lane (Bookmaker) Limited (1)	Great Britain	100%
James Lane Group Limited (1)	Great Britain	100%
James Lane (Turf Accountants) Limited (1)	Great Britain	100%
Laystall Limited (1)	Great Britain	100%
Les Rosiers Limited (7) (in liquidation)	Guernsey	100%
Lucky Choice Limited (17)	Great Britain	33%
Matsbest Limited (1)	Great Britain	100%
Matsdom Limited (1)	Great Britain	100%
Matsgood Limited (1)	Great Britain	100%
Mr Green & Co Optionsbarare AB (3)	Sweden	100%
Mr Green Australia PTY Limited (31) (Dissolved September 2019)	Australia	100%
Mr Green Consultancy Services Ltd (1)	United Kingdom	100%
Mr Green Consulting AB (22)	Sweden	100%
Mr Green Limited (23)	Malta	100%
MRG IP Limited (23)	Malta	100%
MRG Spain PLC (23)	Malta	100%
Nalim Limited (1)	Great Britain	100%
NeoGames S.a.r.l (21)	Luxembourg	24.5%
Pandashield Limited (1) (in liquidation)	Great Britain	100%
Phonethread Limited (1)	Great Britain	100%
Premier Bookmakers Limited (1)	Great Britain	100%
Regency Bookmakers (Midlands) Limited (1)	Great Britain	100%
Regionmodel Limited (1) (in liquidation)	Great Britain	100%
Selwyn Demmy (Racing) Limited (1)	Great Britain	100%
Sherman Racing (Western) Limited (1)	Great Britain	100%
SIA Mr Green Latvia (28)	Latvia	100%
SIA Viensviens.lv (28)	Latvia	75%
Sports Information Services (Holdings) Limited (18)	Great Britain	19.5%
St James Place Limited (7)	Guernsey	100%
T H Jennings (Harlow Pools) Limited (1)	Great Britain	100%
The William Hill Foundation (1)	Great Britain	100%
Trackcycle Limited (1)	Great Britain	100%
Transdawn Limited (1) (in liquidation)	Great Britain	100%
Vickers Bookmakers Limited (1)	Great Britain	100%
Vynplex Limited (1)	Great Britain	100%
WHG Customer Services Philippines, Inc. (8)	Philippines	100%
WHG IP Licensing Limited (2)	Gibraltar	100%
WHG Italia S.R.L (15)	Italy	100%
WHG Online Marketing Spain S.A. (26)	Spain	100%

APPENDIX CONTINUED

Name of subsidiary and other related undertakings	Country of incorporation	% holding
WHG (Malta) Limited (23)	Malta	100%
WHG Services (Philippines) Ltd (2)	Gibraltar	100%
WHG Services Estonia OU (12) (entered dissolution process in 2019)	Estonia	100%
WHG Services Limited (1)	Great Britain	100%
WHG Trading Limited (2)	Gibraltar	100%
WHG (International) Limited (2)	Gibraltar	100%
WHG Services (Bulgaria) Limited EOOD (11)	Bulgaria	100%
WHG Spain PLC (23)	Gibraltar	100%
WHG-IP Partnership (2)	Gibraltar	100%
Will Hill Limited (1)	Great Britain	100%
William Hill (Alba) Limited (19)	Great Britain	100%
William Hill (Caledonian) Limited (19)	Great Britain	100%
William Hill (Course) Limited (1)	Great Britain	100%
William Hill (Edgware Road) Limited (1)	Great Britain	100%
William Hill (Effects) Limited (1)	Great Britain	100%
William Hill (Essex) Limited (1)	Great Britain	100%
William Hill (Football) Limited (1)	Great Britain	100%
William Hill (Goods) Limited (1)	Great Britain	100%
William Hill (Grampian) Limited (19)	Great Britain	100%
William Hill (IOM) No.3 Limited (5)	Isle of Man	100%
William Hill (London) Limited (1)	Great Britain	100%
William Hill (Malta) Limited (23)	Malta	100%
William Hill (Midlands) Limited (1)	Great Britain	100%
William Hill (North Eastern) Limited (1)	Great Britain	100%
William Hill (North Western) Limited (1)	Great Britain	100%
William Hill (Northern) Limited (19)	Great Britain	100%
William Hill (Products) Limited (1)	Great Britain	100%
William Hill (Resources) Limited (1)	Great Britain	100%
William Hill (Scotland) Limited (19)	Great Britain	100%
William Hill (Southern) Limited (1)	Great Britain	100%
William Hill (Stock) Limited (1) (in liquidation)	Great Britain	100%
William Hill (Strathclyde) Limited (19)	Great Britain	100%
William Hill (Supplies) Limited (1)	Great Britain	100%
William Hill (Wares) Limited (1)	Great Britain	100%
William Hill (Western) Limited (1)	Great Britain	100%
William Hill Bookmakers (Ireland) Limited (6)	Ireland	100%
William Hill Call Centre Limited (6)	Ireland	100%
William Hill Credit Limited (1)	Great Britain	100%
William Hill DFSB Inc. (30)	USA	100%
William Hill Employee Shares Trustee Limited (1)	Great Britain	100%
William Hill Finance Limited (1)	Great Britain	100%
William Hill Gametek AB (32)	Sweden	100%
William Hill (Global) PLC(23)	Malta	100%
William Hill Index (London) Limited (1) (in liquidation)	Great Britain	100%
William Hill Investments Limited (1)	Great Britain	100%
William Hill Leisure Limited (1) (in liquidation)	Great Britain	100%
William Hill Malta PLC (24)	Malta	100%
WH NV III, LLC(3)	USA	100%
William Hill Nevada I (3)	USA	100%
William Hill Nevada II (3)	USA	100%
William Hill New Jersey, Inc. (30)	USA	100%
William Hill Offshore Limited (6)	Ireland	100%
William Hill Organization Limited (1)	Great Britain	100%
William Hill Steeplechase Limited (2)	Gibraltar	100%
William Hill Trustee Limited (1)	Great Britain	100%

Name of subsidiary and other related undertakings	Country of incorporation	% holding
William Hill US Holdco, Inc. (3)	USA	80%
Wise Entertainment DK Aps (29)	Denmark	100%
Willstan Properties Limited (20)	Northern Ireland	100%
Willstan Racing (Ireland) Limited (6)	Ireland	100%
Willstan Racing Holdings Limited (1)	Great Britain	100%
Willstan Racing Limited (1)	Great Britain	100%
Windsors (Sporting Investments) Limited (1)	Great Britain	100%
Wizard's Hat Limited(23)	Malta	100%
Winning Post Racing Limited (1) (in liquidation)	Great Britain	100%

The proportion of voting rights held is the same as the proportion of shares held.

The registered addresses of the locations of the Group's undertakings are as follows:

1. Great Britain: 1 Bedford Avenue, London, WC1B 3AU
2. Gibraltar: 6/1 Waterport Place, Gibraltar
3. USA: 6325 S. Rainbow Blvd, Suite 100, Las Vegas NV 89118, United States
4. Jersey: PO Box 384, 6 Hilgrove Street, St Helier, Jersey, Channel Islands
5. Isle of Man: First Names House, Victoria Road, Douglas, Isle of Man, IM2 4DF
6. Ireland: 39/40 Upper Mount Street, Dublin 2, Republic of Ireland
7. Guernsey: Quay House, South Esplanade, St Peter Port, GY1 1EL
8. Philippines: 11th Floor, Net Lima Plaza, 5th Avenue, corner 26th St, Crescent Park West, Bonifacio Global City, Taguig City, Philippines
9. Israel: Azrielli Square Tower, floors 31&32 132 Menachim Begin Road, Tel Aviv, 67011, Israel
10. Cyprus: Ioanni Stylianou, 6 2nd Floor, Flat/office 202, 2003 Nicosia, Cyprus
11. Bulgaria: 115-L Tsarigradsilo Shosse Blvd, European Trade Center, Building C, Sofia
12. Estonia: Maakri tn 23a, Talinn 20245, Estonia
13. Malta: No. 217 Suite 4, 21st September Avenue, Naxxar, Malta
14. Spain: Zurabaran, numero 9, Local Derecha, Madrid
15. Italy: Via San Giovanni, Sul Muro 18 Milano, Milan, Italy
16. Poland: Ul. Prądnicka 20a 30-002 Kraków
17. Great Britain: 1 Stratford Place, Montfichet Road, London, England, E20 1EJ
18. Great Britain: Whitehall Avenue, Milton Keynes, MK10 0AX
19. Great Britain: 44 St Enoch Square, Glasgow G1 4DH
20. Northern Ireland: 369 Newtownards Road, Belfast BT4 1AJ
21. Luxembourg: 5 Rue de Bonnevoie, L-1260, Luxembourg
22. Sweden: Master Samuelsgaten 36, SE-111 57 Stockholm
23. Malta: Level 7, Tagliaferro Business Centre, 14 High Street, Sliema, SLM 1549
24. Malta: Level G (Office 1/2429), Quantum House, 75 Abate Rigord St Ta'Xbiex, XBX 1120
25. Malta: 1 Ajiree Court, /testaferrata Street, XBX1402 Ta'Xbiex
26. Spain: Calle Alcala, 55-PISO 1, 28014 Madrid
27. Gibraltar: Suite 7, Hadfield house, Library Street GX11 1AA
28. Latvia: Riga, Dzimavu iela 37-45 LV-1010
29. Denmark: Tuborgvel 5, 2900 Hellerup
30. USA: 160 Greentree Drive, Suite 101, Dover
31. Australia: Addisons Lawyers, Level 12, 60 Carrington Street, Sydney, NSW 2000
32. Sweden: c/o William Hill Gametek, Box 16277, 10324 Stockholm
33. Colombia: Cra 100 #11-60 Torre Farallones 412, CC Holguines Trade Center, Cali, Valle de Cauca

ABBREVIATIONS AND GLOSSARY

Actives
Customers who transacted in the period

Adjusted operating profit
Profit from continuing operations before interest and tax, excluding exceptional items and other defined adjustments. Further detail on adjusted measures is provided in note 3 to the Group financial statements

AGM
Annual General Meeting

Alfabet
Alfabet S.A.S.

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

ARPU
Average revenue per user, calculated as revenue divided by the number of actives in the period

Caesars
Caesars Entertainment, Inc.

CAGR
Compound Annual Growth Rate

CG Technology
Formerly known as Cantor Gaming

CMA
The UK Competition and Markets Authority

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

CPA
Cost per acquisition, calculated as marketing costs (including affiliates but excluding fair value adjustments) divided by the number of new accounts recorded in the period

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

EBITDA
Earnings before interest, taxation, depreciation and amortisation

EBMS
Executive Bonus Matching Scheme

Eldorado
Eldorado Resorts, Inc.

EPS
Earnings per share

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

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

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

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

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

H2GC
H2 Gambling Capital

HMRC
HM Revenue and Customs

Horseracing levy
A levy attributable to bets taken on UK horseracing and payable to the Horserace Betting Levy Board, primarily for the purposes of augmenting prize money available for winning horses and providing certain racecourse amenities

IAS
International Accounting Standards

IASB
International Accounting Standards Board

IBAS
Independent Betting Adjudication Service

IFRIC
International Financial Reporting Interpretations Committee

IFRS
International Financial Reporting Standards

IPO
Initial Public Offering

KPI
Key Performance Indicator

LBO
Licensed Betting Office

LTIP
Long-Term Incentive Plan

MGD
Machine Games Duty. A duty charged by the UK Government on gaming machine net revenue

Mr Green
Mr Green & Co AB

NeoGames
NeoGames S.a.r.l and subsidiaries

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

Net revenue
This is an industry term equivalent to Revenue as described in the notes to the financial statements

New accounts
Customers who opened and deposited into an account in the period

PASPA
Professional and Amateur Sports Protection Act 1992

PBIT
Profit Before Interest and Tax

PPE
Personal protective equipment

PSP
Performance Share Plan

RGD
Remote Gaming Duty, which is charged by the UK Government at 21% of gross win on gaming

RIDDOR
Reporting of Injuries, Diseases and Dangerous Occurrences Regulations

RSP
Restricted Share Plan

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

SIS
Sports Information Services (Holdings) Limited or its subsidiary Sports Information Services Limited, as the context requires

Sportsbook
Bets placed and accepted online on sporting and other events, or via over-the-counter (OTC) and SSBTs in Retail

Sports book
The dedicated sports betting areas operated within casinos in the US

SSBT
Self-Service Betting Terminal

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

TSR
Total Shareholder Return

VAT
Value Added Tax

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

SHAREHOLDER INFORMATION

William Hill PLC listed on the London Stock Exchange on 20 June 2002 and the share price on listing was 225p. Shareholders can access the current share price on www.williamhillplc.com.

To find the shop closest to you, go to our shop locator on www.williamhillplc.com.

Financial calendar

2020 Full-Year Results	4 March 2021
2021 Annual General Meeting	30 June 2021
2021 Half-Year Results	29 July 2021

Registrar

The registrar of the Company is Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ (www.computershare.com). Telephone 0370 703 6251. Please contact Computershare for advice regarding transfer of shares, change of name or loss of share certificate. Computershare will be able to change your address or add/change your bank mandate over the telephone and reissue outstanding dividend payments subject to an administration charge.

You may give instructions for your dividend to be used to purchase additional William Hill shares and full details of the Dividend Reinvestment Plan (DRIP) can be found in the Investor Relations section of our corporate website (www.williamhillplc.com) under shareholder centre. A DRIP Election Form and Terms and Conditions can be obtained from Computershare Investor Services PLC, in writing, by telephoning the number above or online at www.investorcentre.co.uk, in the Downloadable Forms section.

Professional advisers

Auditor

Deloitte LLP
1 New Street Square
London EC4A 3HQ

Financial adviser and corporate broker

Citi
Citigroup Centre
33 Canada Square
London E14 5LB

Corporate broker

Barclays
5 The North Colonnade
Canary Wharf
London E14 4BB

Legal adviser

Slaughter and May
1 Bunhill Row
London EC1Y 8YY

Registrar

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ

William Hill PLC

Cautionary note regarding forward-looking statements

This Annual Report and Accounts 2020 ('Annual Report') includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "plans", "goal", "target", "aim", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. They appear in a number of places throughout this Report and the information incorporated by reference into this Annual Report, and may include statements regarding the intentions, beliefs or current expectations of the Directors, William Hill or the Group concerning, amongst other things: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies, the expansion and growth of the Group's business operations; and (iii) the effects of government regulation and industry changes on the business of the Group. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond William Hill's ability to control or predict. Forward-looking statements are not guarantees of future performance. The Group's actual results of operations, financial condition, liquidity, and the development of the industry in which it operates may differ materially from the impression created by the forward-looking statements contained in this Annual Report and/or the information incorporated by reference into this Annual Report.

Any forward-looking statements made by or on behalf of the William Hill Group speak only as of the date they are made and are based upon the knowledge and information available to the Directors on the date of this Annual Report, and are subject to risks relating to future events, other risks, uncertainties and assumptions relating to William Hill's operations and growth strategy, and a number of factors that could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements. Undue reliance should not be placed on any forward-looking statements. Before making any investment decision in relation to William Hill, you should specifically consider the factors identified in this document, in addition to the risk factors that may affect William Hill's operations, which are described under "Managing our risks" in the Company's Annual Report.

Subject to the requirements of the FCA, the London Stock Exchange, the Market Abuse Regulation (596/2014), the Listing Rules and the Disclosure and Transparency Rules (and/or any applicable regulatory requirements) or applicable law, William Hill explicitly disclaims any obligation or undertaking publicly to release the result of any revisions to any forward-looking statements in this Report. No statement in this document is intended as a profit forecast or profit estimate, and no statement in this document should be interpreted to mean that the earnings per share of William Hill as altered by the Report will necessarily match or exceed the historical or published earnings per share of William Hill.

Notice regarding limitations on Director Liability under English Law

Under the UK Companies Act 2006, a safe harbour limits the liability of Directors in respect of statements in and omissions from the Directors' Report, the Strategic Report and the Remuneration Report. Under English law, the Directors would be liable to the company, but not to any third party, if one or more of these reports contained errors as a result of recklessness or knowing misstatement or dishonest concealment of a material fact, but would otherwise not be liable. The Annual Report comprises the Directors Report, the Strategic Report and the Remuneration Report, each of which has been drawn up and presented in accordance with and in reliance upon English company law, and the liabilities of the Directors in connection with the Annual Report shall be subject to the limitations and restrictions provided by such law.

Website

William Hill's website, www.williamhillplc.com, gives additional information on the Group. Notwithstanding the references we make in this Annual Report to William Hill's website, none of the information made available on the website constitutes part of this Annual Report or shall be deemed to be incorporated by reference herein.

Design and production

Black Sun Plc

Printing

Westerham

This report is printed on Experia Digi Silk and GenYous paper which are both derived from sustainable sources. Both the manufacturing mills are registered to the Environmental Management System ISO 14001 and Forest Stewardship Council® chain of custody certified.

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