William Hill PLC

Interim results 2020

5 August 2020

Strong first half performance

Strong trading before COVID-19, effective cost control during lockdown and good recovery post-lockdown

William Hill PLC (LSE: WMH) ('William Hill' or the 'Group') announces its interim results for the 26 weeks ended 30 June 2020 (the 'period', the 'first half' or 'H1 2020'). Comparatives relate to the 26 weeks ended 2 July 2019 ('H1 2019').

	Statutory results[1]			Adjusted results[1]		
	H1 2020 £m	H1 2019 £m	Change %	H1 2020 £m	H1 2019 £m	Change %
Net revenue	554.4	811.7	-32%	554.4	811.7	-32%
Profit/(loss) before interest and tax[2]	148.5	(38.1)	-	11.8	76.2	-85%
Profit/(loss) before tax[2]	141.1	(63.5)	-	(14.2)	50.8	-
Earnings/(loss) per share (EPS) (p)[3]	13.2	(7.1)	-	(1.2)	5.3	-
Dividend per share (p)	-	2.66	-	-	2.66	-

Strategic and operational highlights

- Our digital businesses have delivered good performances with new product launches Online and accelerated product development in the US. Operational emphasis on winning with the customer delivered material improvements in our NPS and customer satisfaction scores
- International Online grew 17%, furthering our strategic goals of both geographic and product diversification
- Our next phase of strategic alignment in the UK is the merger of our UK Online and Retail divisions to achieve a single view of our UK customer and improve operational efficiency. 119 shops will not re-open following the COVID-19 impact on the UK retail environment with minimal cost of closure
- Our exclusive media partnership with CBS Sports is now live in the US, bringing cost efficient customer acquisition and access to a fantasy sports database. Operations commenced in 3 new states[8] and the launch of iGaming in New Jersey is imminent. Eldorado's completion of its acquisition of Caesars brings our US market share of sports wagering to 29%
- Substantial increase in the volume of responsible gambling messages and use of 'guard rails' to encourage our customers to play safely
- In light of the robust recovery in the opening weeks of the second half, since mainstream sport resumed and our shops re-opened, Coronavirus Job Retention Scheme monies (the 'Furlough Funds') received from the UK government amounting to £24.5m will be repaid
- Our decisive actions to preserve cash, protect liquidity and strengthen the balance sheet have enhanced strategic and financial flexibility to pursue our growth ambitions

Financial highlights

- Net revenue down 32%, driven by COVID-19 disruption to sporting events and temporary closure of retail activities, partially offset by favourable sports results and a resilient gaming performance
- Online net revenue increased 1%, driven by successful product launches, growth in International and a progressive resumption of sports events post-lockdown
- Adjusted operating profit[2] of £11.8m was ahead of expectations due to swift actions to control costs and deliver new Online content
- Statutory operating profit of £148.5m includes recognition of the VAT refund, offset by an £81.9m non-cash intangible impairment of the UK Retail estate reflecting the revised UK high street outlook
- After 13 weeks of 'hibernation' during lockdown, the majority of the UK Retail estate re-opened; reduced staking levels were offset by strong gross win margins which benefitted from the unseasonal contribution from football, leading to flat like-for-like[6] net revenue for the last two weeks of June
- VAT refund of £201.6m recognised after tax
- Net debt for covenant purposes[4] fell from £536m at 31 December 2019 to £340m following the successful placing of 19.99% of newly issued share capital, resulting in net debt/EBITDA for covenant purposes of 2.1x (31 December 2019: 2.4x)

Ulrik Bengtsson, Chief Executive Officer, commented:

“I am delighted with William Hill’s performance in these extraordinary times. Our team has been remarkable, supporting each other and our customers throughout the pandemic, and I would like to thank them for their continuing efforts. We are pleased with the moves we have taken to further strengthen customer protection, sending over 1.2 million player safety messages, and we are fully supportive of an evidence-based approach to the review of the Gambling Act, as suggested by the recent House of Lords report.

“We have clear proof that our strategy of focusing on Customer, Team and Execution is working. Our trading was strong before COVID-19, we controlled costs effectively during lockdown and we have recovered well post-lockdown with good performances in our online businesses throughout the first half. The furlough scheme provided welcome and timely support and meant we could protect the jobs of our 7,000 UK retail colleagues. Therefore, given the strength of our recovery post-lockdown, we have decided to repay the furlough funds.

“We have continued to develop both our technology platform and our product offerings, with more significant enhancements to come in the second half. The balance sheet has been strengthened by the prompt actions we took to keep cash in the business, the successful placing, and the recognition of the VAT refund.

“As a result, we have the financial strength to confidently pursue our growth agenda, taking advantage of our market leading position in sports betting in the US, and the terrific opportunity that Eldorado’s merger with Caesars brings.”

Notes:

1. Both the statutory and adjusted results include the performance of Mr Green since the acquisition completed in January 2019.
2. Adjusted operating profit/loss is defined as profit/loss from continuing operations before interest and tax, excluding exceptional items and other defined adjustments. Further detail on adjusted measures is provided in note 3 to the financial statements.
3. Basic EPS is based on an average of 884.7 million shares for H1 2020 and an average of 871.8 million shares for H1 2019. Adjusted EPS is based upon adjusted profit/loss after tax.
4. Net debt for covenant purposes and EBITDA for covenant purposes are non-statutory measures. The basis of the calculation is as described in note 25 to the financial statements within our 2019 Annual Report.
5. Where pro forma results are stated, this assumes Mr Green was consolidated into the Group at the start of January 2019, in order to provide a more meaningful comparator period.
6. Where like-for-like (LFL) results are stated, this adjusts the 2019 comparative on a weekly basis for shops closed or sold during 2020, excluding period post 15th June where a daily calculation is used due to phased re-opening.
7. We now report the combined US Existing and US Expansion business as William Hill US.
8. When referring to states this includes Washington D.C.

OAM: Additional Regulated Information
William Hill LEI: 213800MDW
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Analyst and investor conference call

Meeting	Wednesday 5 August 2020 at 9.30 am BST
Live conference call	Tel: +44 (0) 20 3936 2999. Access code: 429279
Replay conference call	Tel: +44 (0) 20 3936 3001. Access code: 509037. Available until 12 August 2020
Video presentation	www.williamhillplc.com

About William Hill

William Hill PLC is one of the world's leading betting and gaming companies, employing c12,000 people. Its origins are in the UK where it was founded in 1934, and where it is listed on the London Stock Exchange. The majority of its £1.6bn annual revenues are still derived from the UK, where it has a national presence of licensed betting offices and one of the leading online betting and gaming services. William Hill's European Online business is headquartered in Gibraltar and Malta, and is licensed online in 12 countries following the acquisition of Mr Green & Co AB in January 2019. In 2012, it established William Hill US with a focus on retail and mobile operations in Nevada and became the largest sports betting business in the US. Following the ruling in May 2018 by the Supreme Court that the federal ban on state sponsored sports betting was unconstitutional, William Hill US has grown and continues to expand as new states regulate sports betting. It is now operating in 12 states: Colorado, Delaware, Illinois, Indiana, Iowa, Mississippi, Nevada, New Mexico, New Jersey, Rhode Island, Washington D.C. and West Virginia. Caesars Entertainment, Inc. currently owns shares representing 20% of the share capital of William Hill US Holdco, Inc., the holding company of William Hill US.

Cautionary note regarding forward-looking statements

This announcement 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. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout these results and the information incorporated by reference into these results and include statements regarding the intentions, beliefs or current expectations of the directors, William Hill or the Group concerning, amongst other things, the results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy of William Hill and the industry in which it operates. 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, dividend policy and the development of the industry in which it operates may differ materially from the impression created by the forward-looking statements contained in these results and/or the information incorporated by reference into these results. In addition, even if the results of operations, financial condition, liquidity and dividend policy of the Group and the development of the industry in which it operates, are consistent with the forward-looking statements contained in these results and/or the information incorporated by reference into these results, those results or developments may not be indicative of results or developments in subsequent periods. Other than in accordance with its legal or regulatory obligations (including under the Market Abuse Regulation (596/2014), the Listing Rules, the Disclosure Guidance and Transparency Rules and the Prospectus Rules), William Hill does not undertake any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise.

DELIVERING THE STRATEGY

The Group has performed well prior to and during the extraordinary events of the first half of 2020. Our strategic ambition to build a digitally led, internationally diverse business of scale remains our primary focus and we have continued to deliver on this during the most recent period.

We remain particularly excited by the opportunities ahead of us in the US sports betting and online casino markets. We believe US sports betting will become the largest regulated market in the world and we are ideally positioned to be a market leader, supported by our experienced local team, unmatched market access, proprietary technology stack and valuable partnerships. Following the completion of Eldorado's acquisition of Caesars, we have access to 25 states[8] with an estimated current market share of 29%.

During much of the first quarter the business performed well, with a strong performance online, particularly International. However, as March progressed, the effects of the COVID-19 pandemic began to have a material impact on the Group, with the closure of the UK and US retail businesses and the reduction of sporting activity. As the sports calendar restarted we were pleased to see wagering levels returning towards pre-COVID levels. We have seen some substitution from sports into gaming but this has been tempered by our commitment to ensure player safety and encourage our customers to stay in control and gamble safely through a heightened level of engagement and protection measures.

In order to ensure the delivery of our ambitions we have focused our strategy into a straight-forward operational emphasis across the Group on Customer, Team and Execution.

Winning with the Customer

William Hill intends to win with the customer on product. We want to be the operator of choice, that customers think of first when placing a bet or playing a game. We are focused on delivering a best-in-class user experience for our customers, both online and offline, while at the same time ensuring our customers can gamble responsibly.

During the period we accelerated the development of our technology stack, started the move to a cloud-based infrastructure and launched a number of product improvements which have been well received, evident in our improving NPS and customer satisfaction scores. We deployed a new sportsbook front end in Italy and significantly improved our gaming proposition in Spain on Williamhill.es and with the launch of Mr Green. The speed and ease of navigation of our UK product was materially improved with the roll out of a new gaming front end and new betslip. We have emerged from the last few months with an increasingly competitive customer offering.

Following the acquisition of Mr Green and the rapid growth in the US, we are starting to consolidate our technology stacks into a single environment which will offer a smarter, faster, more integrated customer experience. We are delivering a more personalised product, with greater customer safety features and improved flexibility and cost structure.

Safer gambling

Our ambition is to offer our customers market beating products and services. We recognise this includes providing innovative solutions to ensure customers are well informed and that our suite of safer gambling tools is effective.

Technology has developed rapidly over recent years, and it is essential that the governing legislation keeps pace. We welcome an evidence-based review which leads to a regulatory framework that is fit for the 21st century and delivers a fair and level marketplace. To this end we look forward to proactively engaging in the process, both with the Government and other interested parties, and we are fully supportive of an evidence-based approach to the review of the Gambling Act 2005.

Following its creation in November 2019, the Betting and Gaming Council (BGC) has proven to be effective in its mission to raise standards across the industry. During the COVID-19 lockdown we collaborated with the BGC, which represents c.80% of the industry, to adopt additional voluntary safer gambling measures including a temporary advertising ban. The effectiveness of those steps was reflected in the Gambling Commission's research findings which confirmed there was no evidence of an increase in problem gambling during this time.

World-class Team

Our team is talented, passionate and highly engaged with world-class drive and ambition and our staff engagement, measured through eNPS, has never been higher. We made a number of changes during the first half to ensure our structure is decentralised and aligned to our strategic priorities, reshaping the leadership team, adding capability and removing internal complexity, to ensure we are nimble and competitive.

Satty Bhens, who joined late in 2019 in the new role of Chief Product and Technology Officer, has accelerated product development and deployment throughout the Group. The team will be re-aligned to the business area they support, giving greater accountability and autonomy and generating operating efficiencies with the closure of the Stockholm office in the second half.

Matt Ashley joined as Chief Financial Officer during lockdown and has already reset our bank covenants and overseen a £224m placing, enabling us to match our balance sheet to our growth ambitions. We also announced the appointment of the Chief Operating Officer, Stephen Parry, who will be joining us later in the second half from Flutter.

We recently announced changes to further enhance our UK business. We will bring our UK Online and Retail operations together under the leadership of Phil Walker as we focus on achieving a single view of our UK customer. This change will remove internal complexity, increase efficiency and deliver a unified customer offering. After ten years with the Group, and following the successful remodelling of the retail business in 2019, Nicola Frampton leaves the Retail operations match fit and well prepared for the post-COVID high street.

Strong Execution

We have seen positive momentum across the Group as our strategic initiatives bear fruit with strong performances from our Online operations, particularly the International business.

Following the successful integration of Mr Green, the International operations are now fully consolidated at the Malta hub, and we remain on track to achieve £6m of cost synergies in year 3. In the first half of 2020, Online net revenue from International markets increased to 39% (H1 2019: 33%), and we continue to target growth with our multi-brand offering. Product launches late last year have generated positive momentum, contributing to 17% net revenue growth, and we continue to deploy technology improvements, which will enable further product launches and flexible go-to-market strategies.

UK Online has seen good traction in gaming, generating material improvements in NPS during the first half in response to the new gaming front end deployed during the first quarter. The trading team responded admirably to the absence of more commonplace sports activities during lockdown, leading the market with the number and variety of sports available to bet on.

We took decisive action in 2019 to remodel the UK Retail estate, entering 2020 in a strong position with a highly engaged team and a lean estate of 1,533 shops, following the sale of Northern Ireland and the Isle of Man in the first quarter. Net revenue on a like-for-like[6] basis fell -49% as our shops remained closed for half of the period. Our retail format remains popular with our customers and we saw flat like-for-like net revenue during the last two weeks of the reporting period as the estate re-opened gradually and safely. Nonetheless, we anticipate that longer term retail footfall will not return to pre-COVID levels and 119 shops will remain closed following early lease breaks, with the majority of colleagues redeployed within the estate. The recently announced integration of UK Retail with UK Online will further optimise the value of our shop estate and deliver an even better experience with one view of our UK customer base.

In the US, more states continue to regulate sports betting and we have made good use of the recent operating environment to accelerate product and technology developments, launching a new retail platform in West Virginia and implementing digital links to CBS's extensive broadcasting coverage, digital assets and fantasy sport database. Today, the launch of online casino in New Jersey is imminent and we have live operations in 12 states[8] with plans to operate in at least two more before the year end. Net revenue fell -28% during the first half as all major US sports were suspended and casinos were closed, during which time we were pleased to see a robust base level of staking as our online customers sought out new markets. With the return of baseball (MLB), basketball (NBA) and ice hockey (NHL), mobile staking has exceeded expectations in recent days.

Matching our balance sheet to our ambition

In response to the COVID-19 pandemic we took decisive action to minimise cash outflow, reduce the cost base and preserve liquidity:

- Revolving Credit Facility (RCF) covenants waived for 2020 and reset for 2021.
- Dividend payments suspended until further notice.
- Non-essential capital expenditure deferred and working capital management tightened whilst product and platform development continued.
- Monthly cash outflow significantly reduced following a reduction in marketing spend, utilisation of government support schemes, thoughtful supplier management and other mitigating actions.
- Staff costs reduced by cancelling salary increases, bonus payments and incentive schemes for 2020 alongside deferring recruitment.

During the period, HMRC confirmed it would not appeal the refund of VAT incorrectly applied to certain gaming machines. We expect this refund to be received in the second half of 2020 and for the net cash inflow to be roughly equivalent to the value of the June 2020 bond repayment of £203m.

Having considered a downside scenario which encompasses lower footfall in Retail, a slow US recovery and potential adverse regulatory developments, we took steps to increase the resilience of the balance sheet and protect the investment required to realise our exciting growth opportunities in the US and Online. In June, the Group conducted a successful placing of 19.99% of ordinary share capital, raising gross proceeds of approximately £224m which have been used to partially pay down the RCF, further strengthening our balance sheet to match our ambitions.

As a result of these actions, the Group concluded the reporting period in a strong financial position with net debt of £339.5m and net debt/EBITDA for covenant purposes of 2.1x.

Furlough Repayment

The UK Government's swift action to support businesses in the immediate aftermath of the COVID-19 lockdown enabled us to protect the jobs of over 7,000 employees who work in our Retail business, virtually all of whom have now returned to work in our shops. Following the progressive resumption of live sport and the gradual easing of COVID-19 restrictions, we have seen a strong recovery in our Retail and Online businesses. In light of this positive trading environment, the Board feel it is appropriate to repay the Furlough Funds received, amounting to £24.5m, and we will not be claiming the Job Retention Bonus.

Outlook

The business has traded well since mainstream sport resumed and our UK shops have re-opened and we are encouraged by the early indications. International Online has maintained its strong momentum in recent weeks and UK Online, following a robust first half, made good progress during July. We are encouraged by the early performance in UK Retail while the US online business has produced a solid outcome with limited sports content.

We have solidified our position as the biggest sports book operator in the US, laying the foundations for future growth with our enhanced proprietary technology platform. The second half will be a busy time for us in the US as we continue to open in new states, deploy the new technology stack more broadly and integrate the Caesars sports books.

Following the transformative merger of our partner, Eldorado Resorts, with Caesars Entertainment, the transaction has created the largest casino company in the US. The combination, now known as Caesars Entertainment Inc., owns or operates 54 casino properties across 16 US states and offers the largest loyalty program in the industry with over 60 million members. We will assume operation of 29 Caesars' sports books, increasing our market leading position to an estimated 29% share of US sports betting.

The good start to the second half is enabling the Group to generate positive free cash flow and we remain comfortable with our base case scenario. Following the COVID-19 disruption, sport has resumed with a compressed calendar, increasing the amount of mainstream sport available during the summer months compared to a more typical year. As a consequence, while early indications are favourable, it remains too early to definitively identify trends. Therefore, given the continuing uncertainty generated by the COVID-19 pandemic, particularly with respect to the US retail experience, it is not prudent to reinstate guidance at this time.

OPERATING REVIEW

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

The following narrative, unless stated otherwise, relates to the 26-week period to 30 June 2020, with comparatives relating to the 26 weeks ended 2 July 2019.

Online[5] (67% of Group revenue)

	H1 2020 £m	H1 2019 £m	Change	Pro forma[5]
Sportsbook amounts wagered	**1,634.4**	**2,286.0**	**-29%**	**-29%**
Gross win margin	9.5%	8.0%	+1.5ppts	+1.5ppts
UK net revenue	225.5	244.9	-8%	-8%
International net revenue	143.8	122.4	+17%	+10%
Sportsbook net revenue	132.4	152.4	-13%	-13%
Gaming net revenue	236.9	214.9	+10%	+6%
Online net revenue	**369.3**	**367.3**	**+1%**	**-2%**
Cost of sales	(105.2)	(99.4)	+6%	
Operating costs	(208.4)	(213.6)	-2%	
Adjusted operating profit[2]	**55.7**	**54.3**	**+3%**	

The following commentary is presented on a pro forma[5] basis unless otherwise stated.

The Online business performed very well throughout the first half. In line with our ambition to diversify internationally, 39% of revenue was generated outside the UK compared to 35% during the same period last year. This was driven by the full integration of the Mr Green acquisition, where all International activities are now conducted from the Malta hub, and continued strong growth in our International business.

Online International net revenue increased 10%, benefitting from strong growth in gaming throughout the first half, driven by increasing traction from product developments launched late in 2019, a shift from retail to online and some substitution from sports betting. Nordic regions enjoyed strong progress with Sweden returning to growth following the regulatory developments of the prior year and Denmark net revenue nearly doubling.

International sportsbook staking recovered strongly with the return of top-flight football. New accounts and unique actives were stable and average revenue per user (ARPU) increased by 10%. International continued to roll out a multi-brand strategy, launching Mr Green in Spain, the second new market to launch since acquisition.

Online UK net revenue decreased -8% as sportsbook staking levels were impacted by the absence of sports events for much of the period. Following the return of English football and horseracing late in the period, sportsbook staking levels normalised and gross win margins were strong throughout the first half.

Following the launch of a new gaming front end in the first quarter, both UK gaming net revenue and NPS improved, reflecting positive customer engagement. New accounts and unique actives fell less than anticipated during the period, down 19%, driven by the absence of major sporting events while ARPU increased 13%.

Cost controls were implemented successfully in response to COVID-19, with operating costs stable, leading to 3% growth in adjusted operating profit[2]. Marketing spend was adjusted to reflect the absence of sport and the additional responsible gambling measures. With the return of a more normal sports calendar, marketing investment will increase. We successfully implemented the credit card ban in the UK on 14 April. However, it remains too early to derive a definitive impact and we continue to monitor customer behaviour closely.

We continue to enhance our product capability with a strong pipeline of technology developments and product launches in the UK and International. As we increasingly utilise a modular architecture, we will continue to deploy common components across the Group.

Online Outlook

As the sports calendar normalises in the coming months, the Online business is well positioned to continue to grow. Online has a strong pipeline of product and technology releases which, coupled with enhanced customer service and improved marketing efficiency, will drive improved performance.

With the UK Online product becoming increasingly competitive, the merger with Retail is the next logical step to create value and drive growth. The key will be converging the technology to service customers seamlessly between the channels and to deliver a 'smart retail' offering with the best of Retail and the power of Online.

Retail (26% of Group revenue)

	H1 2020 £m	H1 2019 £m	Change	Like-for-like[6]
Sportsbook amounts wagered	**432.2**	**1,119.3**	**-61%**	**-48%**
Gross win margin	20.2%	18.4%	+1.8ppts	+1.5ppts
Sportsbook net revenue	87.5	205.4	-57%	-44%
Gaming net revenue	59.4	186.1	-68%	-55%
Retail net revenue	**146.9**	**391.5**	**-62%**	**-49%**
Cost of sales	(31.1)	(92.5)	-66%	
Operating costs	(129.3)	(256.3)	-50%	
Adjusted operating profit[2]	**(13.5)**	**42.7**		

Retail performance in the first half of 2020 reflects a number of dynamics: the anniversary of the implementation of the £2 stake limit on 1 April 2019, the proactive decision to remodel the estate in September 2019, closing 713 shops, and more recently, the temporary closure of the estate in response to the COVID-19 pandemic. Reflecting these events, net revenue fell -49% on a like-for-like[6] (LFL) basis.

In the months prior to the impact of COVID-19, Retail performance was robust, benefitting from favourable sports results and strong gross win margins. Trends that developed during 2019 persisted as our customers continued to substitute gaming with sports betting, increasing the utilisation of our proprietary Self Service Betting Terminals (SSBTs), where machine density will increase to 2.7x as machines are reallocated across the remaining estate.

During the period, the Retail estate went into 'hibernation' for 13 weeks and our employees were furloughed on full pay. In order to mitigate the impact to the Group we implemented a number of 'Retail to Digital' promotions, giving our customers the opportunity to continue to play with William Hill Online.

Since Licenced Betting Offices were permitted to re-open in England on 15 June, we have been 'powering up' in phases, concluding the first half with 87% of the estate open. We took extensive measures to operate a COVID-19 secure shop environment, implementing rigorous social distancing measures, installing clear Perspex machine dividers and generous provision of PPE and hand sanitiser. Our best-in-class shop experience has been recognised by our visitors, achieving a post-lockdown safety rating of 9.4/10 and an increase in NPS by 12%.

We conducted a forensic analysis of our shops in 2019 which enabled our decisive and timely remodelling of the estate. We have revised our estate analysis to incorporate our base case scenario where we expect Retail footfall to return to c.80% of pre-COVID-19 levels. As a result, we have decided not to re-open 119 shops and redeployed the majority of impacted colleagues throughout the remaining estate. The net cost of the closures will be absorbed within the existing programme of triennial restructuring charges where our work to mitigate the impact of the £2 stake limit has performed well. As a consequence of the revised forecasts and their impact on expected cash flows, the Retail estate has been impaired by £81.9m.

We concluded the sale of 35 shops in Northern Ireland and the Isle of Man to BoyleSports during the period. The average number of shops fell 33% to 1,541 (H1 2019: 2,306) and the revised estate, following the shop closures and sale of Northern Ireland and the Isle of Man, will be 1,414 shops. The remaining estate has initiated negotiations with our landlords to secure more sustainable commercial terms to protect the Retail business and the wider eco-system for the longer term.

Adjusted operating losses[2] were mitigated by swift actions to manage the cost base, supported by payments from the Government's Job Retention Scheme and business rate relief.

Retail outlook

Trading performance since the close of the reporting period has surpassed our expectations as sport has returned, and shops continued to re-open. Early indications for footfall are encouraging although there remains a high degree of uncertainty regarding the shape of the recovery. The sports calendar has yet to normalise and it remains too soon to definitively identify customer trends.

With the potential for regulations around advertising to get tighter, the retail estate will play a key role in keeping the William Hill brand in the forefront of customers' minds. A dynamic approach to the shopfronts, including digital content, has the potential to reach a wider audience. When combined with the opportunity to train our shop colleagues in the online product offering, the shops have the potential to become support centres for the entire UK customer base. The merger of Retail and UK Online, with a single view of our UK customer, is thus the next step in the development of the UK business.

William Hill US[7] (7% of Group revenue)

	On a statutory reporting basis			On a local currency basis		
	H1 2020 £m	**H1 2019 £m**	**Change**	**H1 2020 US$m**	**H1 2019 US$m**	**Change**
Amounts wagered	**550.0**	**778.0**	**-29%**	**704.5**	**1,007.7**	**-30%**
Gross win margin	6.9%	6.6%	+0.3ppts	6.9%	6.6%	+0.3ppts
Net revenue	**38.2**	**52.9**	**-28%**	**49.0**	**68.6**	**-29%**
Cost of sales	(3.9)	(5.3)	-26%	(5.0)	(6.9)	-28%
Operating costs	(42.4)	(44.2)	-4%	(53.9)	(57.4)	-6%
Adjusted operating profit[2]	**(8.1)**	**3.4**		**(9.9)**	**4.3**	

The US sports betting market is gradually opening to legal operators, as each state sets its own regulations for participation. We anticipate it will become the largest regulated market in the world supported by population, income levels and an ingrained sports culture, with the pace of growth driven, in part, by the pace of regulation. William Hill has operated sports books in the US, online and through our retail experience, since 2012 and is the market leader with an estimated market share of 29% and access to 25 states[8] with the inclusion of Caesars. Today, we are live in 12 states[8] with a growing online presence.

Prior to the impact of the COVID-19 pandemic, wagering increased 26% with nearly 90% growth in less mature markets outside Nevada. At the end of February, William Hill US's gross win market share was 23%.

The COVID-19 pandemic resulted in the suspension of major league and college sports, as well as the closure of physical sports books and casinos during the second quarter. Amounts wagered in the first half fell 29%, partly offset by favourable sports results leading to a 28% fall in net revenue for the period. Prior to COVID-19, we took more than 70% of US wagers through digital channels and 100% online while the casinos were closed. We acted quickly to reduce costs and preserve cash, limiting first half adjusted operating losses to -£8.1m.

With sports betting legislation continuing to advance in a number of states, we accelerated our technology and product developments, ensuring an enhanced competitive position as major league sports returned and casinos re-opened. We launched the new retail platform in West Virginia and we will be rolling out our proprietary technology platform to a number of states in the coming months. Our new iGaming product will go live in New Jersey imminently.

In February 2020, we announced an exciting new exclusive media partnership with CBS Sports which launched in July with the return of MLB, the NBA and the NHL. The deep integration of William Hill's betting platform with CBS's extensive broadcasting coverage, digital reach and fantasy sport database, is expected to drive cost efficient customer acquisition, bringing our products and brand to a huge US audience, both Online and on TV.

In January 2019, we entered a partnership with Eldorado to be their exclusive sports book provider, sharing in all economics related to sports betting, in return for which Eldorado received a 20% stake in William Hill US and US$50m of William Hill PLC stock. We were pleased to see the completion of Eldorado's acquisition of Caesars Entertainment on 20 July 2020 where William Hill's exclusive sports betting rights across retail and mobile were carried forward to the acquired assets. Caesars owns or operates 54 properties across 16 states including an iconic portfolio of casinos on the Las Vegas strip, supported by an award-winning loyalty programme with over 60 million members. We will assume operation of Caesars' 29 live sports books in the coming weeks and, where appropriate, integrate them onto the William Hill platform. The addition of the Caesars' sports books will increase our US market share to 29% and permits access to an additional 6 states.

Subject to receipt of regulatory approval, we will complete the acquisition of the sports book assets of CG Technology, also known as Cantor. This transaction brings access to a number of marquee sites on the Las Vegas Strip, including The Cosmopolitan of Las Vegas, The Venetian and The Palazzo.

US outlook

We have solidified our position as the biggest sports book in the US, laying the foundations for future growth with our enhanced proprietary technology platform. We will continue to invest in our product and technology and increase our marketing spend to support our state roll out plans. We expect to be live in up to 14 states[8] by the end of the year, of which the majority will have an online presence. Furthermore, we will continue to explore our new partnerships, building on the recently launched CBS Sports platform and working with Caesars to leverage our relationship further.

While the short-term outlook remains uncertain, particularly in the US retail experience, we are in no doubt the long-term opportunity is substantial and we are ideally positioned as new states regulate sports betting and online gaming. We have an experienced local team delivering local product, strong operational and marketing partnerships, a proprietary technology platform and unrivalled market access.

FINANCIAL REVIEW

Context to HY performance

In the period, the Group has been impacted by the effects of COVID-19 through the cancellation of sporting events across the world and the closure of retail shops in the UK and retail sports books in the US.

As a result of this, revenue of £554.4m was £257.3m lower than the same period in the prior year resulting in an adjusted loss after tax of £11.1m (H1 2019: profit of £47.0m). The Group acted swiftly to secure its liquidity position by drawing down against its £425m revolving credit facilities ("RCF"), obtaining covenant waivers for 2020 and resets for 2021, and raising £223.8m gross proceeds through a 19.99% equity placement. The results of these actions have left the Group in strong financial health to benefit from the return of sports, the re-opening of UK LBOs and US retail sports books and growth opportunities as new states legislate in the US.

Statutory to adjusted results

The difference between statutory results of profit after tax of £115.6m and adjusted results of a loss after tax of £11.1m is due to exceptional items and adjustments. These principally relate to net income, after third party costs, interest and tax of £201.6m relating to the VAT refund for charges incurred on retail gaming machines income between 2002 and 2013 and an £81.9m impairment charge following an assessment of the impact COVID-19 has had on future high street retail cashflows. Further detail regarding the impairment charge including the assumptions used and estimation uncertainties inherent in the assessment can be found in note 12 to the financial statements.

Further detail on adjusted results is provided below and in note 3 to the financial statements.

Group income statement

In the previous period, the Group acquired Mr Green at the end of January 2019. Unless stated as pro forma, numbers and commentary will not include Mr Green's performance prior to acquisition.

Group revenue for the period was £554.4m, £257.3m lower than the same period in the prior year, as the impact of COVID-19 was felt across the Group. The cancellation of sporting events across the world, closure of retail shops in the UK and sports books in the US saw revenues fall 32% against the prior period.

Further detail on performance by segment can be found in note 2 to the financial statements.

As a result of lower revenues, adjusted cost of sales of £140.2m was 29% lower than H1 2019 resulting in a gross profit of £414.2m. On a statutory basis, gross profit was £644.5m following the recognition of the VAT refund, net of third party costs, in cost of sales consistent with where the original charges were recognised.

£402.4m of net operating expenses were incurred in the period resulting in an adjusted profit before interest and tax of £11.8m. Net operating expenses were £135.9m or 25% lower than H1 2019 as the Group utilised the Government furlough support for its retail shop colleagues (whilst topping up colleagues' wages to 100%), the business rates holiday and a reduction in discretionary spend. Subsequent to the period end, the Board decided to repay the Furlough support of £24.5m, this discretionary cost will be recognised in the second half of the year.

On a statutory basis, profit before interest and tax was £148.5m with the £81.9m impairment in the Retail segment and the adjustment for amortisation of acquired intangibles partially offsetting the VAT refund. In H1 2019 there was a statutory loss before interest and tax of £38.1m due to the impairment of the lease assets associated with the closure of 713 shops in Retail.

Adjusted loss after tax was £11.1m (H1 2019: profit of £47.0m) following net finance costs of £26.0m (H1 2019: £25.4m) which reflect the costs associated with drawing down on the RCF and the June 2020 Senior Unsecured Notes until they were repaid in the period.

On an adjusted basis, a tax credit of £3.1m (H1 2019: charge of £3.8m) has been recognised in the period giving an effective tax rate of 21.8% (H1 2019: 7.5%). On a statutory basis, the Group recognised a tax charge of £25.5m (H1 2019: credit of £2.3m) giving an effective tax rate of 18.1% (H1 2019: 3.6%).

EPS

EPS was a loss of 1.2p on an adjusted basis (H1 2019: earnings of 5.3p) versus statutory earnings of 13.2p (H1 2019: loss of 7.1p). In the period, 174,872,457 shares were issued following the successful equity placing of 19.99%. This only impacted statutory EPS by 0.2p due to the timing of the equity raise towards the end of the period. The weighted average shares in issue during the period is 884.7m (H1 2019: 871.8m) and for the full year is expected to be 967.1m (FY 2019: 873.0m).

Exceptional items

Exceptional items and adjustments in the period of £126.7m are a result of recognising £201.6m of net income from the VAT refund due (including interest on that receipt and corporation tax payable), an impairment in Retail of £81.9m, a £1.1m credit being the net of several portfolio shop closure programmes,

£3.0m of other costs, primarily the dual running costs resulting from the transition of the Group's data centres to the cloud, and £9.8m relating to the amortisation of acquired intangibles.

In 2019, as a result of the Triennial Review and £2 stake limit on retail gaming machines, 713 shops were closed and the Group announced a provision of £99.8m, of which £95.1m related to the Retail segment, and an estimated cash cost to exit the shops of c.£70m. The difference between the accounting provision and the cash costs to exit are that the charge recognised did not include a range of mitigation strategies such as savings from early exit lease arrangements and the sale of freehold properties or portfolio of shops such as Northern Ireland and the Isle of Man disposals, which were sold in the period. In addition, a broader Group-wide cost optimisation programme was announced where an estimated £10m of cash costs would be incurred to deliver it.

The total cash cost expected to be incurred is still c£70m and with the Group element now ended, the total costs from the Triennial Review mitigation programme are not expected to exceed £80m.

During the period, a £7.6m credit was recognised due to the early exit of several shop leases on favourable terms. As a result of COVID-19 and the forecast reduction in footfall on the high street, 119 shops with short remaining lease lives were not re-opened leading to a charge of £6.5m.

Statement of financial position

Intangible assets have reduced in the period due to the allocation of the £81.9m impairment in the Retail segment. The impairment has been allocated in full against licenses, sitting within intangible assets, see note 12 for more detail.

The retirement benefit asset was £65.6m at the end of the period, an increase of £17.2m from the year end due to increases in the value of the scheme assets.

Within current assets, the income from the VAT refund has been recognised within trade and other receivables, contributing to the increase in the balance by £301.9m to £346.9m from FY 2019. Cash and cash equivalents of £671.6m includes £205.0m from the partial draw down of the RCF, the other side of which can also be seen in the increase in non-current liabilities with borrowings increasing to £899.2m (FY 2019: £693.5m).

In current liabilities, trade and other payables increased by £51.6m to £473.4m from FY 2019, predominantly reflecting certain deferrals of gaming taxes agreed with HMRC and costs to third parties from the VAT reclaim.

Corporation tax liabilities of £42.8m is £22.5m higher than the year end primarily due to the associated tax charge on the VAT refund. In June, the remaining £203.4m of the £375m bond was repaid, reflected in the reduction of borrowings to nil within current liabilities. Borrowings within non-current liabilities has increased due to £205m drawn down on the £425m RCF.

Lease liabilities increased £12.8m in current liabilities (£50.3m versus £37.5m) and reduced £23.3m in non-current (£102.4m versus £125.7m) as leases expiring exceed lease renewals.

The increase in total provisions by £8.0m from the year end is predominantly due to an increase in the Austria gaming tax liability by £12.5m, where the Group continues to provide for gaming taxes and interest.

Following the equity placing of 19.99% (£218.6m net of fees), the total equity of the Group has increased by £375.0m to £695.2m, the balance relating to a decrease in accumulated losses from £383.3m to £254.8m due to the statutory profit made in the period.

Following the use of a Jersey cash box structure for a part of the equity placing, £194.4m has been recognised within the merger reserve as distributable.

Cash flow and net debt

Net cash generated from operating activities was £37.0m in the period, lower than the prior period comparative of £72.4m in H1 2019, reflecting the lower adjusted operating profit in the period due to the COVID-19 pandemic but showing that the Group was still cash generative from operations.

In the period, the Group raised £218.6m from the equity placing, repaid the June 2020 Senior Unsecured Notes of £203.4m and had £205m of the RCF drawn at 30 June 2020, resulting in a net inflow of £220.2m from these three actions. As a result, cash and cash equivalents at the end of the period were £671.6m; an increase of £212.2m from the year end.

The Group continued to invest in its strategic ambition, only cutting back on certain discretionary spend. As such £46.7m (H1 2019: £60.3m) was spent on capital investments.

Net debt for covenant purposes for the period was £339.5m which is £196.2m lower than the year end following the equity placing. This resulted in net debt to EBITDA for covenant purposes of 2.1x (FY 2019: 2.4x).

The Board suspended the dividend in March following the impact of COVID-19 and no interim dividend is proposed.

PRINCIPAL RISKS AND UNCERTAINTIES

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

- Regulatory, political and legal risk;
- Strategic risk;
- Market/financial risk;
- Operational risk; and
- Tax changes.

COVID-19 has presented short-term challenges. These risks have been mitigated by our actions to strengthen the balance sheet combined with the resumption of sporting events. The nature of the global COVID-19 pandemic presents ongoing challenges, particularly the risk to footfall in our retail operations in the UK and US.

In terms of regulatory and political risk, these have been well managed through the sensitive COVID-19 lockdown period. Short-term restrictions were imposed as a response to COVID-19, both through local regulators and as voluntary actions by the operators. The forthcoming review of the Gambling Act 2005, expected to commence in the autumn, provides the opportunity for the industry to reach a new evidence led regulatory framework. In the meantime, the most material risk relates to ongoing consultations arising from the Gambling Commission.

Reflective of trends globally during COVID-19, we have reviewed our cyber security protection measures, assessing the impacts of increased remote working and greater volumes of cyber-attacks. Our cyber security measures are robust, and we believe the risk to our data security has not increased.

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

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

- The unaudited condensed consolidated financial statements have been prepared in accordance with IAS 34, “Interim Financial reporting”; and
- The interim management report includes a fair review of the information required by Disclosure and Transparency Rule 4.2.7R and Disclosure and Transparency Rule 4.2.8R.

Neither William Hill PLC nor the directors accepts any liability to any person in relation to the half-year financial report except to the extent that any such liability could arise under English law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with section 90A and schedule 10A of the Financial Services and Markets Act 2000.

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

U. Bengtsson
Chief Executive Officer
5 August 2020

M. Ashley
Chief Financial Officer
5 August 2020

William Hill PLC

Interim Consolidated Income Statement (unaudited)

for the 26 weeks ended 30 June 2020

		26 weeks ended 30 June 2020			26 weeks ended 2 July 2019			
	Notes	**Adjusted £m**	**Exceptional items and adjustments (note 3) £m**	**Statutory total £m**	Adjusted £m	Exceptional items and adjustments (note 3) £m	Statutory total £m	52 weeks ended 31 December 2019 £m
Revenue	2	**554.4**	**-**	**554.4**	811.7	-	811.7	1,581.7
Cost of sales	2,3	**(140.2)**	**230.3**	**90.1**	(197.2)	-	(197.2)	(377.9)
Gross profit	2	**414.2**	**230.3**	**644.5**	614.5	-	614.5	1,203.8
Other operating income		**4.4**	**-**	**4.4**	9.2	-	9.2	16.1
Other operating expenses	3	**(406.6)**	**(93.6)**	**(500.2)**	(547.9)	(114.3)	(662.2)	(1,207.9)
Share of results of associates		**(0.2)**	**-**	**(0.2)**	0.4	-	0.4	0.9
Profit/(loss) before interest and tax	2	**11.8**	**136.7**	**148.5**	76.2	(114.3)	(38.1)	12.9
Investment income	2,3	**1.9**	**18.6**	**20.5**	1.8	-	1.8	3.0
Finance costs	2,4	**(27.9)**	**-**	**(27.9)**	(27.2)	-	(27.2)	(53.5)
Profit/(loss) before tax	2	**(14.2)**	**155.3**	**141.1**	50.8	(114.3)	(63.5)	(37.6)
Tax	3,5	**3.1**	**(28.6)**	**(25.5)**	(3.8)	6.1	2.3	10.6
Profit/(loss) for the period		**(11.1)**	**126.7**	**115.6**	47.0	(108.2)	(61.2)	(27.0)
Attributable to:								
Equity holders of the Company		**(10.4)**	**127.2**	**116.8**	46.0	(108.0)	(62.0)	(26.9)
Non-controlling interest		**(0.7)**	**(0.5)**	**(1.2)**	1.0	(0.2)	0.8	(0.1)
		(11.1)	**126.7**	**115.6**	47.0	(108.2)	(61.2)	(27.0)
Earnings/(loss) per share (pence)								
Basic	7	**(1.2)**		**13.2**	5.3		(7.1)	(3.1)
Diluted	7	**(1.2)**		**13.1**	5.3		(7.1)	(3.1)

William Hill PLC

Interim Consolidated Statement of Comprehensive Income (unaudited)

for the 26 weeks ended 30 June 2020

	26 weeks ended 30 June 2020 £m	26 weeks ended 2 July 2019 £m	52 weeks ended 31 December 2019 £m
Profit/(loss) for the period	**115.6**	(61.2)	(27.0)
Items that will not be reclassified subsequently to profit or loss:			
Actuarial remeasurements in defined benefit pension scheme	**15.5**	2.2	(2.0)
Tax on remeasurements in defined benefit pension scheme	**(2.9)**	(0.4)	0.3
Items that may be reclassified subsequently to profit or loss:			
Exchange differences:			
Translation of foreign operations	**29.0**	3.6	(4.0)
Other comprehensive income/(loss) for the period	**41.6**	5.4	(5.7)
Total comprehensive income/(loss) for the period	**157.2**	(55.8)	(32.7)
Attributable to:			
Equity holders of the Company	**156.1**	(56.9)	(32.6)
Non-controlling interest	**1.1**	1.1	(0.1)
	157.2	(55.8)	(32.7)

William Hill PLC

Interim Consolidated Statement of Changes in Equity (unaudited)

for the 26 weeks ended 30 June 2020

	Attributable to equity holders of 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 interest £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	-	-	-	-	-	-	116.8	(1.2)	**115.6**
Actuarial remeasurements in defined benefit pension scheme	-	-	-	-	-	-	15.5	-	**15.5**
Tax on remeasurements in defined benefit pension scheme	-	-	-	-	-	-	(2.9)	-	**(2.9)**
Exchange differences on translation of foreign operations	-	-	-	-	-	26.7	-	2.3	**29.0**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**26.7**	**129.4**	**1.1**	**157.2**
Purchase and issue of own shares	-	-	-	-	(1.3)	-	-	-	**(1.3)**
Transfer of own shares to recipients	-	-	-	-	1.4	-	(1.4)	-	**-**
Equity placing (note 8)	17.5	6.7	-	194.4	-	-	-	-	**218.6**
Credit recognised in respect of share remuneration	-	-	-	-	-	-	1.1	-	**1.1**
Tax charge in respect of share remuneration	-	-	-	-	-	-	(0.6)	-	**(0.6)**
At 30 June 2020	**107.5**	**716.6**	**6.8**	**168.3**	**(86.9)**	**29.3**	**(254.8)**	**8.4**	**695.2**

	Attributable to equity holders of 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 interest £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)/profit for the financial period	-	-	-	-	-	-	(62.0)	0.8	**(61.2)**
Actuarial remeasurements in defined benefit pension scheme	-	-	-	-	-	-	2.2	-	**2.2**
Tax on remeasurements in defined benefit pension scheme	-	-	-	-	-	-	(0.4)	-	**(0.4)**
Exchange differences on translation of foreign operations	-	-	-	-	-	3.3	-	0.3	**3.6**
Total comprehensive income/(loss) for the period	**-**	**-**	**-**	**-**	**-**	**3.3**	**(60.2)**	**1.1**	**(55.8)**
Purchase and issue of own shares	-	-	-	-	0.8	-	(1.2)	-	**(0.4)**
Partnership with Eldorado	1.3	20.5	-	-	-	-	110.3	5.8	**137.9**
Credit recognised in respect of share remuneration	-	-	-	-	-	-	3.3	-	**3.3**
Acquisition of MRG	-	-	-	-	-	-	-	5.2	**5.2**
Dividends paid	-	-	-	-	-	-	(67.7)	-	**(67.7)**
At 2 July 2019	**90.0**	**709.9**	**6.8**	**(26.1)**	**(87.2)**	**9.9**	**(394.0)**	**12.1**	**321.4**

	Attributable to equity holders of 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 interest £m	Total equity £m
At 1 January 2019	**88.7**	**689.4**	**6.8**	**(26.1)**	**(88.0)**	**6.6**	**(378.5)**	**-**	**298.9**
Loss for the financial period	-	-	-	-	-	-	(26.9)	(0.1)	**(27.0)**
Actuarial remeasurements in defined benefit pension scheme	-	-	-	-	-	-	(2.0)	-	**(2.0)**
Tax on remeasurements in defined benefit pension scheme	-	-	-	-	-	-	0.3	-	**0.3**
Exchange difference 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 Eldorado	1.3	20.5	-	-	-	-	110.3	5.9	**138.0**
Credit recognised in respect of share remuneration	-	-	-	-	-	-	4.5	-	**4.5**
Tax credit in respect of share remuneration	-	-	-	-	-	-	1.4	-	**1.4**
Acquisition of Mr Green	-	-	-	-	-	-	-	1.5	**1.5**
Dividends paid	-	-	-	-	-	-	(90.9)	-	**(90.9)**
At 31 December 2019	**90.0**	**709.9**	**6.8**	**(26.1)**	**(87.0)**	**2.6**	**(383.3)**	**7.3**	**320.2**

William Hill PLC

Interim Consolidated Statement of Financial Position (unaudited)

as at 30 June 2020

	Notes	**30 June 2020 £m**	2 July 2019 £m	31 December 2019 £m
Non-current assets				
Intangible assets		**1,035.6**	1,101.6	1,095.9
Property, plant and equipment		**248.4**	281.3	265.0
Interests in associates		**24.7**	23.7	24.5
Investments		**2.6**	7.2	0.4
Deferred tax assets		**32.9**	14.5	43.5
Retirement benefit asset		**65.6**	47.0	48.4
Loans receivable		**10.6**	7.4	9.9
		1,420.4	1,482.7	1,487.6
Current assets				
Trade and other receivables		**346.9**	69.4	45.0
Cash and cash equivalents		**671.6**	433.4	459.4
Freehold property held for sale		**1.1**	-	0.7
Investment property held for sale		**1.7**	1.7	1.7
Disposal group asset held for sale		**-**	-	10.1
		1,021.3	504.5	516.9
Total assets		**2,441.7**	1,987.2	2,004.5
Current liabilities				
Trade and other payables		**(473.4)**	(399.9)	(421.8)
Corporation tax liabilities		**(42.8)**	(11.9)	(20.3)
Derivative financial instruments		**(14.5)**	(10.9)	(19.0)
Borrowings	9	**-**	(204.3)	(203.2)
Lease liabilities		**(50.3)**	(43.6)	(37.5)
Provisions	13	**(82.1)**	(86.7)	(76.9)
Disposal group liabilities held for sale		**-**	-	(3.5)
		(663.1)	(757.3)	(782.2)
Non-current liabilities				
Borrowings	9	**(899.2)**	(693.1)	(693.5)
Lease liabilities		**(102.4)**	(127.7)	(125.7)
Provisions	13	**(4.4)**	(17.2)	(1.6)
Deferred tax liabilities		**(77.4)**	(70.5)	(81.3)
		(1,083.4)	(908.5)	(902.1)
Total liabilities		**(1,746.5)**	(1,665.8)	(1,684.3)
Net assets		**695.2**	321.4	320.2
Equity				
Called-up share capital	8	**107.5**	90.0	90.0
Share premium account	8	**716.6**	709.9	709.9
Capital redemption reserve		**6.8**	6.8	6.8
Merger reserve	8	**168.3**	(26.1)	(26.1)
Own shares held		**(86.9)**	(87.2)	(87.0)
Hedging and translation reserves		**29.3**	9.9	2.6
Accumulated losses		**(254.8)**	(394.0)	(383.3)
Total equity attributable to equity holders of the parent		**686.8**	309.3	312.9
Non-controlling interest		**8.4**	12.1	7.3
Total equity		**695.2**	321.4	320.2

William Hill PLC
Interim Consolidated Cash Flow Statement (unaudited)

for the 26 weeks ended 30 June 2020

	Notes	**26 weeks ended 30 June 2020 £m**	26 weeks ended 2 July 2019 £m	52 weeks ended 31 December 2019 £m
Net cash from operating activities	10	**37.0**	72.4	183.0
Investing activities				
Dividends from associates		**-**	-	1.4
Interest received on cash and cash equivalents		**1.2**	0.8	1.5
Proceeds on disposal of property, plant and equipment		**-**	-	6.1
Amounts drawn down on loan facility made available to NeoGames		**-**	(2.3)	(5.0)
Acquisition of Mr Green & Co AB		**-**	(170.0)	(173.7)
Proceeds on disposal of investments		**2.0**	2.1	2.1
Proceeds on disposal of Northern Ireland and Isle of Man operations		**7.4**	-	-
Purchases of property, plant and equipment		**(11.8)**	(12.9)	(10.7)
Expenditure on intangible assets		**(34.9)**	(47.4)	(83.9)
Net cash used in investing activities		**(36.1)**	(229.7)	(262.2)
Financing activities				
Purchase of own shares		**(1.3)**	(0.4)	(0.5)
Net proceeds on equity placing	8	**218.6**	-	-
Amounts drawn down on existing £425m revolving credit facilities	9	**205.0**	-	-
Amounts paid on redemption of existing senior unsecured notes	9	**(203.4)**	(170.2)	(171.6)
Existing senior unsecured notes redemption costs		**-**	(8.0)	(8.1)
Proceeds on issue of 4.75% senior unsecured notes due 2026	9	**-**	350.0	350.0
Debt facility issue costs		**-**	(1.3)	(1.5)
Lease liabilities – principal payments		**(10.8)**	(22.3)	(46.7)
Dividends paid	6	**-**	(67.7)	(90.9)
Net cash from financing activities		**208.1**	80.1	30.7
Net increase/(decrease) in cash and cash equivalents in the period		**209.0**	(77.2)	(48.5)
Changes in foreign exchange rates		**3.2**	0.1	(2.2)
Cash and cash equivalents at start of period		**459.4**	510.5	510.5
Transfer to assets held for sale		**-**	-	(0.4)
Cash and cash equivalents at end of period		**671.6**	433.4	459.4

1. BASIS OF ACCOUNTING

GENERAL INFORMATION

William Hill PLC is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is 1 Bedford Avenue, London, WC1B 3AU. The condensed consolidated financial information for the 26 weeks ended 30 June 2020, which has been approved by a committee of the Board of Directors on 4 August 2020, has been prepared on the basis of the accounting policies set out in the Group's 2019 Annual Report on pages 186-192, which can be found on the Group's website www.williamhillplc.com. This condensed consolidated financial information for the 26 weeks ended 30 June 2020 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. The condensed consolidated financial information for the 26 weeks ended 30 June 2020 should be read in conjunction with the annual financial statements for the 52 weeks ended 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The accounting policies used in the preparation of the interim financial information have been consistently applied to all periods presented.

The condensed consolidated financial information for the 26 weeks ended 30 June 2020 is unaudited and does not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006, but has been reviewed by the auditor and their report is set out at the end of this financial information. The results for the 52-week period ended 31 December 2019 shown in this report do not constitute the Company's statutory accounts for that period but have been extracted from those accounts, which have been filed with the Registrar of Companies. The auditor has reported on those accounts. Their report was unqualified and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

BASIS OF ACCOUNTING

The interim condensed consolidated financial information has been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union and therefore complies with Article 4 of the EU IAS Regulation.

The interim financial information has 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.

BASIS OF CONSOLIDATION

The interim financial information incorporates the financial statements of the Company and entities controlled by the Company (its subsidiaries) up to 30 June 2020. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

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.

ADOPTION OF NEW AND REVISED STANDARDS

In preparing the Group financial statements for the current period the Group has adopted the following amendments to IFRSs:

IAS 8 (amended):	Accounting Policies, Changes in Accounting Estimates and Errors
IFRS 3 (amended):	Business Combinations
IFRS 7 (amended):	Financial Instruments: Disclosures
IFRS 16 (amended):	Leases

All adopted new and revised standards have not had a significant impact on these results or net assets of the Group.

STANDARDS IN ISSUE BUT NOT EFFECTIVE

Below is a list of those IFRSs, and amendments to IFRSs that are in issue but not yet effective, none of which are expected to have a significant impact on the Group's results:

IAS 1 (amended):	Presentation of Financial Statements
IAS 16 (amended):	Property, Plant and Equipment
IAS 37 (amended):	Provisions, Contingent Liabilities and Contingent Assets
IFRS 1 (amended):	First-time Adoption of International Financial Reporting Standards
IFRS 9 (amended):	Financial Instruments
IFRS 17 (new):	Insurance Contracts

GOING CONCERN

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 (RCF), which are committed until October 2023. During the period, the Group drew down the facilities

and obtained waivers against the covenants attached to it throughout 2020 with a reset at June 2021 and December 2021. In June, following the successful equity placement that raised £218.6m of cash (note 8), £220m of the £425m RCF was repaid leaving £205m drawn at 30 June 2020. Further, the remainder of the Group's 2020 £375m senior unsecured notes of £203.4m (note 9) have been repaid in full in the period demonstrating the strong liquidity of the Group throughout this period. There are no borrowings due within the next 12 months with the next due date on senior unsecured notes in 2023.

Despite the impact on trading cash flows of COVID-19, the Group continues to hold a strong liquidity position overall with a cash balance of £569.7m (excluding customer balances and other restricted cash of £101.9m) as at 30 June 2020. The Group also expects to receive £201.6m in refunded VAT (net of corporation tax on the income), which had been incorrectly applied to certain gaming machines, within 12 months from date of signing these financial statements. This will further strengthen the Group's liquidity position. Whilst there are a number of risks to the Group's trading performance, including from the COVID-19 pandemic and its impact on the global economy, as summarised in the 'Managing our risks' section on pages 59-61 within the 2019 Annual Report and in the principal risks and uncertainties section, the Group is confident of its ability to continue to access sources of funding in the medium term.

The Group's forecasts demonstrate it will generate profits and cash in the year ending 29 December 2020 and beyond and that 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 waivers the Group has obtained for 2020 with a reset 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 our trading experience during the pandemic to date and we have modelled downside scenarios such as possible further lockdowns, cancellation of ongoing sporting events and a slower recovery of operations than expected from the pandemic. These scenarios individually, and a combination of these scenarios, have enabled us to conclude that the Group has adequate resources to continue to operate for the foreseeable future.

These scenarios do not constitute reverse stress tests as there is no plausible scenario that gives rise to a significant liquidity risk. The Group has performed separate reverse stress tests and in the event of an extremely remote scenario across the next 12 months have identified further actions to conserve cash that would mitigate the impact and would be actioned. For this reason, the directors continue to adopt the going concern basis for preparing these financial statements.

SEASONALITY

The Group's overall profitability is primarily sensitive to sporting results, largely in terms of outcome but also in terms of the timing and presence of significant events that attract a large amount of stakes.

In 2020, the COVID-19 pandemic led to the closure of the UK and US Retail businesses and the postponement of most of the sporting fixtures across the globe. Although there is uncertainty surrounding the prolonged impacts of the pandemic, it is expected to significantly skew the results in the current reporting period.

FAIR VALUES

Assets and liabilities measured at fair value include ante post bets derivative financial instruments, a specific level 3 financial instrument relating to a contractual liability in the event of certain exit events and an equity investment in Flutter Entertainment plc (Flutter), as owners of The Stars Group and acquired as part of our agreement with Eldorado Resorts, Inc, classified as fair value through profit or loss.

The valuation of the equity investment in Flutter was based on the Flutter share price at the reporting period end.

The valuation of the contractual liability is based on the probability of the specific certain exit events occurring.

The valuation of ante post bets is determined with reference to anticipated gross win margins on unsettled bets. Changes in fair value have not had a material impact upon the profit for the period.

Fair value hierarchy

The hierarchy (as defined in IFRS 13) of the Group's financial instruments carried at fair value was as follows:

				30 June 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								
Ante post bet liabilities	**-**	**-**	**(11.4)**	**(11.4)**	-	-	(17.6)	(17.6)
Contractual liability in event of certain exit events	**-**	**-**	**(3.1)**	**(3.1)**	-	-	(1.4)	(1.4)
Flutter Shares	**2.5**	**-**	**-**	**2.5**	-	-	-	-
Total	**2.5**	**-**	**(14.5)**	**(12.0)**	-	-	(19.0)	(19.0)

There were no transfers between levels of fair value hierarchy during the period.

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 and telephone activity, including sports betting, casino, poker sites and other gaming products along with telephone

betting services. The Online segment includes the results of MRG since the Group's acquisition in January 2019 as the chief operating decision makers review it as part of the Online segment when making decisions regarding the allocation of resources between segments. The US segment comprises all activity previously presented as US Existing and US Expansion segments. During the period, the decision was taken to combine the previously presented two US segments as one combined US segment as this reflects a change in how the Chief Operating Decision Makers (CODM) monitor performance and analyse the business. 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 basis, with a reconciliation from adjusted operating profit to statutory results for clarity. Segment information for the 26 weeks ended 30 June 2020 is as follows:

	Retail £m	Online £m	US[1] £m	Other £m	Corporate £m	Group £m
Direct revenue	146.9	369.3	36.4	-	-	552.6
Service provider revenue	-	-	1.8	-	-	1.8
Revenue	**146.9**	**369.3**	**38.2**	**-**	**-**	**554.4**
GPT, duty, levies and other costs of sales	(31.1)	(105.2)	(3.9)	-	-	(140.2)
Gross profit	115.8	264.1	34.3	-	-	414.2
Depreciation	(19.3)	(3.1)	(6.1)	-	(3.1)	(31.6)
Amortisation	(4.6)	(21.7)	(0.9)	-	(1.1)	(28.3)
Other administrative expenses	(105.4)	(183.6)	(35.4)	-	(17.9)	(342.3)
Share of results of associates	-	-	-	-	(0.2)	(0.2)
Adjusted operating (loss)/profit[2]	**(13.5)**	**55.7**	**(8.1)**	**-**	**(22.3)**	**11.8**
Operating exceptional items and adjustments	149.3	(6.7)	(3.7)	-	(2.2)	136.7
Profit/(loss) before interest and tax	**135.8**	**49.0**	**(11.8)**	**-**	**(24.5)**	**148.5**
Investment income	18.6	-	-	-	1.9	20.5
Finance costs	(1.6)	-	(0.4)	-	(25.9)	(27.9)
Profit/(loss) before tax	**152.8**	**49.0**	**(12.2)**	**-**	**(48.5)**	**141.1**

[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.

Represented segment information for the 26 weeks ended 2 July 2019 is as follows:

	Retail £m	Online £m	US[1] £m	Other £m	Corporate £m	Group £m
Direct revenue	391.5	367.3	49.3	-	-	808.1
Service provider revenue	-	-	3.6	-	-	3.6
Revenue	**391.5**	**367.3**	**52.9**	**-**	**-**	**811.7**
GPT, duty, levies and other costs of sales	(92.5)	(99.4)	(5.3)	-	-	(197.2)
Gross profit	299.0	267.9	47.6	-	-	614.5
Depreciation	(27.8)	(2.3)	(2.3)	-	(3.4)	(35.8)
Amortisation	(4.6)	(20.8)	(0.9)	-	(0.6)	(26.9)
Other administrative expenses	(223.9)	(190.5)	(41.0)	-	(20.6)	(476.0)
Share of results of associates	-	-	-	-	0.4	0.4
Adjusted operating profit/(loss)[2]	**42.7**	**54.3**	**3.4**	**-**	**(24.2)**	**76.2**
Operating exceptional items and adjustments	(97.1)	(5.2)	(3.6)	-	(8.4)	(114.3)
(Loss)/profit before interest and tax	**(54.4)**	**49.1**	**(0.2)**	**-**	**(32.6)**	**(38.1)**
Investment income	-	-	-	-	1.8	1.8
Finance costs	(1.9)	(0.1)	(0.2)	-	(25.0)	(27.2)
(Loss)/profit before tax	**(56.3)**	**49.0**	**(0.4)**	**-**	**(55.8)**	**(63.5)**

[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.

Represented segment 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	(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. 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 the Group's KPIs 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 that impair visibility of the underlying activity in segments. 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 has neither a close relationship to the 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 Operating Review);
- Remuneration Committee assessments of targets and performance for management remuneration purposes;
- 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 defined 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. They comprise the amortisation of specific intangible assets recognised in acquisitions and strategic partnerships.

This is defined as an adjustment as the directors believe it would impair the visibility of the underlying activities across the segments as it is not closely related to the businesses' or any associated operational cash flows. This item is recurring with the amortisation of specific intangible assets recognised in acquisitions and strategic partnerships charged over their useful life.

Exceptional items and adjustments are as follows:

	Exceptional items £m	**Adjustments £m**	**26 weeks ended 30 June 2020 £m**	Exceptional items £m	Adjustments £m	26 weeks ended 2 July 2019 £m	52 weeks ended 31 December 2019 £m
Operating							
Cost of sales							
VAT refund	**230.3**	**-**	**230.3**	-	-	-	-
Other operating expenses							
Impairment of Retail segment	**(81.9)**	**-**	**(81.9)**	-	-	-	-
Portfolio shop closures	**1.1**	**-**	**1.1**	(93.3)	-	(93.3)	(93.9)
Other	**(3.0)**	**-**	**(3.0)**	(12.7)	-	(12.7)	(22.0)
Amortisation of acquired intangibles	**-**	**(9.8)**	**(9.8)**	-	(8.3)	(8.3)	(18.2)
	146.5	**(9.8)**	**136.7**	(106.0)	(8.3)	(114.3)	(134.1)
Non-operating							
Finance income in respect of VAT refund	**18.6**	**-**	**18.6**	-	-	-	-
Total exceptional items and adjustments before tax	**165.1**	**(9.8)**	**155.3**	(106.0)	(8.3)	(114.3)	(134.1)
Tax on exceptional items and adjustments	**(29.8)**	**1.2**	**(28.6)**	6.3	(0.2)	6.1	13.3
Total exceptional items and adjustments	**135.3**	**(8.6)**	**126.7**	(99.7)	(8.5)	(108.2)	(120.8)

VAT refund

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 has submitted claims which are substantially similar and has now formally requested HMRC repay the overpaid VAT.

The Group continues to engage with HMRC to agree the quantum and timing of the refund. Accordingly, it has recognised income to the extent that the Group consider it is virtually certain it will receive the refund, net of the best estimate of associated third party costs expected to be incurred as a result of the refund and including interest income in respect of the amounts owed to it. The amount of the recoverable VAT, net of other costs and taxation is a key source of estimation uncertainty. Accordingly, the net refund ultimately recognised may be different than the net income recognised in the period as a result of continuing engagement with both HMRC and third parties.

The refund, and 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 due from HMRC and the associated third party costs have been recognised as a cost of sale to match where the original charges were recognised. The interest income has been recognised within investment income.

Impairment of the Retail segment

As a result of the impact of COVID-19, management recognised an impairment of 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.

Portfolio shop closures

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 period to 30 June 2020 a further 119 shops have not been re-opened post COVID-19 lockdown. As a result, £7.6m 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 £6.5m relating to the 2020 shop closures, being a combination of specific asset write offs (£3.3m) and provision creation (£3.2m), was recognised in the period.

The directors assess these costs as exceptional as they are both individually material shop closure programmes and they are not considered part of recurring operational or management activities that are part of the Group's underlying performance.

Separate shop closures upon expiry of their leases in the normal course of business and their associated costs are not included within this exceptional item.

Other

The other category combines 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. £2.4m (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. This is part of a three-year programme expected to last until 2021 at a total cost expected to be c£15m. £0.4m (26 weeks ended 2 July 2019: £5.1m; 52 weeks ended 31 December 2019: £8.2m) relates to corporate transaction and integration costs associated with the acquisition of Mr Green with no further costs expected. £0.2m (26 weeks ended 2 July 2019: £3.8m; 52 weeks ended 31 December 2019: £4.7m) represents other Group-wide costs relating to the Triennial review mitigation programme aside from shop closure related costs with no further costs outside of these shop closure related costs (presented within Portfolio shop closures) expected in this programme.

Within the previous period, the other category also includes transformation restructuring costs of £3.3m for the 26 weeks ended 2 July and £3.5m for the 52 weeks ended 31 December 2019 and legal fees of £0.5m for the 26 weeks ended 2 July and £0.4m for the 52 weeks ended 31 December 2019.

4. FINANCE COSTS

	26 weeks ended 30 June 2020 £m	26 weeks ended 2 July 2019 £m	52 weeks ended 31 December 2019 £m
Interest payable and similar charges:			
Bank loans, senior unsecured notes and overdrafts	**24.5**	24.1	46.6
Interest on lease liabilities	**2.4**	2.3	5.1
Amortisation of finance costs	**1.0**	0.8	1.8
	27.9	27.2	53.5

5. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

On a statutory basis, the Group recognised a tax charge of £25.5m on profits before tax of £141.1m, giving an effective tax rate of 18.1% (26 weeks ended 2 July 2019: 3.6%). The rate is lower than the expected UK statutory rate of 19% due mainly to a significant proportion of exceptional costs (note 3) being deductible for tax purposes during the period.

On an adjusted basis, the Group recognised a tax credit of £3.1m on adjusted loss before tax of £14.2m, giving an effective tax rate of 21.8% (26 weeks ended 2 July 2019: 7.5%). This rate benefits from the lower tax rates in Gibraltar and Malta as well as a credit arising in the period from the utilisation of US tax losses following the measures introduced by the US CARES Act. These benefits in the rate have been offset by the restatement of UK deferred tax balances from 17% to 19% following the UK Government's decision not to implement the planned reduction in the headline UK corporate tax rate in the period.

The Group's adjusted effective tax rate for the 52 weeks ending 29 December 2020 is expected to increase above the 21.8% for the six months ended 30 June 2020 due to the mix of forecast profit and losses across the Group.

6. DIVIDENDS PROPOSED AND PAID

Under the present circumstances surrounding COVID-19 and the associated material impact on the revenue and earnings of the Group, the Board has 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 no interim dividend is proposed.

7. EARNINGS/(LOSS) PER SHARE

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

	26 weeks ended 30 June 2020			26 weeks ended 2 July 2019		
	Basic	**Potentially dilutive share options**	**Diluted**	Basic	Potentially dilutive share options	Diluted
Statutory profit/(loss) (£m)	116.8	-	116.8	(62.0)	-	(62.0)
Adjusted (loss)/profit (£m)	(10.4)	-	(10.4)	46.0	-	46.0
Weighted average number of shares (million)	884.7	4.0	888.7	871.8	3.6	875.4
Earnings/(loss) per share (pence)						
Statutory earnings/(loss) per share	13.2	(0.1)	13.1	(7.1)	-	(7.1)
Adjusted (loss)/earnings per share	(1.2)	-	(1.2)	5.3	-	5.3

	52 weeks ended 31 December 2019		
	Basic	Potentially dilutive share options	Diluted
Statutory loss (£m)	(26.9)	-	(26.9)
Adjusted profit (£m)	93.8	-	93.8
Weighted average number of shares (million)	873.0	4.8	877.8
(Loss)/earnings per share (pence)			
Statutory loss per share	(3.1)	-	(3.1)
Adjusted earnings per share	10.7	-	10.7

All profit/(loss) figures in the above tables relate to those attributable to equity holders of the Company.

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.

Potential ordinary shares are treated as dilutive only when their conversion to ordinary shares would decrease earnings per share or increase losses per share.

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 26.6 million in the 26 weeks ended 30 June 2020 (2 July 2019: 26.9 million, 31 December 2019: 26.8 million).

8. EQUITY PLACING

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 (RCF), 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.

9. BORROWINGS

	30 June 2020 £m	2 July 2019 £m	31 December 2019 £m
Borrowings at amortised cost			
Bank facilities	**205.0**	-	-
Less: expenses relating to bank loans	**(2.2)**	(2.7)	(2.6)
£375m 4.25% Senior Unsecured Notes due 2020	**-**	204.8	203.4
Less: expenses relating to £375m 4.25% Senior Unsecured Notes due 2020	**-**	(0.5)	(0.2)
£350m 4.875% Senior Unsecured Notes due 2023	**350.0**	350.0	350.0
Less: expenses relating to £350m 4.875% Senior Unsecured Notes due 2023	**(1.1)**	(1.4)	(1.2)
£350m 4.75% Senior Unsecured Notes due 2026	**350.0**	350.0	350.0
Less: expenses relating to £350m 4.75% Senior Unsecured Notes due 2026	**(2.5)**	(2.8)	(2.7)
Total Borrowings	**899.2**	897.4	896.7
Less: Borrowings as due for settlement in 12 months	**-**	(204.3)	(203.2)
Total Borrowings as due for settlement after 12 months	**899.2**	693.1	693.5

The gross borrowings are repayable as follows:			
Amounts due for settlement within one year	**-**	204.8	203.4
In the second year	**-**	-	-
In the third to fifth years inclusive	**555.0**	350.0	350.0
After more than five years	**350.0**	350.0	350.0
	905.0	904.8	903.4

Bank facilities

At 30 June 2020, the Group had the following bank facilities:

1. Committed revolving credit facilities (RCF) of £425m provided by a syndicate of banks which expires in October 2023. At the period end, £205m of this facility was drawn down (2 July 2019: £nil; 31 December 2019: £nil).
2. An overdraft facility of £5m, of which £nil was drawn down at the period end (2 July 2019: £nil; 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 by the Group's consolidated net debt to EBITDA ratio as defined in the loan agreement (see note 25 to the financial statements in the 2019 Annual Report for more information on this). A utilisation fee is payable if more than a certain percentage of the loan 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 Consolidated Statement of Financial Position and are being amortised on a straight-line basis over the life of the facilities.

Overdraft facility

At 30 June 2020, the Group had an overdraft facility with National Westminster Bank plc of £5m (2 July 2019: £5m; 31 December 2019: £5m). The balance on this facility at 30 June 2020 was £nil (2 July 2019: £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 its 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 are due for redemption in September 2023.

(iii) £350m 4.75% Senior Unsecured Notes due May 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 its 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 are due for redemption in May 2026.

Finance fees and costs associated with the issue of notes have been capitalised in the Consolidated Statement of Financial Position and are being amortised over the life of the respective senior unsecured notes using the effective interest rate method.

10. NOTES TO THE CASH FLOW STATEMENT

	26 weeks ended 30 June 2020 £m	26 weeks ended 2 July 2019 £m	52 weeks ended 31 December 2019 £m
Profit/(loss) before interest and tax	**148.5**	(38.1)	12.9
Adjustments for:			
Share of results of associates	**0.2**	(0.4)	(0.9)
Depreciation of property, plant and equipment	**31.6**	35.8	66.6
Amortisation of intangibles	**38.1**	35.2	75.6
Impairment of right-of-use lease assets	**0.9**	47.3	47.3
Impairment of Retail segment	**81.9**	-	-
Provision for LBO closures	**(2.9)**	46.0	43.9
Loss/(gain) on disposal of property, plant and equipment	**0.3**	-	(3.2)
Gain recognised on Flutter shares	**(2.5)**	(7.1)	-
Gain on sale of investments	**(2.0)**	-	-
Cost charged in respect of share remuneration	**1.1**	3.3	4.5
Defined benefit pension cost less cash contributions	**(1.2)**	(3.7)	(8.6)
Fair value movements on derivative financial instruments	**(6.3)**	(4.0)	4.1
Operating cash flows before movements in working capital:	**287.7**	114.3	242.2
(Increase)/decrease in receivables	**(287.5)**	(6.7)	14.8
Increase/(decrease) in payables	**63.2**	(10.4)	(26.8)
Cash generated by operations	**63.4**	97.2	230.2
Income taxes refunded/(paid)	**1.0**	(5.9)	(3.1)
Interest paid	**(25.0)**	(16.6)	(39.0)
Interest paid on leases	**(2.4)**	(2.3)	(5.1)
Net cash from operating activities	**37.0**	72.4	183.0

The following is a reconciliation of liabilities arising from financing activities:

	26 weeks ended 30 June 2020 £m	26 weeks ended 2 July 2019 £m	52 weeks ended 31 December 2019 £m
Total liabilities from financing activities at the beginning of the period	**1,062.0**	719.7	719.7
Recognition of lease liabilities on adoption of IFRS 16	**-**	190.2	190.2
Net cash flows	**(9.2)**	156.2	122.0
Net lease (terminations)/acquisitions	**(2.6)**	2.9	21.9
Other non-cash movements	**1.1**	(0.8)	8.2
Foreign exchange movements	**0.6**	0.5	-
Total liabilities from financing activities at the end of the period	**1,051.9**	1,068.7	1,062.0

11. 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

The Group holds an investment of 19.5% of the ordinary share capital of Sports Information Services (Holdings) Limited (SIS). During the period the Group made purchases of £10.6m (26 weeks ended 2 July 2019: £40.9m; 52 weeks ended 31 December 2019: £74.5m) from Sports Information Services Limited, a subsidiary of the Group's associated undertaking, SIS. At 30 June 2020 the amount due to or from Sports Information Services Limited by the Group was £nil (2 July 2019 £nil; 31 December 2019: £nil).

During the period, the Group made purchases of £3.0m from its associated undertaking, NeoGames (26 weeks ended 2 July 2019: £3.2m; 52 weeks ended 31 December 2019: £4.5m). The Group has made available a US$15m loan facility to NeoGames. At 30 June 2020, $12.5m of the drawn-down loan and $0.6m interest on the drawn-down amount was receivable from NeoGames (2 July 2019: $9.0m drawn down with $0.3m interest; 31 December 2019: $12.5m drawn down with $0.4m interest). At 30 June 2020, no amounts were outstanding from/to NeoGames in respect of purchases (2 July 2019: £nil; 31 December 2019: £nil).

During the period, Green Jade Games Limited provided services to the Group for a value of £9k (2 July 2019: £nil; 31 December 2019: £13k). As at 30 June 2020, the amount payable by the Group was £1k (2 July 2019: £nil; 31 December 2019: £5k).

All transactions with associates were made at market price.

Key management personnel

Transactions between the Group and key management personnel in the first half of 2020 were limited to those relating to remuneration previously disclosed as part of the Director's Remuneration Report within the Group's 2019 Annual report. There have been no other material changes to the arrangements between the Group and key management personnel in the period.

12. RETAIL SEGMENT IMPAIRMENT

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 discussed further below. Testing is carried out by allocating the carrying value of these assets to cash-generating units (CGUs) and determining the recoverable amounts of those CGUs or group of CGUs through value in use calculations. Where the recoverable amount exceeds the carrying value of the assets, the assets are considered as not impaired. For the Retail business, the intangible assets with indefinite lives cannot be allocated on a reasonable and consistent basis to the respective CGUs (the individual LBOs) so are assessed for impairment by comparing the recoverable amount of the group of CGUs that are defined as the Retail segment as described in note 2, to the carrying value of the respective CGUs together with the intangible assets. The most recent annual test was conducted at 31 December 2019.

At the interim, the Group considers whether there have been any impairment indicators that would require a full impairment review to be performed for each CGU or 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 has been deemed to be an indicator of impairment. As such an impairment review of the Retail group of CGUs supporting the intangible assets with indefinite lives was performed in full as at 30 June 2020.

The value in use calculation was based upon estimates of future cash flows derived from the Group's operating profit forecasts for the Retail segment. These are forecasts, looking two years ahead, with separate assumptions relating to net revenue and expenses based on a combination of observable trends, management expectations and known future events, while also considering the impact of COVID-19 and respective recovery timeline. For the purposes of the value in use calculation, the operating forecast is extended to cover a five-year period using management's medium-term expectations of the Retail segment and in order to take account of the average lease lengths across the estate, as described below. Cash flows beyond that five-year period were extrapolated using a long-term growth rate as estimated by management. The operating profit forecasts used for the impairment review have been approved by the Board.

Operating profits were used as a proxy for operating cash flows other than two specific adjustments. Rent cashflows were added back as rent is considered a financing cash flow to service the lease liability, which is considered debt under IFRS 16 Leases. A capital expenditure adjustment was included to increase operating cash flows compared to operating profit with capital expenditure expected to decrease over the short to medium term. Working capital is not adjusted for as it is expected to normalise over time. These adjustments were not modelled into the long-term growth rate of the Retail segment as, over time, as the current contractual lease liability expires, it would be expected that adjusted operating profits would be a good proxy to operating cash flows.

The discount rate was applied to the CGU's cash flows, reflecting both the time value of money and the risks that apply to the cash flows of that CGU. The discount rate was calculated using the weighted average cost of capital formula based on the CGU's leveraged beta. The leveraged beta was determined by management as the mean unleveraged beta of listed gaming and betting companies, with samples chosen where applicable from comparable markets as the CGU, leveraged to the CGU's and Group's target capital structure. Further risk premia and discounts were applied, if appropriate, to this rate to reflect the risk profile of the specific CGU relative to the market in which it operates. The discount rate is calculated on a pre-tax basis.

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 key sporting events, known regulatory or gaming 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 such as COVID-19;
- we assume that we will achieve our target sports betting gross win margins, 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 budgeting process, expenses incorporate a bottom-up estimation of our cost base. For employee remuneration, this takes into account staffing numbers and models, 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.

The other significant assumptions incorporated into our impairment review are those relating to discount rate and long-term growth assumption. The impairment review assumed a discount rate of 10.4% and a long-term growth rate of -2.0%. The annual impairment review performed at 31 December 2019 used a discount rate of 8.6% and a long-term growth rate of -2.0%. The discount rate has increased from 31 December 2019 due to a higher risk-free rate used as well as an increase in the adjustment made to apply a small company premium.

The Retail CGU recoverable amount based on the impairment review is £433.5m versus a carrying amount of £515.4m, resulting in an impairment charge to be recognised of £81.9m in other operating expenses as an exceptional item (note 3).

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

Net Assets in Retail CGU	Balance pre impairment charge allocation £m	Impairment charge allocation £m	Balance c/f £m
Intangible Assets – Licence value	326.4	(81.9)	244.5
Intangible Assets – Software	32.9	-	32.9
Property, plant and equipment – Land and buildings and fixtures, fittings and equipment	72.7	-	72.7
Property, plant and equipment – Right of use asset	93.6	-	93.6
Current assets (excluding cash)	6.8	-	6.8
Current liabilities (Shop closure provisions)	(17.0)	-	(17.0)
Total	**515.4**	**(81.9)**	**433.5**

Shop closure provisions have been included in the carrying amount and the recoverable amount of the CGU as it has been assessed that the CGU could not be sold without the assumption of the related liability by the buyer.

Sensitivity of impairment reviews

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

Change in assumption	Increase / (decrease) impairment charge (£m)
Decrease in budgeted operating cash flows by 20%	70.8
Increase in discount rate by 1%	26.3
Decrease in long term growth rate by 1%	14.3
Increase in budgeted operating cash flows by 20%	(70.8)
Decrease in discount rate by 1%	(30.6)
Increase in long term growth rate by 1%	(16.8)

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 and this is considered a key source of estimation uncertainty. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate present value.

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 implemented from 1 April 2019, which led to the Group taking the decision to close 713 shops in the third quarter of 2019 and an impairment of the relevant right-of-use assets of £47.3m was recognised. In the current period, the Group has been impacted by the global COVID-19 pandemic, which has led to the Group taking the decision to not re-open a further 119 shops after lockdown restrictions were lifted in the UK and to increased uncertainty of future high street Retail cashflows. It has also provided a further challenge and complexity for the Group to forecast future cashflows effectively, in particular the recovery curve, given lack of actual data and a very limited period where shops have been open post-lockdown on which to observe trends. Moreover, it inherently increases the level of risk and estimation uncertainty, given two such unprecedented impacts to our Retail segment in a relatively short period of time, without having longer term trends or customer behaviours as data points to rely on. The full impact of these changes may not be known for several years.

Assumptions surrounding the rate of closures of competitor shops are outside of the control of the Group and will have a significant impact on the expected future cash flows of the segment.

The Group has performed an impairment review of the intangible assets with indefinite lives remaining in the Retail segment and adjudged that a further impairment of our Retail segment needs to be booked. As the impact of both Triennial and COVID-19 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. See the analysis of the sensitivity of the impairment to a range of reasonably possible changes in assumptions.

13. PROVISIONS

Provisions comprise:

	Shop closure provisions £m	Other restructuring costs £m	Indirect tax provision £m	Legal provision £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/(credited) 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	6.2	3.3	12.5	-	22.0
Unused amounts reversed	(3.4)	-	-	-	(3.4)
Total charged to profit or loss	2.8	3.3	12.5	-	18.6
Provisions utilised	(7.6)	-	-	(3.0)	(10.6)
As at 30 June 2020	**17.0**	**3.3**	**66.2**	**-**	**86.5**

Shop closure provisions

The Group holds a provision relating to the associated costs of closure of 713 shops in 2019, 119 shops closed in the current period certain shops that ceased to trade as part of normal trading activities. At 30 June 2020, £12.6m of this provision is held within current liabilities and £4.4m 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 provision

At the time of our acquisition of Mr Green & Co AB, the UK facing gaming business was subject to an investigation arising from systemic compliance failings following a corporate evaluation undertaken by the Gambling Commission in summer 2018. Since we completed our acquisition, we have implemented enhanced policies and processes designed to ensure that the business meets all requisite compliance standards. The provision corresponds to a fine from the Gambling Commission relating to the failings identified pre-acquisition that has been settled in the period.

14. EVENTS AFTER THE REPORTING PERIOD

The UK Government's swift action to support businesses in the immediate aftermath of COVID-19 lockdown enabled the Group to protect the jobs of over 7,000 employees who work in our Retail business, virtually all of whom have now returned to work in our shops. Following the progressive resumption of live sport and the gradual easing of COVID-19 restrictions, we have seen a strong recovery in our Retail and Online businesses.

In light of this positive trading environment, the Board has agreed, after the end of the reporting period, that it is appropriate to repay the Furlough funds received amounting to £24.5m.

This has not been recognised in this reporting period as there was no obligation as at 30 June 2020, but it will be recognised in the second half of the financial year where the repayment is also expected to occur.

Independent Review Report to William Hill PLC

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the twenty-six weeks ended 30 June 2020 which comprises the income statement, the balance sheet, the statement of changes in equity, the cash flow statement and related notes 1 to 14. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

Our responsibility

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

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the twenty-six weeks ended 30 June 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Use of our report

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP

Statutory Auditor

London, United Kingdom

5 August 2020

GLOSSARY AND ABBREVIATIONS

Adjusted operating profit

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

Amortisation

Where operating expenses, operating profit or EPS are adjusted for amortisation, this pertains to amortisation of intangibles recognised on acquisition.

Amounts wagered

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

Betting skin

Right to offer mobile betting derived from agreement with a licenced partner.

Caesars

Caesars Entertainment Corporation.

Direct revenue

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

Eldorado

Eldorado Resorts, Inc.

eNPS

Employee net promoter score.

EPS

Earnings per share.

EBITDA

Earnings before interest, tax, depreciation and amortisation. EBITDA for covenant purposes is adjusted operating profit before depreciation and amortisation and share remuneration charges.

Gambling Commission

The Gambling Commission for Great Britain, the regulatory body for casinos, bingo clubs, gaming machines, betting, remote gaming 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 as net revenue is stated after deductions for free bets and customer bonuses. It is used by management to evaluate the impact of sporting results and customer activity on performance.

Gross win margin

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

HMRC

HM Revenue and Customs.

KPI

Key Performance Indicator.

LBO

Licensed Betting Office.

Mr Green / MRG

Mr Green & Co AB.

NeoGames

NeoGames S.a.r.l and subsidiaries.

Net debt for covenant purposes

Borrowings plus counter-indemnity obligations under bank guarantees less cash adjusted for customer funds and other restricted balances. 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 Statement of Group Accounting Policies in the 2019 Annual Report. It is equivalent to gross win less fair value adjustments, which are principally free bets.

New accounts

Customers who registered and transacted within the reporting period.

NPS

Net promoter score.

PBIT

Profit before interest and tax.

PPE

Personal protective equipment.

Service provider revenue

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

Sportsbook

Bets placed and accepted online on sporting and other events, or via over-the-counter and SSBTs in Retail.

Sports books

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

SSBT

Self-Service Betting Terminal.

Triennial review

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

Unique active players

Customers who placed a bet within the reporting period.

US CARES Act

The Coronavirus Aid, Relief and Economic Security Act.

VAT

Value Added Tax.