William Hill Limited

Company Registration Number 04212563

Annual Report and Financial Statements

52 weeks ended 27 December 2022

Contents

Officers, Registered Office, and Professional Advisors

Current Directors

Mr P V N Le Grice (appointed 10 June 2022)
Virtual Internet Services Ltd (appointed 1 July 2022)

Directors who also served during the financial period to 27 December 2022:

Mr R U Bengtsson, CEO (resigned 1 July 2022)
Mr W T J Hageman, CFO (resigned 1 July 2022)
Mr B Yunker (resigned 1 July 2022)

Company Secretary

Ms E A Bisby (appointed 4 November 2022)
Ms J A Havita (appointed 21 June 2022, resigned 4 November 2022)
Mr S J Callander (resigned 1 July 2022)

Registered Office

1 Bedford Avenue, London, WC1B 3AU
Company Registration Number 04212563

Auditor

Ernst and Young LLP

1 More London Place
London
SE1 2AF

Strategic Report

William Hill Limited ('the Company', 'the Group') represents the consolidated results of William Hill Limited, its subsidiaries and associated undertakings. William Hill is a global betting and gaming group operating in a number of markets under the William Hill and Mr Green brands. The company results of William Hill Limited are also presented in these financial statements. The Company is a subsidiary of 888 Holdings PLC ("888") and its results are included in the consolidated 888 Annual Report 2022. The Company was acquired by 888 on 1 July 2022, previous to this the Company was a subsidiary of Caesars Entertainment Inc. ("Caesars"). However, the results of the Company in these financial statements are for the 52 weeks to 27 December 2022 whereas the 888 Annual Report includes the Company's results for the year ended 31 December 2022. It is the intention of the Directors to align the accounting dates of the William Hill Limited Group to that of 888 in the next reporting period.

Trading performance

The Retail business delivered net revenue of £514.2m in 2022 compared to £336.8m in 2021, a 53% increase, driven by the return to normal trading levels with the UK not experiencing and lockdowns in 2022, with shops closed for a portion of 2021. The business delivered adjusted EBITDA of £95.7m in 2022 compared to £0.1m in 2021, again driven by the return of customers to shops.

The UK Online business delivered net revenue of £509.1m in 2022 compared to £628.6m in 2021, a 19% decrease as a result of customers returning to the Retail shops after lockdown, and the Group implementing enhanced customer safety checks in advance of the UK Government's white paper review into gambling safety reform. These checks put the Group into a strong position ahead of the reforms being enacted. This decrease in net revenue resulted in an adjusted EBITDA of £112.2m in 2022 compared to £153.5m in 2021.

The International business delivered net revenue of £212.0m in 2022 compared to £276.0m in 2021, a 23% decrease as a result of additional regulatory measures as well as the businesses exit from the Netherlands market. Adjusted EBITDA increased to £33.1m in 2022 compared to £34.1m in 2021, as a result of the focus on the businesses more profitable core markets and cost saving synergies as a result of merging with 888.

At a Group level, revenue decreased to £1,235.3m in 2022 from £1,241.4m in 2021. Group Adjusted EBITDA increased to £214.8m in 2022 compared to £161.7m for the reasons detailed above.

Exceptional items and adjustments, being material items the Directors present separately so as not to distort the view of the underlying performance of the business, were a loss of £148.7m in 2022 compared to a loss of £99.4m in 2021, representing deal related costs in both years and an increase in legal provisions in the current year. See note 3 to the financial statements for further explanation of each item classified within exceptional items and adjustments.

Operating loss reduced from £65.5m in 2021 to £31.0m in 2022 as a result of reduced marketing expenses offsetting the reduction in revenue. Profit after tax increased by £227.3m to £168.4m in 2022 from a loss of £58.9m in 2021, due to the above and a one off foreign exchange gain on financing items of £198.8m in the year as a result of exchange differences on the Group's debt to its parent.

Key performance indicators (KPIs)

The Company sets targets for KPIs on an annual basis as part of the Group's operational planning for the coming period having regard to historical achievements, expected new developments and the Group's strategy.

The KPIs for the current and preceding period for the Company are shown below:

	52 weeks ended 27 December 2022 £m	52 weeks ended 28 December 2021 £m (restated)
Net revenue	**1,235.3**	1,241.4
Adjusted EBITDA	**214.8**	161.7
Operating loss	**(31.0)**	(65.5)
Adjusted profit after tax	**116.9**	57.7
Profit/(loss) after tax	**168.4**	(58.9)

Principal Risks and Uncertainties

The principal risks and uncertainties of the Company are integrated within the principal risks of the 888 group and are not managed separately. The principal risks of the Company are discussed on pages 61-66 in the 888 Annual Report 2022, which can be obtained at https://corporate.888.com/investors/.

Events in 2022

888 acquisition

The acquisition of the Group by 888 completed successfully on 1 July 2022 from Caesars, who acquired the Group in April 2021 and owned the Group from the beginning of the reporting period to this date.

Full details of the integration of the Group and 888 are presented in the 888 Annual Report 2022.

Ukraine

Following Russia's invasion of Ukraine in February 2022, and the resulting changes in the macroeconomic environment, both the Group and its customers face high rates of inflation and higher interest rates. The Directors continue to be mindful of the potential impact of these cost-of-living pressures on our players.

Strategic Report (continued)

Emerging risks

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

The longer-term impact of the Covid-19 pandemic, along with the ongoing situation in the Ukraine and significant inflationary pressures from increased energy, transport, and commodity costs, could all have a negative impact on the global economy and erode our customers' leisure spending. Interest rates are also likely to increase further in an effort to combat the current inflationary cost increases. This may affect both our growth prospects and our cost base (including utilities, supplier, interest, and employee costs), at least in the short term, which we keep under continual review. Governments around the world could make taxation and duty changes to pay for the cost of the pandemic and/or to support schemes aimed at addressing the inflationary impact on their citizens. Following the publication of the UK Government's white paper on UK gambling regulations, the Group is well positioned due to our enhanced player safety measures. The introduction of advertising restrictions and affordability changes in some European markets is being monitored to determine whether this could be replicated elsewhere. We monitor changes to regulation and the legal environment in all countries that may need us to amend the products and services offered, the ways we interact with customers or otherwise conduct business in those locations. Cyber risks continue to evolve as new technology is developed and from increased activity from state sponsored agents. Opportunities for growth continue to arise, for example in Latin America and Ontario, which carries risk when we undertake decision-making on which opportunities to develop and in our ability to operate effectively and compliantly in new markets as they develop.

Regulatory, Political and Legal

Risks in this area relate to changes to regulation, such as the Gambling Act review in the UK, the impact of UK affordability measures, potential changes to a maximum stake level on UK online slot games, changes to the legal and regulatory environments in our International markets, and also changes to policy leading to the regulation of some of our other markets. Further risk arises from legal claims from consumers relating to the provision of gambling services, particularly in Austria and Germany. Media and public attention continues to be significant in relation to the industry as a whole and has a strong influence on how regulators set their priorities.

Our global expansion plans, and the opening of newly licensed markets continues to add complexity to our regulatory and compliance position, such that we need to remain vigilant to ensure we continue to monitor and manage our regulatory and legal obligations effectively to mitigate against compliance issues.

We work closely with the UK Betting and Gaming Council and interact with the UK Government in order to support a data and evidence-led approach to the UK Gambling Act review, which was completed in the period and published on 27 April 2023. The Group are now assessing the impact of measures that may need to be taken to comply with the review, and are working on implementing those measures. We use specialists to support our approach with regulators and governments and to enhance our evidence-gathering processes. We work with regulators where they conduct assessments of our compliance policies, processes, and controls to ensure they receive all the support they need to assess our business functions. As described on page 36, William Hill UK had an assessment by the UK Gambling Commission ("UKGC") in July and August 2021 as a result of this. William Hill has been subject to an ongoing licence review and has addressed certain action points raised by the UKGC in relation to William Hill's social responsibility and anti-money laundering obligations. The Group has agreed a regulatory settlement of £19.2m, including divestments of £0.7m. The related provision is expected to be settled in 2023.

We have safer gambling teams within the first line of defence, and compliance teams throughout the business supported by the 888 Director of Group Compliance. We have a continuous controls monitoring model in place across the UK and International businesses, which has strengthened the monitoring, testing, and reporting of key compliance activities to senior management. There is oversight of compliance activities by our Chief Risk Officer ('CRO') function and continual strengthening of our compliance teams and processes within each of the divisions to mitigate against compliance failures and any associated customer and reputational impact that may lead to regulatory sanctions and/or customer claims and could be a threat to one or more of our licences.

Local CEOs/MDs have direct accountability for managing legal and regulatory risks under our Three Lines of Defence model. Additionally, in the 888 group, there are Compliance Committees and a Regulatory Impacts Group in place to provide senior management challenge and oversight of our position and performance. As described above, we take appropriate action in order to mitigate our external risks and to continually improve the controls over our internal risks. The legal and regulatory landscape continues to develop as we drive growth in our existing markets, develop new markets and encounter changes in policy, approach to regulatory sanctions and customer claims activity. To manage any impact from these developments we consult with internal and external legal advisors as appropriate. Given the amount of change in this area, we have assessed that the overall regulatory, legal and compliance risk is increasing.

Tax Changes

Following the pandemic, there is a risk that governments in our key markets will look to increase taxes and gaming duties in order to rebalance their spending plans.

We have dedicated tax experts within the business, supported by our legal teams and external specialists where appropriate. We hold regular meetings with government representatives in all of our regulated markets, engage actively in the monitoring of emerging government policy, and continually work to ensure we maintain our compliant position. Our continued expansion into new markets in the rest of the world increases the complexity of our tax requirements.

Our assessment of the overall risk trend is stable in comparison with prior years.

Strategic Report (continued)

Operational
Group and local management across our global business work to ensure that appropriate policies, procedures, and controls are in place to manage operations on a day-to-day basis, and to maintain effective oversight so that mitigating actions can be taken on a timely basis.

Specific focus was placed upon additional information security and colleague wellbeing risks resulting from increased and prolonged working from home during the pandemic, and this remains in place as our back-office colleagues now operate under our flexible "Balance" initiative, with working from home decreasing but still higher than pre-pandemic levels.

The completion of the sale to 888 introduced some uncertainty for our colleagues, which management are continuing to address to ensure we retain key employees and continue to attract new quality recruits to support the delivery of our strategy throughout 2023.

The availability and stability of our technology is key to maintaining and supporting the improvement in our customer service and operational activity. As such we have embedded within our overall technology strategy, a roadmap to further reduce our reliance on some suppliers so that we have greater control over our technology to support development and growth and to improve stability.

As part of the wider integration of the William Hill and 888 businesses there are plans in place to move to a single global technology platform for delivery of our group content. Our CPTO function is responsible for the scoping and delivery of this plan with involvement from other functions across the group.

This creates significant opportunities for the business but does also carry risks to ensure the platform is implemented to time.

We process a large amount of personal customer data. Such data could be wrongfully accessed or used by colleagues, customers or third parties, or could be lost, disclosed, or improperly processed in breach of data protection regulations. We continually review and update our data protection policies and procedures, as well as notices provided to our customers (e.g. privacy notices, consent, and cookie notices), to ensure we meet regulatory requirements in current and new markets. We take action to ensure data subjects requests are processed appropriately within regulatory timeframes. The Data Protection Officer team supports management in mitigating data protection risks and issues and provides training and awareness to all colleagues of our data protection obligations.

The data and management information produced by our systems needs to be complete and accurate, to ensure that management decisions are well informed. A number of initiatives are underway to improve management reporting to both management and third parties, including our regulators.

Across the Group, we continually invest in improvements to our information security control environment. This includes improved patching processes to mitigate security vulnerabilities, a programme of migrating technology to the Cloud using Amazon Web Services, thereby strengthening our protection from external threats, and a project to mitigate any remaining weaknesses in identity and access management on existing systems to prevent misuse/fraud.

In order to ensure we are able to attract, develop and retain key colleagues we have embedded succession planning throughout the business. Additionally, we have talent programmes to support and develop the next generation of management and specialists.

We have in place proactive actions to manage operational risks, and continual monitoring by management to ensure corrective actions are undertaken and completed.

S.172(1) Companies Act 2006 Statement
The 888 Holdings PLC group operations are managed on a consolidated basis. The actions of the Group form part of the statements made by the 888 group in respect of stakeholder engagement and its Section 172 statement, which are set out on pages 32 to 34 and 96 to 97 of the 888 group's 2022 annual report, which does not form part of this report. The stakeholders of the 888 group are consistent with this Group.

The Directors confirm that during the year under review, the William Hill Limited Board and, from 1 July 2022, the 888 Board acted in a way it considered in good faith to be most likely to promote the long-term success of the Group for the benefit of members as a whole.

As a result of the 888 Board discharging its section 172 duties, through an open and transparent dialogue with our key stakeholders, we have been able to develop a clear understanding of their needs, assess their perspectives and monitor their impact on our strategic ambition and culture. As part of the Board's decision-making process, the Board and its Committees consider the potential impact of decisions on relevant stakeholders whilst also having regard to a number of broader factors, including the impact of the Company's operations on the community and environment, responsible business practices and the likely consequences of decisions in the long-term.

Stakeholder Engagement - Aligning Our Long-Term Strategy with our Stakeholders
2022 has been a year that required significant stakeholder engagement as many of the decisions made by the William Hill Board and, from 1 July 2022, the 888 Board have had direct implications on its stakeholders and in particular its previous shareholders and employees. The year represented a period of continuous change, both within and outside of William Hill. However, the William Hill Board and, from 1 July 2022, the 888 Board remained committed to maintaining open channels of communication with its stakeholders and to further strengthen its dialogue with employees and wider stakeholders. The William Hill Board and, from 1 July 2022, the 888 Board recognises that engagement is fundamental to the success of the Group and, in performing its duties under s172, considers the views of key stakeholders in its decision-making, recognising they are central to the long-term prospects of the Company.

P V N Le Grice
Director

30 June 2023

Directors' Report

For the purposes of the UK Companies Act 2006, the Directors present their report along with the audited consolidated financial statements for the 52-week period ended 27 December 2022. This report should be read with the Strategic Report on pages 3-5 and the Directors' statements of responsibilities on page 8.

Principal activities

The Company continues its activities in safely providing customers with online betting and gaming platforms, acting as holding Company for its subsidiaries and associates.

Annual Report and Accounts

The Directors are aware of their responsibilities in respect of the Annual Report and Accounts. The Directors consider that the Annual Report and Accounts, taken as a whole, is true and fair. It provides the information necessary for shareholders and stakeholders to assess the Company's position and performance, business model and strategy. The Directors' Responsibilities statement appears on page 8.

Auditor and disclosure of information to auditor

Each of the Directors in office at the date when this report was approved confirms that:

– So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and that

– The Director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Deloitte LLP resigned as auditor on the completion of the purchase of the Company by 888. Ernst & Young LLP was subsequently appointed the Company's new auditor.

Conflicts of interest

In accordance with the Companies Act 2006, the Company's Articles of Association include provisions reflecting recommended practice concerning conflicts of interest. The Board has in place procedures for Directors to report any potential or actual conflicts to the other members of the Board for their authorisation where appropriate.

In deciding whether to authorise a conflict or potential conflict of interest only non-interested directors (i.e., those who have no interest in the matter under consideration) will be able to take the relevant decision. In taking the decision, the directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. In addition, the directors may impose conditions or limitations when giving authorisation if they think this is appropriate. The Board is confident that the appropriate checks and balances are in place to identify and minimise potential conflicts of interest.

Directors' and officers' liability insurance

The Group has purchased and maintains appropriate insurance cover in respect of Directors' and Officers' liabilities. The Group has also entered into qualifying third-party indemnity arrangements for the benefit of all its directors, in a form and scope which comply with the requirements of the Companies Act 2006.

Political donations

There were no political donations made or political expenditure incurred during the period in respect of UK political parties, candidates, or organisations (2021: nil).

Results and dividends

During the period, the Company paid dividends of £2,164.6m to 888 Cayman Finance Limited (Formerly Caesars Cayman Finance Limited) (2021: £275.0m paid to 888 Cayman Finance Limited (Formerly Caesars Cayman Finance Limited))

Issue of new ordinary shares

There were no shares issued during the financial period ending 27 December 2022.

Share Capital and rights attaching to them

Details of the authorised and issued share capital during the year are provided in note 26 to the financial statements.

As at 27 December 2022, the Company had an allotted and fully paid-up share capital of 1,075,598,163 ordinary shares of 10p each, with an aggregate nominal value of £107,559,816, which included 15,004,720 ordinary shares in treasury.

As at 27 December 2022, 1,060,593,443 ordinary shares of 10p each were held by 888 Cayman Finance Limited (Formerly Caesars Finance Limited) (a company incorporated in the Cayman Islands and owned by 888 Holdings PLC.) (excluding treasury shares). Each ordinary share of the Company carries one vote and there were no share allotments in 2021.

Share voting rights and restrictions on transfer of shares

The Company is not aware of any agreements that may result in restrictions on the transfer of securities and voting rights. There are no restrictions on the transfer of ordinary shares in the Company other than certain restrictions imposed by laws and regulations. This includes but is not limited to the Market Abuse Regulation, insider trading laws and requirements relating to closed periods.

Directors' Report (continued)

Significant agreements – change of control

At the previous period end, the Company had indentures for its 4.875% senior unsecured notes due 2023 and its 4.75% senior unsecured notes due 2026. Each Noteholder was entitled to require the Company (as issuer) to redeem or purchase any outstanding Notes in the event of a change of control at a cash purchase price equal to 101 per cent of the principal amount together with interest accrued.

The completion of the acquisition by 888 triggered a change of control. As a result, £350m 4.875% Senior Unsecured Notes due 2023 were settled in full and, on 22 September 2022, Noteholders of £339.5m out of £350.0m 4.75% Senior Unsecured Notes due 2026 took the option to exercise. As a result, this reduced the £350.0m 4.75% Senior Unsecured Notes due 2026 to £10.5m at 27 December 2022. The cash purchase price of both notes was equal to 101 per cent of the principal amount together with the interest accrued.

Further details can be found in Note 22.

There are no other agreements considered to be significant in terms of their potential impact to which the Company is party which take effect, alter, or terminate in the event of a change of control in the Company.

Financial management

The Group's activities expose it to a variety of financial risks. Financial risk management is primarily carried out by the 888 Group's Treasurer with reference to risk management policies approved by the Board and supervised by the Chief Financial Officer of 888. Refer to notes 22 to 24 for further details.

Statement of Corporate Governance Arrangements

The directors recognise that good governance helps the business implement its strategy, protect shareholder value and minimise risk, and the Group is committed to maintaining high standards of corporate governance. The Group's corporate governance is part of the overall governance framework of its parent group 888 Holdings PLC and is directed in a manner which is responsible and in accordance with high standards of honesty, transparency and accountability (see pages 90 to 133 of the 888 Group's 2022 annual report). This includes a Group audit committee which meets regularly. The directors are responsible for the policies and controls put in place to discharge the Group's responsibilities and these include a sound system of internal controls and risk management procedures (see pages 56 to 66 of the 888 Group's 2022 annual report).

Engagement with employees

Our approach to employee engagement is channelled through our overall strategic narrative; the Balance, Belong, Build pillars of our People Strategy. Employees are kept up to date with all matters that concern them, including financial matters, through regular email notifications and discussions with line managers. All colleagues have the opportunity to provide feedback to and receive answers from the directors through regular employee engagement surveys, forums and apps such as Teams, Slido and Yammer. All employees have access to an independent whistleblowing hotline and professional support through our Employee Assistance Programme.

Post balance sheet events

On 13 June 2023, the Group completed the sale of its Latvia business to Paf Consulting Abp for a purchase price of £24.6m, which is higher than the asset value disposed.

P V N Le Grice
Director
30 June 2023

Directors’ Statement of Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law, the Directors are required to prepare the Group financial statements in accordance with United Kingdom adopted International Accounting Standards (IAS). They have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 ‘Reduced Disclosure Framework’. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This responsibility statement has been approved by the Board of Directors and is signed on its behalf by:

P V N Le Grice
Director
30 June 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIAM HILL LIMITED

Opinion

In our opinion:

- William Hill Limited's Group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the parent company's affairs as at 27 December 2022 and of the Group's loss for the 52 weeks then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of William Hill Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the 52 weeks ended 27 December 2022 which comprise:

Group	Parent company
Consolidated income statement for the 52 weeks ended 27 December 2022	Parent Company statement of financial position as at 27 December 2022
Consolidated statement of comprehensive income for the 52 weeks ended 27 December 2022	Parent Company statement of changes in equity for the 52 weeks ended 27 December 2022
Consolidated statement of changes in equity for the 52 weeks ended 27 December 2022	Parent Company statement of accounting policies
Consolidated statement of financial position as at 27 December 2022	Notes to the Parent Company financial statements
Consolidated cash flow statement for the 52 weeks ended 27 December 2022	
Notes to the Group financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group and parent company's ability to continue to adopt the going concern basis of accounting included:

We obtained and read the letter of support received by the Parent Company from 888 Holdings plc ("888"), its ultimate parent, for a period of 12 months until 30 June 2024. In assessing 888's ability and intent to provide this financial support:

- We confirmed our understanding of 888's going concern assessment process, performed for a period until 30 June 2024, including how principal and emerging risks are considered. We understood the review controls in place for the going concern model, forecasting and management's Board memoranda.

- We enquired of the directors, one of whom is a member of management of 888 Holdings PLC, as to their assessment of the likelihood that the parent company directors would make good on the letter of support, were it to be required, and performed our own evaluation through consideration of the importance of William Hill Limited to the 888-Group strategy and discussions with the directors of 888 Holdings PLC.
- We tested the mathematical integrity of 888 management's going concern model, including ensuring arithmetic accuracy and agreeing the prospective financial information to that used in other areas of the business, such as impairment assessments. We also evaluated the potential impact of contingencies, including the likelihood of their occurrence.
- We performed procedures to test the reasonableness of 888's cash flow forecasts, through reconciliation to the budget approved by the 888 Board, comparison with recent performance and external benchmarking, as well as their consistency with other areas of the audit including impairment assessments. We independently assessed other key assumptions, namely the potential impact of interest rate and macroeconomic risks, the timing of settlement of provisions and accruals, achievability of integration synergies and incremental costs of executing the integration.
- We read 888's facility and syndication agreements and re-calculated the financial covenant relating to 888's revolving credit facility to ensure it remained available to 888 throughout the going concern period.
- We searched for sources of contradictory evidence in our assessment of 888 management's forecasting, including assessing recent budgeting accuracy, current trading, industry trends and the broader macroeconomic outlook.
- We considered the mitigating factors included in the cash flow forecasts. This included understanding 888's variable and discretionary costs and evaluating 888's ability to control these outflows as mitigating actions if required.
- We performed an assessment of plausible downside scenarios focussed on the timing of cash outflows not solely at 888's discretion. We also performed a reverse stress test in order to assess the flexibility of the 888 business model and identify what factors would lead to 888 utilising all liquidity during the going concern period and the probability of such events occurring.
- We assessed the appropriateness of the duration of the going concern assessment period and considered the existence of any significant events or conditions beyond 30 June 2024.

We assessed the appropriateness of disclosures in the Annual Report and Accounts by comparing the disclosures against the requirements under UK adopted international accounting standards.

Our key observations:

- The assessment forecasts that 888 will maintain sufficient liquidity throughout the going concern assessment period to 30 June 2024. This included the utilisation of 888's £150m revolving credit facility, undrawn as at 31 December 2022.
- 888, including the Company, is exposed to certain legal and regulatory risks, some of which will result in cash outflows during the going concern assessment period or increase the uncertainty associated with cash inflows. However, even under adverse scenarios, 888's assessment forecasts 888 to maintain liquidity headroom throughout the going concern period to 30 June 2024.
- Controllable mitigating actions are available to 888 management to increase liquidity over the going concern assessment although, some of these actions may impact 888's profitability and cash generation over a longer time horizon.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and parent company's ability to continue as a going concern for a period to 30 June 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	• We performed an audit of the complete financial information of seven components. • The components where we performed full audit procedures accounted for 87% of Adjusted EBITDA, 98% of Revenue and 98% of Total assets.
Key audit matters	• Regulatory and legal risks • Revenue recognition • Impairment of goodwill and other assets
Materiality	• Overall Group materiality of £4.1m which represents 2% of Adjusted EBITDA.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIAM HILL LIMITED (CONTINUED)

An overview of the scope of the parent and Group audits

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of Group wide controls, changes in the business environment and other factors when assessing the level of work to be performed at each component.

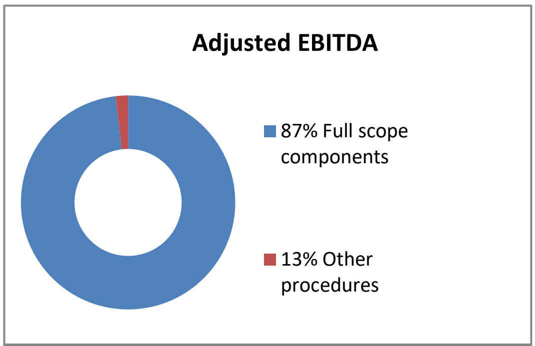
In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the reporting components of the Group, we selected seven components covering entities within the UK, Gibraltar and Malta, which represent the principal business units within the Group.

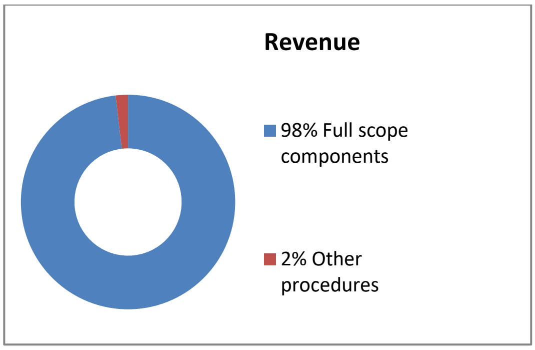
We performed an audit of the complete financial information of these seven components ("full scope components") which were selected based on their size or risk characteristics.

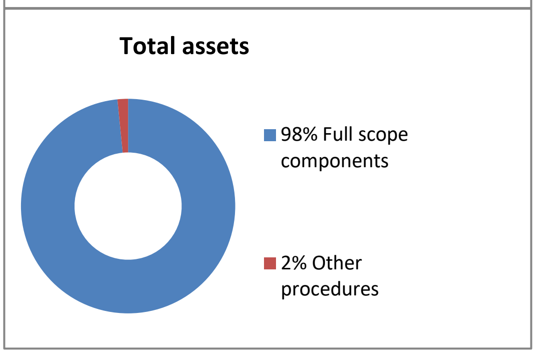
The reporting components where we performed audit procedures accounted for 87% of the Group's Adjusted EBITDA, 98% of the Group's Revenue and 98% of the Group's Total assets.

Of the remaining components that together represent 13% of the Group's Adjusted EBITDA, none are individually greater than 2% of the Group's Adjusted EBITDA. For these components, we performed other procedures, including analytical review, testing of consolidation journals and intercompany eliminations and foreign currency translation recalculations to respond to any potential risks of material misstatement to the Group financial statements.

The charts below illustrate the coverage obtained from the work performed by our audit teams.







Changes from the prior year

This is the first period that we have been engaged as auditor of the Group, following the acquisition of the Group by 888 Holdings plc on 1 July 2022.

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the seven full scope components, audit procedures were performed on one of these directly by the primary audit team. For the other six full scope components, where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIAM HILL LIMITED (CONTINUED)

The Senior Statutory Auditor has experience serving clients in a variety of public UK-listed companies, including those with the majority of their operations overseas. He reviewed the experience and expertise of the engagement team to confirm that the team had the appropriate competence and capabilities, which included the use of a specialist where appropriate. The Senior Statutory Auditor also has audit experience in the gaming industry. The team had discussions during planning and throughout the audit including in respect of the evolving gaming regulatory environment.

The Group audit team followed a programme of planned visits to Gibraltar and Malta that has been designed to ensure that the Senior Statutory Auditor visits all full scope locations. These visits involved discussing the audit approach with the component team and any issues arising from their work, meeting with local management and reviewing the relevant audit working papers on risk areas. The primary team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed relevant working papers and were responsible for the scope and direction of the audit process.

At critical periods of the audit, we increased the use of online collaboration tools to facilitate team meetings, information sharing and the evaluation, review, oversight and participation in the component audit teams planning, including its discussion of fraud and error and was responsible for the scope and direction of the audit process. We requested deliverables from component teams, and we utilised fully the interactive capability of EY Canvas, our global audit workflow tool, to review remotely the relevant underlying work performed. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Climate change

Stakeholders are increasingly interested in how climate change will impact the 888 Group, including William Hill Limited. The 888 Group has determined that the most significant future impacts from climate change on their operations will be the risk of cancellation of sporting events due to extreme weather and the longer-term cost of energy. These risks are explained on page 26 through cross reference to the 888 Annual Report 2022, which also explains the 888 Groups climate commitments. The disclosures on page 26 form part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements.

The Group has explained in the basis of preparation page 26 their articulation how they have reflected the impact of climate change in their financial statements including how this aligns with their commitment achieve net zero emissions by 2035. Considerations of judgements and estimates relating to climate change are included in note 1.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition, their climate commitments, the effects of material climate risks disclosed on pages 26 and the significant judgements and estimates disclosed in note 1 and whether these have been appropriately reflected in asset values and associated disclosures where values are determined through modelling future cash flows, being the impairment tests of the Retail, UK Online and International Online cash generating units.

We also challenged the Directors' considerations of climate change risks in their assessment of going concern and viability and associated disclosures.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to those charged with governance
Regulatory and legal risks At 27 December 2022, the Group has provided £106.0 million (2021: £18.8 million) in respect of ongoing legal and regulatory matters principally in Austria, Denmark, Malta and Sweden, and a further £62.1 million (2021: £46.9 million) related to indirect taxes. Refer to the significant accounting policies (Note 1 on page 27); and Note 21 to the Consolidated Financial Statements. Given the industry and jurisdictions in which the Group operates there is a risk that the Group operates without the appropriate licences, has existing licences adversely affected through the imposition of licence conditions or threat of licence revocation, or is subject to regulatory sanctions resulting from breaches of licence conditions. There is also a risk that the Group does not pay or accrue for gaming taxes on an appropriate basis. Judgement is also applied in estimating amounts payable to regulatory authorities, or customers, in certain jurisdictions. This gives rise to a risk over the accuracy of accruals, provisions and disclosure of contingent liabilities and the related income statement effect. There is also a risk that management may influence these significant estimates and judgements in order to meet market expectations or bonus targets.	• We assessed the processes and controls over legal and regulatory risk from the management of legal and regulatory risks to the evaluation of matters and the quantification and recording of a provision or disclosure of a contingent liability. • Inquired of management and the Group's external legal advisers, where appropriate, about any known instances of material breaches in regulatory or licence compliance and the potential consequences of any such breach to inform our assessment of the Group's disclosures and our evaluation of provisions to be recorded. • Inspected the Group's correspondence with regulators and tax authorities to identify any legal or regulatory concerns, to assess the completeness of matters evaluated by the Group and to inform the likelihood of any actual or potential licence restrictions. • In respect of the regulatory provisions, we obtained an understanding of any updates to fact patterns through discussions with management and the Group's external legal advisors, read their legal confirmations and performed our own searches for contradictory evidence. We agreed provisions to third party support, for example post year end settlement agreements and/or confirmation from the Group's external legal advisors that they consider the quantum of the provisions for regulatory matters to be reasonable. • Evaluated management's interpretation and application of relevant laws and regulations and assessed the risks in respect of the Group's operations outside of regulated markets. • Circularised confirmations to management's relevant external legal experts to test the completeness of outstanding legal or regulatory issues as at 27 December 2022. • Tested the completeness of the Group's legal expenses, in coordination with the discussions with Group's legal advisers, to ensure the completeness of circularised confirmations. • Engaged EY gaming tax specialists to assist us in understanding the risks in respect of gaming duties and fines in jurisdictions where the appropriate tax treatment is uncertain. • Assessed appropriateness of disclosures in note 21 of the consolidated financial statements by comparing the disclosures against the requirements under UK adopted international accounting standards.	Based on our audit procedures on the Group's accounting conclusions in each of its major jurisdictions, we concluded that the provision and accruals in respect of probable amounts payable to regulatory authorities, and related income statement accounts, are appropriate and that the disclosures of probable and possible outflows in the financial statements meet the requirements of IAS 37.
Revenue recognition The Group recognised revenue of £1,235.3 million in 2022 (2021: £1,241.4 million). The Group's revenue recognition process for all revenue streams is highly dependent on the Group's complex gaming systems and gaming servers, which process a high volume of transactions. Systematic errors in calculations in aggregate could result in incorrect reporting of revenue. There is a risk that management may override operational controls in respect of revenue recognition leading to revenue being materially different to cash receipts or	• Inquired about the Group's processes and related controls in respect of revenue recognition and obtained support to confirm our understanding. We understood the IT general control environment and based on that understanding did not adopt a controls reliance approach. We tested certain manual controls over data from the Group's principal gaming systems. • We performed a correlation analysis between revenue and cash receipts to confirm that in aggregate, the revenues recognised were equivalent to the cash receipts adjusted for known timing differences. • We performed transaction testing for each revenue stream to test the interface between gaming servers, production systems and cash processing system with Openbet. • We performed detailed substantive testing on a sample of revenue transactions, including validation of bets/wins, deposits/withdrawals and aggregated cash receipts from Payment Service Providers and shops.	Based on our audit work we conclude that the revenue recognised is appropriate and in accordance with IFRS 9 and IFRS 15.

overstated in order to meet market expectations. Refer to the significant accounting policies (Note 1 on page 28); and Note 2 to the Consolidated Financial Statements (page 33).	• We performed computer assisted audit techniques to search for other material manual adjustments to revenue and audited the fair value of bet positions. • We assessed the appropriateness of the disclosures in note 1 and 2 of the consolidated financial statements by comparing the disclosures against the requirements under UK adopted international accounting standards.	
Impairment of goodwill and other long-life assets The Group had goodwill of £353.9 million (2021: £342.8 million) relating predominantly to the acquisition of the UK Online business and Mr Green Limited. The Group also has long-life assets relating to gaming licences and leases. The recoverable amount and headroom/impairment on the Group's CGUs and Groups of CGUs tested for impairment are disclosed in note 11. There is a risk that these assets are not supported by either the future cash flows they are expected to generate or their fair value less costs of disposal, resulting in an impairment charge that has not been recognised by management. Judgement is also required in determining the cash generating units to which the goodwill is allocated. Refer to the significant accounting policies (Note 1 on page 29); and Note 11 to the Consolidated Financial Statements (page 41).	• We inquired about the Group's processes and related controls to confirm our understanding of how the Group ensures the completeness and accuracy of data and assumptions used in the impairment assessments. • We reviewed management's assessments of indicators of impairment and challenged management as to whether there were new indicators in the current period. Where identified, this informed our audit of management's impairment tests, by comparing indicators identified with other information obtained during our audit and inquired further in cases where the performance of certain products was below management's and external expectations. • We compared model inputs to current trading conditions, board approved forecasts and searched for external information that may be contrary to management's assessment. • We involved valuation specialists to assess the discount rates used in each value-in-use calculation by performing an independent calculation of a range of acceptable discount rates and comparing this with the rate utilised by the Group. • We evaluated the assumptions used by management by comparing to board approved budgets, external data sources and/or historically observed inputs, particularly in respect of forecast growth rates. • We performed sensitivity analysis including on key inputs such as short-term and long-term growth rates and the discount rate and in doing so developed our own independent valuation range using EY specialist determined discount rates. • We assessed the appropriateness of the disclosures in note 1 and 11 of the consolidated financial statements by comparing the disclosures against the requirements under UK adopted international accounting standards.	Based on our audit work, including our own independently developed range and the sensitivities applied, we are satisfied that that no impairment is required in respect of the Retail, UK online or international online Groups of CGUs as at 27 December 2022. An impairment £2.6 million was recognised in relation to select retail shops. The disclosures in the financial statements are in accordance with IAS 36.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIAM HILL LIMITED (CONTINUED)

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £4.1 million, which is 2% of Adjusted EBITDA. We applied professional judgement in determining that Adjusted EBITDA provides the most relevant performance measure to the stakeholders of the Group as it is the primary performance measure used by 888 Holdings PLC and other stakeholders in analysing the Group's performance.

We determined materiality for the Parent Company to be £11.9 million, which is 1% of Equity.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment and the fact that this is our first year as the Group's auditor, our judgement was that performance materiality was 50% of our planning materiality, namely £2.1m. Following the acquisition of William Hill Limited by 888 Holdings plc there have also been significant changes in management of the Group. Based on these factors we could not form an expectation that there would be a low level of misstatements at the Group level.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £1.0m to £1.4m.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with those charged with governance that we would report to them all uncorrected audit differences in excess of £207,000, which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIAM HILL LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those related to gambling regulations and related gaming and indirect taxes in different countries where the Group is operating, including the UK, Spain, Gibraltar, Malta, Austria and other countries, those related to relevant tax compliance regulations in the UK, Gibraltar, Malta and Spain and related to the financial reporting framework (UK adopted International Accounting Standards);
- We understood how William Hill Limited is complying with those frameworks by making enquiries of management and the company's external legal and tax advisors. We corroborated our enquiries through our review of board minutes, discussion with the 888 Audit Committee and correspondence with regulatory bodies and tax authorities, and our audit procedures in respect of "Regulatory and legal risk" (as described above). We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud, including in respect of revenue recognition. We also considered performance targets and incentive for management to manage earnings. Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing journal entries.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations, including anti-money laundering. The Group operates in the gaming industry which is a highly regulated environment and our procedures involved audit procedures in respect of "Regulatory and legal risk" (as described above), as well as review of board minutes to identify non-compliance with such laws and regulations, review of reporting to the 888 Audit Committee on compliance with regulations and enquiries of management and the Group's local legal counsel and tax advisors.
- In respect of the Gibraltar and Malta component teams, instances of non-compliance with laws and regulations were communicated to the Primary team as they arose and were followed up with management by the Primary team.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

- We were appointed by the company on 13 September 2022 to audit the financial statements for the 52 weeks ending 27 December 2022 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is one year, covering the period ended 27 December 2022.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent company and we remain independent of the Group and the parent company in conducting the audit.
- The audit opinion is consistent with the additional report issued to the Directors of the company.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jon Killingley (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
30 June 2023

CONSOLIDATED INCOME STATEMENT

for the 52 weeks ended 27 December 2022

Continuing operations	Notes	2022 £m	2021 (restated)[2,3] £m
Revenue	2	**1,235.3**	**1,241.4**
Gaming duties		(274.3)	(237.1)
Other cost of sales		(109.4)	(126.3)
Cost of sales		**(383.7)**	**(363.4)**
Gross profit		**851.6**	**878.0**
Marketing expenses		(151.1)	(217.4)
Operating expenses		(583.5)	(625.1)
Share of post-tax profit of equity accounted associate	4,13	0.7	(1.6)
Exceptional items	3	(148.7)	(99.4)
Operating loss	5	**(31.0)**	**(65.5)**

Adjusted EBITDA [1]		**214.8**	**161.7**
Exceptional items	3	(148.7)	(99.4)
Foreign exchange		2.0	3.2
Share benefit charge	28	(0.9)	(1.1)
Depreciation and amortisation	11,12	(98.2)	(129.9)
Operating loss	5	**(31.0)**	**(65.5)**

Finance income	7	39.8	42.0
Finance expense	8	(40.2)	(43.4)
Foreign exchange gain on financing items	3	198.3	-
Profit/(loss) before tax		**166.9**	**(66.9)**
Taxation	9	1.5	8.0
Profit/(loss) after tax from continuing operations		**168.4**	**(58.9)**

Adjusted profit after tax [1]		**116.9**	**57.7**
Exceptional items – operating expenses	3	(148.7)	(99.4)
Exceptional items – finance expenses	3,8	(14.1)	(2.0)
Amortisation of acquired intangibles		(23.6)	(22.1)
Tax on exceptional items		38.5	4.8
Foreign exchange		200.3	3.2
Share benefit charge	28	(0.9)	(1.1)
Profit/(loss) after tax from continuing operations		**168.4**	**(58.9)**

Attributable to:			
Equity holders of the parent		**168.2**	**(58.7)**
Non-controlling interests		**0.2**	**(0.2)**
Profit for the period from discontinued operations	15	**-**	**1,655.8**
Attributable to:			
Equity holders of the parent		**-**	**1,657.6**
Non-controlling interests		**-**	**(1.8)**
Profit for the period		**168.4**	**1,596.9**

1. Adjusted EBITDA and adjusted profit after tax are Alternative Performance Measures ("APMs") which do not have an IFRS standardised meaning. The Group presents these two measures since they align to the measures used by 888 which the analyst community uses to evaluate the Company and compare it to its peers. The Group presents adjusted measures because it allows for a further understanding of the underlying financial performance of the Group.
2. See basis of preparation for details of prior period restatements.
3. The prior period Consolidated Income Statement has been represented in line with 888 's presentation following the acquisition of the Group by 888 during the year.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the 52 weeks ended 27 December 2022

	.Notes	52 weeks ended 27 December 2022 £m	52 weeks ended 28 December 2021 (restated)[1] £m
Profit for the period		**168.4**	**1,596.9**
Items that may be reclassified subsequently to profit or loss (net of tax):			
Translation of foreign operations		10.6	(25.6)
Exchange differences reclassified to profit and loss on disposal of US operations		-	(17.5)
Items that will not be reclassified subsequently to profit or loss (net of tax):			
Revaluation of equity investment designated at fair value through OCI		(1.0)	(0.3)
Actuarial remeasurements in defined benefit pension scheme	29	(1.2)	1.9
Defined benefit pension buy-in	29	-	(59.5)
Tax on remeasurements in defined benefit pension scheme	29	-	10.9
Total other comprehensive income/(loss) for the period		**8.4**	**(90.1)**
Total comprehensive income for the period		**176.8**	**1,506.8**
Attributable to:			
Equity holders of the parent		176.6	1,508.8
Non-controlling interests		0.2	(2.0)
		176.8	**1,506.8**

1. See basis of preparation for details of prior period restatements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 52 weeks ended 27 December 2022

	Attributable to equity holders of the parent								
	Called-up share capital £m	Share premium account £m	Capital redemption reserve £m	Merger reserve £m	Own shares held £m	Hedging and translation reserve £m	Accumulated profits/ (losses) £m	Non-controlling interests £m	Total equity £m
At 28 December 2021 (restated)	**107.5**	**716.6**	**6.8**	**168.3**	**(51.3)**	**(29.8)**	**923.6**	**1.2**	**1,842.9**
Profit for the financial period	–	–	–	–	–	–	168.2	0.2	168.4
Actuarial remeasurements in defined benefit pension scheme (note 29)	–	–	–	–	–	–	(1.2)	–	(1.2)
Exchange differences on translation of foreign operations	–	–	–	–	–	**10.6**	–	–	**10.6**
Fair value movements in equity holdings	–	–	–	–	–	–	(1.0)	–	(1.0)
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**10.6**	**166.0**	**0.2**	**176.8**
Credit recognised in respect of share remuneration (note 28)	–	–	–	–	–	–	0.9	–	0.9
Dividends paid to parent	–	–	–	–	–	–	(2,164.6)	–	(2,164.6)
At 27 December 2022	**107.5**	**716.6**	**6.8**	**168.3**	**(51.3)**	(19.2)	**(1,074.0)**	**1.4**	**(143.9)**

	Attributable to equity holders of the parent								
	Called-up share capital £m	Share premium account £m	Capital redemption reserve £m	Merger reserve £m	Own shares held £m	Hedging and translation reserve £m	Accumulated profits/ (losses) £m	Non-controlling interests £m	Total equity £m
At 31 December 2020	**107.5**	**716.6**	**6.8**	**168.3**	**(83.9)**	**13.3**	**(333.6)**	**(2.4)**	**592.6**
Restatement[1]	**–**	**–**	**–**	**–**	**–**	**–**	**6.3**	**–**	**6.3**
At 31 December 2020 (restated)	**107.5**	**716.6**	**6.8**	**168.3**	**(83.9)**	**13.3**	**(327.3)**	**(2.4)**	**598.9**
Profit/(loss) for the financial period (restated)	–	–	–	–	–	–	1,598.9	(2.0)	1,596.9
Actuarial remeasurements in defined benefit pension scheme (note 29)	–	–	–	–	–	–	1.9	–	1.9
Defined benefit pension buy-in (note 29)	–	–	–	–	–	–	(59.5)	–	(59.5)
Tax on remeasurements in defined benefit pension scheme (note 25)	–	–	–	–	–	–	10.9	–	10.9
Exchange differences on translation of foreign operations	–	–	–	–	–	(25.6)	–	–	(25.6)
Exchange differences reclassified to profit and loss on disposal of US operations (note 15)	–	–	–	–	–	(17.5)	–	–	(17.5)
Fair value movements in equity holdings	–	–	–	–	–	–	(0.3)	–	(0.3)
Total comprehensive income/(loss) for the period	**–**	**–**	**–**	**–**	**–**	**(43.1)**	**1,551.9**	**(2.0)**	**1,506.8**
Transfer of own shares to recipients (note 27)	–	–	–	–	33.4	–	(27.3)	–	6.1
Purchase and issue of own shares	–	–	–	–	(0.8)	–	–	–	(0.8)
Credit recognised in respect of share remuneration (note 28)	–	–	–	–	–	–	6.5	–	6.5
Tax credit in respect of share remuneration (note 25)	–	–	–	–	–	–	1.3	–	1.3
Other tax taken directly to reserves	–	–	–	–	–	–	(1.6)	–	(1.6)
Investment in subsidiaries	–	–	–	–	–	–	(4.9)	(0.7)	(5.6)
Non-controlling interests disposed of on sale of US operations (note 15)	–	–	–	–	–	–	–	6.3	6.3
Dividends paid to parent	–	–	–	–	–	–	(275.0)	–	(275.0)
At 28 December 2021 (restated)	**107.5**	**716.6**	**6.8**	**168.3**	**(51.3)**	**(29.8)**	**923.6**	**1.2**	**1,842.9**

1. See basis of preparation for details of prior period restatements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 27 December 2022

	Notes	27 December 2022 £m	28 December 2021 (restated)[1,2] £m	29 December 2020 (restated)[1,2] £m
Non-current assets				
Goodwill and intangible assets	11	**761.3**	743.7	966.6
Right-of-use assets	12	**71.4**	85.7	112.4
Property, plant and equipment	12	**81.8**	75.6	122.7
Investment in sublease		**1.4**	1.4	-
Interests in associates	13	**11.0**	11.2	23.3
Investments	14	**-**	1.0	5.2
Deferred tax assets	25	**-**	14.9	47.5
Retirement benefit asset		**-**	-	49.2
Loans receivable	30	**-**	8.4	7.7
		926.9	941.9	1,334.6
Current assets				
Trade and other receivables	18	**134.7**	185.9	95.3
Cash and cash equivalents	19	**160.4**	199.2	692.7
Corporation tax assets		**33.1**	20.5	4.3
Freehold property held for sale	16	**5.7**	0.2	1.1
Investment property held for sale		**-**	-	1.7
Loans receivable	31	**-**	1,828.4	2.1
		333.9	2,234.2	797.2
Total assets		**1,260.8**	3,176.1	2,131.8
Current liabilities				
Amounts owed to group companies	20	**(770.1)**	(5.7)	-
Trade and other payables	20	**(234.9)**	(313.2)	(396.9)
Corporation tax liabilities		**(24.6)**	(14.1)	(18.7)
Derivative financial instruments	24	**(7.4)**	(8.8)	(68.5)
Customer deposits	20	**(84.3)**	(94.1)	(73.9)
Lease liabilities	17	**(19.4)**	(26.5)	(36.5)
Provisions	21	**(113.3)**	(70.5)	(84.4)
		(1,254.0)	(532.9)	(678.9)
Non-current liabilities				
Borrowings	22	**(10.5)**	(696.7)	(694.6)
Retirement benefit liability	29	**(1.2)**	-	-
Lease liabilities	17	**(56.1)**	(68.6)	(89.2)
Provisions	21	**(61.7)**	(2.3)	(4.0)
Deferred tax liabilities	25	**(21.2)**	(32.7)	(66.2)
		(150.7)	(800.3)	(854.0)
Total liabilities		**(1,404.7)**	(1,333.2)	(1,532.9)
Net (liabilities)/assets		**(143.9)**	1,842.9	598.9
Equity				
Called-up share capital	26	**107.5**	107.5	107.5
Share premium account		**716.6**	716.6	716.6
Capital redemption reserve		**6.8**	6.8	6.8
Merger reserve		**168.3**	168.3	168.3
Own shares held	27	**(51.3)**	(51.3)	(83.9)
Hedging and translation reserves		**(19.2)**	(29.8)	13.3
Accumulated (losses)/profits		**(1,074.0)**	923.6	(327.3)
Total equity attributable to equity holders of the parent		**(145.3)**	1,841.7	601.3
Non-controlling interests		**1.4**	1.2	(2.4)
Total equity		**(143.9)**	1,842.9	598.9

1. See basis of preparation for details of prior period restatements.
2. The prior period consolidated statement of financial position has been represented in line with 888 presentation following the acquisition of the Group by 888 during the year.

The financial statements of William Hill Limited, registered number 4212563, were approved by the Board of Directors and authorised for issue on 30 June 2023 and are signed on its behalf by:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 27 December 2022

P V N Le Grice
Director

CONSOLIDATED CASH FLOW STATEMENT

as at 27 December 2022

	Notes	52 weeks ended 27 December 2022 £m	52 weeks ended 28 December 2021 (restated)[1,2] £m
Cash flows from operating activities			
Profit/(loss) before income tax		**166.9**	(66.9)
Adjustments for:			
Depreciation of property, plant and equipment and right-of use assets	12	**41.3**	50.4
Amortisation	11	**56.9**	79.5
Impairment of Retail segment and right-of-use assets		**-**	1.6
Interest income	7	**(39.8)**	(42.0)
Interest expenses	8	**40.2**	43.4
Foreign exchange gain on financing items	3	**(198.3)**	-
Income tax paid		**(14.6)**	(12.7)
Share of post-tax (profit)/loss of equity accounted associates		**(0.7)**	1.6
Provision for LBO closures		**-**	(1.4)
Non-cash exceptional items		**30.0**	-
Movement on Ante-post and other financial derivatives		**(1.4)**	-
Loss/(gain) on disposal of property, plant and equipment		**0.2**	(0.1)
Loss on sale of investment		**-**	0.3
Defined benefit pension cost less cash contributions		**-**	(8.0)
Share benefit charge	28	**0.9**	6.5
Cash generated from operating activities before working capital movement		**81.6**	52.2
Increase in receivables		**(10.0)**	(31.0)
(Decrease)/increase in customer deposits		**(9.8)**	3.8
(Decrease)/increase in trade and other payables		**(76.7)**	20.2
Increase in provisions		**101.9**	-
Net cash from operating activities - continuing operations		**87.0**	45.2
Net cash from operating activities - discontinued operations		**-**	9.7
Investing activities			
Acquisition of property, plant and equipment	12	**(24.5)**	(7.4)
Dividend received from associate	13	**0.9**	-
Proceeds on disposal of property, plant and equipment		**0.5**	2.7
Investment in subsidiary net of cash acquired	15	**(3.5)**	-
Amounts repaid on loan facility with NeoGames S.a.r.l		**-**	1.5
Increase of investment in ViensViens.lv		**-**	(5.3)
Cash paid on disposal of investments		**-**	(0.2)
Interest received		**0.6**	1.2
Internally generated intangible assets		**(82.4)**	(68.8)
Cash disposed of on sale of US operations		**-**	(102.2)
Net cash used in investing activities - continuing operations		**(108.4)**	(178.5)
Net cash used in investing activities - discontinued operations		**-**	(11.3)
Financing activities			
Proceeds from issue of shares		**-**	5.3
Amounts received from fellow group undertakings	30	**773.3**	-
Amounts paid on behalf of fellow group undertakings		**(29.1)**	-
Payment of lease liabilities	17	**(32.7)**	(35.0)
Interest paid		**(28.6)**	(40.9)
Fees in relation to loans repaid	22	**(14.1)**	(0.9)
Repayment of loans	22	**(688.5)**	-
Cash dividends paid	10	-	(275.0)
Net cash used in financing activities - continuing operations		**(19.7)**	(346.5)
Net cash used in financing activities - discontinued operations		**-**	(2.1)
Net decrease in cash and cash equivalents in the period		**(41.1)**	(483.5)
Changes in foreign exchange rates		**2.3**	(10.0)
Cash and cash equivalents at start of period	19	**199.2**	692.7
Cash and cash equivalents at end of period	19	**160.4**	199.2

3. See basis of preparation for details of prior period restatements.

4. The prior period consolidated cash flow statement has been represented in line with the 888 presentation following the acquisition of the Group by 888 during the year.

NOTES TO THE GROUP FINANCIAL STATEMENTS

Background to the transactions involving the Group

On 8 September 2021, 888 announced that it had entered into an agreement with Caesars to acquire the international (non-US) business of William Hill Limited at an enterprise value of £2.2 billion, subsequently revised to £2.1 billion (the "Acquisition"). On 1 July 2022 the transaction completed. In the prior period William Hill Limited sold its US business to Caesars.

General information

William Hill Limited is a Company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is 1 Bedford Avenue, London, WC1B 3AU. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 3 to 5 and note 1.

1. Accounting policies

Basis of accounting

The Group financial statements have been prepared in accordance with United Kingdom adopted International Accounting Standards (IAS).

The Group financial statements have been prepared on the historical cost basis, except where certain assets or liabilities are held at amortised cost or at fair value as described in the Group's accounting policies.

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

All values are rounded to the closest hundred thousand, except when otherwise indicated.

The significant accounting policies applied in the consolidated financial statements in the prior year have been applied consistently in these consolidated financial statements, except for the amendments to accounting standards set out below and the below restatements.

2021 restatements

Retail shop impairment

During the period end Retail shop impairment review, it came to light that a number of shops which should have been impaired in the previous year had not been, resulting in the prior period profit being overstated by £2.6m. This expense has been amended in the 2021 Consolidated Income Statement and the assets written off within the prior period Consolidated Statement of Financial Position.

Gibraltar trade receivables

In the prior period there was an amount of £4.5m recognised in trade receivables which should have been recognised as an underlying operating expense. As a result, an adjustment has been made to the comparative financial information to recognise this charge through the Consolidated Income Statement.

Tax provisions

As part of the year end review of tax provisions, and in light of the acquisition by 888 the Group reassessed a number of its tax provision positions.

The Group assessed that a £7.4m provision for state aid and a £8.5m provision for international tax risks were not required.

The state aid provision was created prior to the start of the comparative period and as such an adjustment has been made to the comparative financial information to remove the provision and adjust opening reserves accordingly.

The provision for international tax risks was created over a number of years, including a £4.4m charge in the prior year. An adjustment has been made to remove the £4.4m charge from the prior year Consolidated Income Statement with the remaining £4.1m being adjusted through opening reserves.

The Group concluded a multi-year transfer pricing enquiry in Italy in respect of financial years 2014-2019 and therefore concluded that an additional provision of £5.2m was required to reflect the outcome of the enquiry. The comparative financial information has been restated to reflect this provision with the charge going through opening reserves.

2021 re-presentations

Due to the Group being acquired by 888 during the year, the Group has changed the presentation of a number of items in order to align with the new parent group's presentation. In order to ensure comparability, the Group has also re-presented these items in the comparative period. There is no impact on overall profit/loss or net assets.

The re-presentations made were:

- Splitting out £347.8m of gaming duties separately from other cost of sales and £217.4m of marketing expenses separately from other operating expenses on the face of the Consolidated Income Statement.
- Splitting out £88.0m of Right-of-use assets and £1.4m of Investment in sublease from Property, plant and equipment on the face of the Consolidated Statement of Financial Position.
- Re-presenting £22.1m of adjusted depreciation and amortisation from exceptional items into operating expenses
- Splitting out £94.1m customer deposits from trade and other payables on the face of the Consolidated Statement of Financial Position.
- Re-presenting certain payment service suppliers and restricted short-term deposits of £28.6m from Cash and cash equivalents to Trade and other receivables or trade and other payables in both the Consolidated Statement of Financial Position and Consolidated Cash Flow Statement.
- Re-presented £40.9m interest paid in the Consolidated Cash Flow Statement from operating activities to financing activities.
  None of the above restatements or re-representations impact the parent company accounts.

NOTES TO THE GROUP FINANCIAL STATEMENTS

The tables below show the impact of the representation and restatement changes on the previously reported financial results:

Impact on Consolidated Income Statement and Statement of Comprehensive Income

	As previously reported 28 December 2021 £m	Impact of representation £m	Impact of restatement £m	Restated 28 December2021 £m
Gaming duties	-	(237.1)	-	(237.1)
Other cost of sales	(363.4)	237.1	-	(126.3)
Marketing expenses	-	(217.4)	-	(217.4)
Operating expenses	(815.8)	195.3	(4.6)	(625.1)
Exceptional items – operating expenses	(118.9)	22.1	(2.6)	(99.4)
Operating loss	**(58.3)**	**-**	**(7.2)**	**(65.5)**
Adjusted EBITDA	**166.2**	**-**	**(4.5)**	**161.7**
Taxation	3.6	-	4.4	8.0
Loss after tax	**(56.1)**	**-**	**(2.8)**	**(58.9)**

Impact on Consolidated Statement of Financial Position

	As previously reported 28 December 2021 £m	Impact of representation £m	Impact of restatement £m	Restated 28 December 2021 £m
Right-of-use assets	-	88.3	(2.6)	85.7
Property, plant and equipment	165.3	(89.7)	-	75.6
Investment in sublease	-	1.4	-	1.4
Trade and other receivables	160.3	30.1	(4.5)	185.9
Cash and cash equivalents	227.8	(28.6)	-	199.2
Other assets	2,628.3	-	-	2,628.3
Total assets	**3,181.7**	**1.5**	**(7.1)**	**3,176.1**
Trade and other payables	(411.5)	92.6	-	(313.2)
Corporation tax liabilities	(24.7)	-	10.7	(14.0)
Customer deposits	-	(94.1)	-	(94.1)
Other liabilities	(906.1)	-	-	(911.8)
Total liabilities	**(1,342.3)**	**(1.5)**	**10.7**	**(1,333.1)**
Net assets	**1,839.4**	**-**	**3.6**	**1,843.0**

	As previously reported 29 December 2020 £m	Impact of representation £m	Impact of restatement £m	Restated 29 December 2020 £m
Right-of-use assets	-	112.4	-	112.4
Property, plant and equipment	235.1	(112.4)	-	122.7
Trade and other receivables	63.5	31.8	-	95.3
Cash and cash equivalents	722.6	(29.9)	-	692.7
Other assets	1,108.7	-	-	1,108.7
Total assets	**2,129.9**	**1.9**	**-**	**2,131.8**
Trade and other payables	(468.9)	72.0	-	(396.9)
Corporation tax liabilities	(25.0)	-	6.3	(18.7)
Customer deposits	-	(73.9)	-	(73.9)
Other liabilities	(1,043.4)	-	-	(1,043.4)
Total liabilities	**(1,537.3)**	**(1.9)**	**6.3**	**(1,532.9)**
Net assets	**592.6**	**-**	**6.3**	**598.9**

Impact on Consolidated Cash Flow Statement

	As previously reported 28 December 2021 £m	Impact of representation £m	Impact of restatement £m	Restated 29 December2020 £m
Cash and cash equivalents at start of period	722.6	(29.9)	-	692.7
Net cash flows from operating activities	12.7	42.2	-	54.9
Net cash flows from investing activities	(189.8)	-	-	(189.8)
Net cash flows from financing activities	(307.7)	(40.9)	-	(348.6)
Changes in foreign exchange rates	(10.0)	-	-	(10.0)
Cash and cash equivalents at 31 December 2020	**227.8**	**(28.6)**	**-**	**199.2**

NOTES TO THE GROUP FINANCIAL STATEMENTS

Going concern

Background

The Group and parent company financial statements have been prepared using the going concern basis of accounting. As at the year end the Group had net liabilities of £143.9m (28 December 2021: net assets of £1,842.9m) and incurred a statutory profit before tax of £166.9m during the year (28 December 2021: £66.9m loss). The Group also had net current liabilities of £920.1m (28 December 2021: net current assets of £1,701.3m). A full description of the Group's business activities, financial position, cash flows, liquidity position, committed facilities and borrowing position, together with the factors likely to affect its future development and performance, is set out in the Strategic Report on pages 3 to 5, and in notes 22 to 24 to these financial statements.

As a result of the acquisition by 888, the Group is now part of a larger group for which cash flows, liquidity position, committed facilities and borrowing positions are managed, and therefore in order to assess the going concern position of the Group, the Company has received a letter of support from 888, committing to support the Group in paying its liabilities as they fall due until 30 June 2024. Therefore, management have relied upon the 888 group's ("enlarged group") going concern assessment as at 31 December 2022, as set out below.

Business planning and performance management

Following the acquisition of the Group by 888, the enlarged group has developed it's forecasting and monitoring processes to reflect the combined group and the new reporting structure. These consists of weekly monitoring and careful management of liquidity, an annual budget and a long-term plan, which generates income statement and cash flow projections for assessment by management and the 888 board. Forecasts are regularly compared with prior forecasts and current trading to identify variances and understand their future impact so management can take action where appropriate. Analysis is undertaken to review and sense check the key assumptions, including the integration and transformation programmes, underpinning the forecasts.

Whilst there are risks to the enlarged group's trading performance (as summarised in the 888 Annual Report Risks section of the Strategic Report on pages 56 to 66), the enlarged group has established risk management processes to identify and mitigate risks, and such risks have been considered when undertaking the going concern evaluation for the period to 30 June 2024.

The enlarged group's future prospects

As highlighted in note 24 to the 888 group financial statements, the enlarged group meets its day-to-day working capital requirements from the positive cash flows generated by its trading activities and its available cash resources. The enlarged group holds cash and cash equivalents excluding customer balances and restricted cash of £176.3m as at 31 December 2022 (31 December 2021: £129.3m). In addition to this the enlarged group has access, until January 2028, to a £150m Revolving Credit Facility which is currently undrawn.

The enlarged group entered into significant debt arrangements within the year to fund the acquisition of William Hill. Other than an annual £4.8m repayment on the TLB facility, no borrowings are due within the period of the going concern evaluation by the enlarged group or in the period soon after it. The next due date on the enlarged group's debt is in 2026 and the majority is repayable in 2027-28. The enlarged group's Revolving Credit Facility contains a Net Leverage covenant which is not restrictive in base case, downside or reverse stress test scenarios. The remainder of the debt does not contain any financial covenants.

The enlarged group's forecasts, for the going concern evaluation period to 30 June 2024, based on reasonable assumptions including, in the base case, a 3% decline in 2023 revenue on a pro forma basis and lower than expected EBITDA synergies in 2023, indicate that the enlarged group will be able to operate within the level of its currently available and expected future facilities for this period to 30 June 2024. Under the base case forecast, the enlarged group has sufficient cash reserves and available facilities to enable it to meet its obligations as they fall due, for this going concern evaluation period to 30 June 2024.

The enlarged group also assessed a range of downside scenarios to evaluate whether any material uncertainty exists relating to the enlarged group's ability to continue as a going concern. The forecasts and scenarios consider severe but plausible downsides that could impact the enlarged group, which are linked to the business risks identified by the enlarged group. These scenarios, both individually and in combination, have enabled the Directors to conclude that the enlarged group has adequate resources to continue to operate for the foreseeable future.

Specifically, the Directors gave careful consideration to the regulatory and legal environment in which the enlarged group operates. Downside sensitivities have been run, individually and in aggregate to assess the impact of the following scenarios:

- The adverse impact of suspension of 888 VIP customers in the Middle East region;
- Reductions in profitability for the whole group of 10% to reflect potential regulatory, macroeconomic or competitive pressures;
- An increase in interest expense as a result of higher interest rates on the enlarged group's remaining floating rate debt;
- The phasing of cash outflows relating to regulatory and other provisions and accrual settlements; and
- The adverse impact of potential measures that may be imposed following the UK Gambling Act review.

Management performed a separate reverse stress test to identify the conditions that would be required to compromise the enlarged group's liquidity. Having done so, management has identified further actions to conserve or generate cash to mitigate any impact of such a scenario occurring. Management has calculated mitigating cost savings that can be implemented by reducing variable operating expenditure to offset a reduction in cash generation resulting from lower profitability. Following these actions, the enlarged group could withstand a decrease in forecast EBITDA of 31%. The 888 Board considered the likelihood of a decline of this magnitude to be remote. In addition to this, other initiatives, not directly in the enlarged group's control at the date of approval of these financial statements, could be considered including the disposal of non-core assets and investments.

Should a more extreme downside scenario occur, or mitigations and initiatives not be achieved, further mitigating actions that can be executed in the necessary timeframe could be taken, such as a temporary reduction of marketing expenditures.

Conclusion

Based on the above considerations, the Directors continue to adopt the going concern basis in preparing these Group and parent financial statements.

NOTES TO THE GROUP FINANCIAL STATEMENTS

New standards, interpretations and amendments adopted by the Group

In preparing the Group financial statements for the current period, the Group has adopted the following new IFRSs, amendments to IFRSs and IFRS Interpretations Committee (IFRIC) interpretations. All standards do not have a significant impact on the results or net assets of the Group. Changes are detailed below:

IAS 16 (amended)	Property, plant and equipment: proceeds before intended use
IAS 37 (amended)	Onerous contracts: cost of fulfilling a contract
IAS 39 (amended)	Interest rate benchmark reform – Phase 2
IFRS 1 (amended)	Annual improvements to IFRS Standards 2018-2020
IFRS 3 (amended)	Reference to the conceptual framework
IFRS 7 (amended)	Interest rate benchmark reform – Phase 2
IFRS 9 (amended)	Derecognition of financial liabilities Annual improvements to IFRS standards 2018-2020
IFRS 16 (amended)	Annual improvements to IFRS standards 2018-2020 Interest rate benchmark reform – Phase 2

Standards in issue but not effective

At the date of authorisation of the Group financial statements, the following Standards, amendments and Interpretations, which have not been applied in these Group financial statements, were in issue but not yet effective:

New standards	
IFRS 17	Insurance contracts (effective January 2023)

Amendments and interpretations	
IAS 1 (amended)	Disclosure of accounting policies (effective 1 January 2023) Classification of Liabilities as Current or Non-Current (effective 1 January 2024)
IAS 8 (amended)	Definition of accounting estimates (effective 1 January 2023)
IAS 12 (amended)	Deferred tax related to assets and liabilities arising from a single transaction (effective 1 January 2023)
IFRS 16 (amended)	Lease liabilities in a sale and leaseback (effective 1 January 2024)

The Group does not currently believe that the adoption of these new standards or amendments would have a material effect on the results or financial position of the Group.

Impact of climate change

The business continues to consider the impact of climate change in the consolidated and company financial statements and recognise that the most impactful risks are around the cancellation of sporting events due to extreme weather and the longer-term cost of energy. These costs have been factored into future forecasts and the carrying value of assets in these financial statements. The Directors do not believe these risks represent a material risk to management's forecasts this year.

Further the Group has assessed the impact of climate change in the work on going concern and impairment reviews and considers that the above risk of longer-term cost of energy has been factored into these future forecasts. The Group constantly monitors the latest government legislation in relation to climate related matters. At the current time, no legislation has been passed that will impact the operations of the Group. The Group will adjust key assumptions in value in use calculations and sensitise these calculations should a change been required.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described below, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical accounting judgements and key sources of estimation uncertainty (continued)

Critical accounting judgements

Internally generated intangible assets

Costs relating to internally generated intangible assets are capitalised if the criteria for recognition as assets are met. The initial capitalisation of costs is based on management's judgement that technological and economic feasibility criteria are met. In making this judgement, management considers the progress made in each development project and its latest forecasts for each project. Other expenditure is charged to the consolidated income statement in the year in which the expenditure is incurred. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. For further information see note 11.

IFRS 16

Management addresses the key judgements, including the assessment of the lease term at the point where the lessee can be reasonably certain of its right to use the underlying asset. Given the continued uncertainty surrounding the Retail estate, management determined the lease term under IFRS 16 across the Retail estate as the next available break date, as this means the Group is not 'reasonably certain' that any lease break will not be exercised. The Group has recognised a lease liability of £75.5m at 27 December 2022.

Exceptional and adjusted items

The Group classifies and presents certain items of income and expense as exceptional items. The Group presents adjusted performance measures which differ from statutory measures due to exclusion of exceptional items and certain non-cash items as the Group considers that it allows a further understanding of the underlying financial performance of the Group. These measures are described as "adjusted" and are used by management to measure and monitor the Group's underlying financial performance. Non-cash items that are excluded from adjusted performance measures of underlying financial performance include amortisation of acquired intangibles, amortisation of finance fees, share benefit charges and foreign exchange differences.

The Group considers any items of income and expense for classification as exceptional if they are one off in nature and by virtue of their size. The items classified as exceptional (and are excluded from the adjusted measures) are described in further detail in note 3.

Key accounting estimates

Impairment of goodwill and other long-life intangible assets

For the purposes of impairment testing under IAS 36 Impairment of Assets, CGUs are grouped to reflect the level at which goodwill is monitored by management. The key judgement is the level at which the impairment tests are performed. Management have allocated Goodwill to International on a group of CGUs basis and UK Online as its own CGU as this is the lowest level at which it is practical to monitor goodwill. These are the levels at which goodwill is assessed for impairment. Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which the goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Cash flows are typically forecast for periods up to five years. For further information see note 11.

Taxation

The Group holds a number of provisions for uncertain tax positions on the basis of amounts expected to be paid to the tax authorities. If for example, the tax authorities in the relevant jurisdictions do not regard the arrangements between any of the group companies as being made at arm's length or insofar as changes occur in transfer pricing regulations or in the interpretation of existing transfer pricing regulations, including through changes to the OECD's guidelines and/or recommendations, the amount of tax payable by the Group may increase. The Group's current tax liabilities reflect management's best estimate of the future amounts of corporation tax that would be settled. However, the actual outcome could be different to the estimate made, as the ultimate tax liability cannot be known until a resolution has been reached with the relevant tax authority, or the issue becomes time barred.

Provisions, contingent liabilities and regulatory matters

The Group makes a number of estimates in respect of the accounting for, and disclosure of, expenses and contingent liabilities for customer claims. Provisions are described in further detail in note 21 and contingent liabilities in note 31.

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

Specifically, the Group has recognised a provision and disclosed a contingent liability for customer claims in Austria where the Business has been subject to a particular acceleration of claims since 2020 following marketing campaigns by litigation funders in that jurisdiction. Claims have continued to be received throughout 2021 and 2022 at a broadly consistent rate with a slight acceleration across 2021 and 2022. Customers who have obtained judgement against the Business' entities in the Austrian courts have sought to enforce those judgements in Malta and Gibraltar. These are being defended on the basis of a public policy argument. The provisions held for the Group relating to these claims is £67.0m, mostly related to the Mr Green brand. The value of the provision and contingent liability are both estimates based on the number and individual size of claims received to date and assumptions based on such observations as can be derived from those claims and include an estimate of claims the Group assess it probable, for the provision, and possible, for the contingent liability, that it will receive in the future. If the rate of receipt of claims were to increase by 25% compared to our expectation the value across the provision recognised and contingent liability disclosed would increase by £6.2m before consideration of potential gaming tax reclaim.

Additionally, the Group has recognised a provision of £6.5m for customer claims in Germany, similar to those in Austria. The provision reflects the current best estimate of claims the Group deems it is probable to receive. If there is an acceleration in claims received or an evolution of the legal position, the provision could increase significantly.

NOTES TO THE GROUP FINANCIAL STATEMENTS

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. The subsidiaries are companies controlled by William Hill Limited. Control exists where the Company has power over an entity; exposure, or rights, to variable returns from its involvement with an entity; and the ability to use its power over an entity to affect the amount of its returns. Subsidiaries are consolidated from the date the Parent gained control until such time as control ceases.

The financial statements of subsidiaries are included in the consolidated financial statements using the purchase method of accounting. On the date of the acquisition, the assets and liabilities of a subsidiary are measured at their fair values and any excess of the fair value of the consideration over the fair values of the identifiable net assets acquired is recognised as goodwill.

Intercompany transactions and balances are eliminated on consolidation.

The financial statements of subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies.

Revenue

Revenue is measured at the fair value of the consideration received or receivable from customers and represents amounts receivable for goods and services that the Group is in business to provide, net of discounts, marketing inducements and VAT, as set out below.

In the case of licensed betting offices ("LBO") (including gaming machines), online sportsbook and telebetting and online casino (including games on the Online arcade and other numbers bets) revenue represents gains and losses from gambling activity in the period. This revenue is treated as a derivative under IFRS 9 'Financial Instruments' and is therefore out of scope of IFRS 15 'Revenue from Contracts with Customers'. Open positions are carried at fair value, and gains and losses arising on this valuation are recognised in revenue, as well as gains and losses realised on positions that have closed.

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

Cost of Sales

Cost of sales consists primarily of gaming duties, payment service providers' commissions, chargebacks, commission and royalties payable to third parties, all of which are recognised on an accruals basis.

Operating expenses

Operating expenses consist primarily of marketing, staff costs and corporate professional expenses, both of which are recognised on an accruals basis.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

For defined benefit retirement schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each period end date. Actuarial remeasurements are recognised in full in the period in which they occur. They are recognised outside profit or loss and presented in the Consolidated Statement of Other Comprehensive Income.

The net retirement benefit asset or obligation recognised in the Consolidated Statement of Financial Position represents the present value of the defined benefit obligation as adjusted for unrecognised past service costs and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service costs plus the present value of available refunds and reductions in future contributions to the plan.

Foreign currency

Monetary assets and liabilities denominated in currencies other than the functional currency of the relevant company are translated into that functional currency using year-end spot foreign exchange rates. Non-monetary assets and liabilities are translated using exchange rates prevailing at the dates of the transactions. Exchange rate differences on foreign currency transactions are included in financial income or financial expenses in the Consolidated Income Statement, as appropriate.

The results and financial position of all Group entities that have a functional currency different from pound sterling are translated into the presentation currency at foreign exchange rates as set out below. Exchange differences arising, if any, are recorded in the Consolidated Statement of Comprehensive Income as a component of other comprehensive income.

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet; and

(ii) income and expenses for each income statement are translated at an average exchange rate (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).

Finance income

Finance income relates to interest income and is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable

NOTES TO THE GROUP FINANCIAL STATEMENTS

Finance costs

Finance costs arising on interest-bearing financial instruments carried at amortised cost are recognised in the Consolidated Income Statement using the effective interest rate method. Finance costs include the amortisation of fees that are an integral part of the effective finance cost of a financial instrument, including issue costs, and the amortisation of any other differences between the amount initially recognised and the redemption price.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the Consolidated Income Statement because it excludes items of income or expense that are taxable or deductible in other periods, and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the period end date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each period end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.
Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the period end date. Deferred tax is charged or credited in the Consolidated Income Statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Goodwill

Goodwill represents the excess of the fair value of the consideration in a business combination over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities acquired. Consideration comprises the fair value of any assets transferred, liabilities assumed and equity instruments issued.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the Consolidated Income Statement and not subsequently reversed. Where the fair values of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the Consolidated Income Statement on the acquisition. Changes in the fair value of the contingent consideration and direct costs of acquisition are charged or credited immediately to the Consolidated Income Statement.

Intangible assets

Acquired intangible assets

Intangible assets arising on acquisitions are recorded at their fair value.

Amortisation is provided at rates calculated to write off the valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Acquired brands	– assessed separately for each asset, with lives ranging up to 20 years
Customer relationships	– between 18 months and ten years
Bookmaking and mobile technology	– between three and five years
Licences	– 20 years

Amortisation of assets arising on acquisition is recognised as an adjusted item, please see note 3 for further information.

Intangible assets (continued)

Internally generated intangible assets

NOTES TO THE GROUP FINANCIAL STATEMENTS

An internally generated intangible asset arising from the Group's development of computer systems is recognised only if all of the following conditions are met:
- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Expenditure incurred on development activities of gaming platforms is capitalised only when the expenditure will lead to new or substantially improved products or processes, the products or processes are technically and commercially feasible and the Group has sufficient resources to complete development. All other development expenditure is expensed. Subsequent expenditure on intangible assets is capitalised only where it clearly increases the economic benefits to be derived from the asset to which it relates. The Group estimates the useful life of these assets as between three and five years.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation. Assets are assessed at each balance sheet date for indicators of impairment.

Depreciation is calculated using the straight-line method, at annual rates estimated to write off the cost of the assets less their estimated residual values over their expected useful lives. The annual depreciation rates are as follows:

Freehold buildings	– 50 years
Long leasehold properties	– 50 years
Short leasehold properties	– over the unexpired period of the lease
Short leasehold improvements	– the shorter of ten years or the unexpired period of the lease
Fixtures, fittings and equipment and motor vehicles	– at variable rates between three and ten years
Right-of-use asset	– reasonably certain lease term

Impairment of non-financial assets

An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired. At each period end date, the Group reviews the carrying amounts of its goodwill, property plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. This process is described in more detail in note 11 to the financial statements.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Other than for goodwill, where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the point that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognised as income immediately.

Fair value measurement

The Group measures certain financial instruments at fair value at each balance sheet date. The fair value related disclosures are included in notes 23 and 24. Fair value is the price that would be received or paid in an orderly transaction between market participants at a particular date, either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for that asset or liability accessible to the Group.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

IFRS 13 'Fair Value Measurement' emphasises that fair value is a market-based measurement, not an entity-specific measurement. Therefore, fair value measurements under IFRS 13 should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, IFRS 13 establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of

Fair value measurement (continued)

the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

NOTES TO THE GROUP FINANCIAL STATEMENTS

- Level 1 inputs utilise quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access.
- Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals.
- Level 3 inputs are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity. In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Assets held for sale

Assets categorised as held for sale are held on the Consolidated Statement of Financial Position at the lower of the book value and fair value less costs to sell. This assessment is carried out when assets are transferred to held for sale. The impact of any adjustment as a part of this assessment is booked through the Consolidated Income Statement.

Cash and cash equivalents

Cash comprises cash in hand and balances with banks and on-demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash. They include short-term deposits originally purchased with maturities of three months or less.

Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost and principally comprise amounts due from credit card companies and from e-payment companies. The Group has applied IFRS 9's simplified approach and has calculated the 'expected credit losses' ('ECLs') based on lifetime of expected credit losses. Bad debts are written off when there is objective evidence that the full amount may not be collected.

Equity

Equity issued by the Company is recorded as the proceeds received from the issue of shares, net of direct issue costs.

Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium account.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the Board of Directors and paid. In the case of final dividends, this is when approved by the shareholders at the Annual General Meeting.

Equity-settled Share benefit charges

Where the Company grants its employees or contractors shares or options, the cost of those awards, recognised in the Consolidated Income Statement over the vesting period with a corresponding increase in equity, is measured with reference to the fair value at the date of grant. Market performance conditions are taken into account in determining the fair value at the date of grant. Non-market performance conditions, including service conditions, are taken into account by adjusting the number of instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of instruments that eventually vest.

Cash-settled transactions

A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised within employee benefits expenses. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. Further details of which are given in note 28. The approach used to account for vesting conditions when measuring equity-settled transactions also applies to cash-settled transactions.

Borrowings

The Group records bank and other borrowings initially at fair value, which equals the proceeds received, or acquired in a business transaction, net of direct issue costs, and subsequently at amortised cost. The Group accounts for finance charges, including premiums payable on settlement or redemption and direct issue costs, using the effective interest rate method.

NOTES TO THE GROUP FINANCIAL STATEMENTS

Leasing

At inception of a contract, the Group considers whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the lease payments that have not been paid at the commencement date, discounted using an appropriate discount rate. The discount rate used to calculate the lease liability is the rate implicit in the lease, if it can be readily determined, or the lessee's incremental borrowing rate if not. The Group uses an incremental borrowing rate for its leases, which is determined based on the margin requirements of the Group's revolving credit facilities as well as country specific adjustments. A right-of-use asset is also recognised equal to the lease liability and depreciated over the period from the commencement date to the earlier of, the end of the useful life of the right-of-use asset or the lease term. The Group has assessed the lease term of properties within its retail estate to be up to the first available contractual break within the lease. The Group has deemed that it cannot be reasonably certain that it will continue beyond this time given the continued uncertainty surrounding the Group's retail business.

The Group has also applied the below practical expedients:

– exclude leases from measurement and recognition where the lease term ends within 12 months from the date of initial application and account for these leases as short-term leases;
– exclude low value leases for lease values less than £5,000;
– apply a single discount rate to a portfolio of leases with similar characteristics;
– use hindsight to determine the lease term if the contract contains options to extend or terminate; and
– exclude initial direct lease costs in the measurement of the right-of-use asset.

The Group has a small number of sublet properties. In these instances, leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Where the Group is an intermediate lessor, the sublease classification is assessed with reference to the head lease right-of-use asset. Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the lease. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Group's net investment in the lease. Rental income from operating leases is recognised on a straight-line basis over the term of the lease. IFRS 16 requires lessees to recognise right-of-use assets and lease liabilities for most leases.

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost.

Provisions

Provisions are recognised when the Group has a present or constructive obligation as a result of a past event from which it is probable that it will result in an outflow of economic benefits that can be reasonably estimated.

Liabilities to customers

Liabilities to customers comprise the amounts that are credited to customers' bankroll (the Group's electronic "wallet"), less fees and charges applied to customer accounts. These amounts are repayable in accordance with the applicable terms and conditions.

NOTES TO THE GROUP FINANCIAL STATEMENTS

2. Segment information

The directors have 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 888's Chief Executive Officer and Chief Financial Officer as Chief Operating Decision Makers review to make strategic decisions for the Enlarged Group.

The Retail segment comprises all activity undertaken in LBOs including gaming machines. The UK Online segment comprises all online activity, including sports betting, casino, poker and other gaming products along with telephone betting services that are incurred within the UK. The International Online segment comprises all online activity, including sports betting, casino, poker and other gaming products along with telephone betting services that are incurred within all territories excluding the UK. There are no inter-segmental sales within the Group.

The segmental information shown in respect of profit and loss items in the previous reporting period does not include the results of the William Hill US business, which were disposed of on 22 April 2021. Details of the US operations performance to 22 April 2021 are shown in note 15.

Segment performance is shown on an adjusted EBITDA basis, with a reconciliation from adjusted EBITDA to statutory results for clarity. Information for the 52 weeks ended 27 December 2022 is as follows:

	Retail £m	UK Online £m	International Online £m	Corporate £m	Group £m
Revenue[1]	**514.2**	**509.1**	**212.0**	**-**	**1,235.3**
GPT, duty, levies and other costs of sales	(110.0)	(191.0)	(82.7)	-	(383.7)
Adjusted gross profit	**404.2**	**318.1**	**129.3**	**-**	**851.6**
Marketing	(6.5)	(106.8)	(37.8)	-	(151.1)
Contribution	**397.7**	**211.3**	**91.5**	**-**	**700.5**
Overheads	(302.0)	(99.1)	(58.4)	(26.9)	(486.4)
Associate income	-	-	-	0.7	0.7
Adjusted EBITDA	**95.7**	**112.2**	**33.1**	**(26.2)**	**214.8**
Depreciation					(41.3)
Amortisation					(33.3)
Amortisation of acquired intangibles					(23.6)
Exceptional costs					(148.7)
Share based remuneration					(0.9)
Foreign exchange					200.3
Finance expenses					(40.2)
Finance income					39.8
Profit before tax					**166.9**

1. Revenue recognised under IFRS 15 is immaterial in the year. All other revenues are recognised under IFRS 9.

Statement of financial position information	Retail £m	UK Online £m	International Online £m	Corporate £m	Group £m
At 27 December 2022					
Total segment assets	372.4	474.5	289.5	91.3	1,227.7
Total segment liabilities	178.1	267.3	125.0	788.5	1,358.9
Included within total assets:					
Goodwill	–	201.5	152.4	–	353.9
Interests in associates	–	–	–	11.0	11.0
Capital additions	13.4	24.1	37.8	1.1	76.4

Assets and liabilities have been allocated by segment based on the information reviewed by 888's Chief Executive Officer and Chief Financial Officer for the Enlarged Group. Corporate assets and liabilities include net borrowings and the net defined benefit pension asset as well as any assets and liabilities that cannot be allocated to a particular segment other than on an arbitrary basis. The above analysis excludes corporation tax and deferred tax-related balances. Capital additions in the above table are stated on an accruals basis.

The segmental assets and liabilities for the current period do not include the William Hill US operations whereas these are included in the prior period comparative.

NOTES TO THE GROUP FINANCIAL STATEMENTS

2. Segment information (continued)

Information for the 52 weeks ended 28 December 2021 (restated) is as follows:

	Retail £m	UK Online £m	International Online £m	Corporate £m	Group £m
Revenue[1]	**336.8**	**628.6**	**276.0**	**–**	**1,241.4**
GPT, duty, levies and other costs of sales	(72.9)	(201.8)	(88.7)	–	(363.4)
Adjusted gross profit	**263.9**	**426.8**	**187.3**	**–**	**878.0**
Marketing	(7.6)	(137.5)	(71.5)	(0.8)	(217.4)
Contribution	**256.3**	**289.3**	**115.8**	**(0.8)**	**660.6**
Overheads	(256.2)	(135.8)	(80.6)	(24.7)	(497.3)
Associate income	–	–	(1.1)	(0.5)	(1.6)
Adjusted EBITDA	**0.1**	**153.5**	**34.1**	**(26.0)**	**161.7**
Depreciation					(50.4)
Amortisation					(57.4)
Amortisation of acquired intangibles					(22.1)
Exceptional costs					(99.4)
Share based remuneration					(1.1)
Foreign exchange					3.2
Finance expenses					(43.4)
Finance income					42.0
Loss before tax					**(66.9)**

1. Revenue recognised under IFRS 15 is immaterial in the year. All other revenues are recognised under IFRS 9.

Statement of financial position information	Retail £m	UK Online £m	International Online £m	Corporate £m	Group £m
At 28 December 2021 (restated)					
Total segment assets	382.6	373.3	343.4	2,041.4	3,140.7
Total segment liabilities	149.7	180.2	162.6	793.9	1,286.4
Included within total assets:					
Goodwill	–	193.2	149.6	–	342.8
Interests in associates	–	–	–	11.2	11.2
Capital additions	22.6	41.8	10.4	2.5	77.3

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

	Revenues		Non-current assets	
	52 weeks ended 27 December 2022 £m	52 weeks ended 28 December 2021 £m	**27 December 2022 £m**	28 December 2021 £m (restated)
United Kingdom	**1,010.2**	965.4	**696.1**	674.8
Rest of the World	**225.1**	276.0	**230.8**	252.2
	1,235.3	1,241.4	**926.9**	927.0

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

3. Exceptional items and adjustments

In determining the classification and presentation of exceptional items we have applied consistently the guidelines issued by the Financial Reporting Council ('FRC') that primarily addressed the following:

- Consistency and even-handedness in classification and presentation;
- Guidance on whether and when recurring items should be considered as part of underlying results; and
- Clarity in presentation, explanation and disclosure of exceptional items and their relevance.

In preparing the Group accounts, we also note the European Securities and Markets Authority ('ESMA') guidance on Alternative Performance Measures (APM), including:

- Clarity of presentation and explanation of the APM;
- Reconciliation of each APM to the most directly reconcilable financial statement caption;
- APMs should not be displayed with more prominence than statutory financials;
- APMs should be accompanied by comparatives; and
- The definition and calculation of APMs should be consistent over time.

We are satisfied that our policies and practice conform to the above guidelines.

Adjusted results

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

– a transaction is of such a material or infrequent nature that it would obscure an understanding of underlying outcomes and trends in revenues, costs or other components of performance (for example, a significant impairment charge); or

– a transaction that results from a corporate activity that has neither a close relationship to our businesses' operations nor any associated operational cash flows (for example, the amortisation of intangibles recognised on acquisitions).

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

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

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

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

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

The adjusted results include £198.3m of foreign exchange gain as a result of exchange rate movements on the Group's debt within the period. The gain has been included on its own line in the Consolidated Income Statement due to the size of the item.

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.

3. Exceptional items and adjustments (continued)

Exceptional items are as follows:

	52 weeks ended 27 December 2022 £m	52 weeks ended 28 December 2021 £m (restated)
Operating expenses		
On-sale related costs	**31.5**	24.5
Transformation costs	**11.2**	–
Regulatory provision	**4.7**	15.2
Legal provisions	**73.5**	–
Onerous contract provision	**2.3**	–
Impairment of technology and other assets	**30.0**	2.6
Profit on sale of investment	**(4.5)**	–
Caesars transaction related costs	**–**	57.1
Exceptional items – operating expenses	**148.7**	99.4
Finance expenses		
Senior Unsecured Notes early redemption fees	**14.1**	–
Costs in respect of refinancing	**–**	2.0
Total exceptional items before tax from continuing operations	**162.8**	101.4
Tax on exceptional items from continuing operations	**(38.5)**	(4.8)
Total exceptional items from continuing operations	**124.3**	96.6
Exceptional items from discontinued operations	**-**	(1,654.2)
Total exceptional items	**124.3**	(1,557.6)

On-sale related costs

Following the acquisition of William Hill by Caesars on 22 April 2021, the Group has incurred costs associated with the on-sale to 888 and separation of the US segment from the Group. These costs are recognised as an exceptional item given their material size and one-off nature. Costs include £16.2m of deal related advisors' costs, £1.8m (£3.4m for the 52 weeks ended 28 December 2021) of technology spend to separate the platform and product so that US sports book can stand alone from the rest of the Group, £12.5m (£11.4m for the 52 weeks 28 December 2021) of employee incentive costs as part of the on-sale to 888 and £1.0m of other sale related costs. The 52 weeks ended 28 December 2021 also included £3.0m of redundancy costs following the separation and £6.7m of legal and consultancy costs. The costs are recognised within the Corporate segment.

Transformation costs

Following the acquisition by 888, the integration and transformation program began and is expected to take three years until 2025. The cash costs to achieve the targeted integration synergies are expected to cost approximately £100m over the lifetime of the programme across the whole 888 group. In 2022, there were a total of £11.2m of costs relating to the integration programme, namely redundancy costs of £6.3m, legal and consultancy fees of £1.5m and a further £3.4m of platform separation and other integration costs.

Regulatory provision and related fees

The industry in which the Group operates is subject to continuing scrutiny by regulators and other governmental authorities, which may, in certain circumstances, lead to enforcement actions, sanctions, fines and penalties or the assertion of private litigations, claims and damages. Following a periodic compliance assessment undertaken by the UK Gambling Commission ("UKGC") in July and August 2021, the Group agreed a regulatory settlement of £19.2m. In the prior period the Group had created a provision of £15.0m, being the Group's best estimate based on the action points raised at that time by the UKGC, as well as a further £0.2m of legal fees charged in the period. The current period charge is to increase the provision to the settlement amount as well as additional legal fees.

Legal provisions

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

Prior to the acquisition by 888, the Group disclosed a contingent liability for these claims. Since the acquisition by 888 the Group has aligned its strategy to the 888 legal strategy which has created a constructive obligation for the Group. The Group has therefore recognised a provision where there is a constructive obligation and probable outflow. It has disclosed a contingent liability where these criteria have not been met. As at 27 December 2022, the provision is estimated at £73.5m. Refer to note 21 for provisions and note 31 for contingent liabilities.

Onerous contract provision

During the period the Group made the decision to cease operations in Argentina, resulting in a £2.3m termination fee for a contract the Group had to operate in the country.

3. Exceptional items and adjustments (continued)

Impairment of technology and other assets

As part of the integration with 888, the business intends to use the existing 888 technology platform as the basis for the future platform of the group, leading to a write off of the Unity platform, a proprietary technology system in the UK Online segment the Group has been building at a cost of £28.1m. A further £1.3m of smaller technology assets were written off in the International segment. £0.5m of freehold assets within the Retail segment were written off when reclassified to held for sale at the year end, due to the assets being tested for impairment as a result of the transfer.

Profit on sale of investment

On 24 June 2022, the Group sold its investment in Green Jade Games Ltd to William Hill Cayman Holdings Limited, a wholly owned subsidiary of Caesars, for £9.0m. The investment was carried at £4.5m at the date of sale therefore a profit on disposal has been recognised within exceptional items.

Caesars transaction related costs

In the prior period the Group incurred costs associated with the transaction with Caesars, which it aggregated and presented as an exceptional item given their material size and one-off nature. Of these costs, £35.9m inclusive of VAT where applicable related to amounts due to financial, corporate broking, legal and public relation advice, which were costs that had already been borne by the Group for work performed during the period. In addition, the Group incurred £9.5m (net of tax) of retention payments to key employees following the completion of the transaction to Caesars as well as £6.0m of share-based payment charges and £5.7m of employee sharesave scheme costs as the Group delisted from the London Stock Exchange on 21 April 2021.

Senior Unsecured Notes early redemption fees

Subsequent to the acquisition of the Group by 888, the Group's £350.0m Note due May 2023 was fully redeemed as well as a partial redemption amounting to £339.5m of the Note due May 2026.

The total cost to the Group of settling the Notes consisted of £12.2m in early redemption fees together with a combined £1.9m of unamortised finance fees, which were written off to profit and loss immediately on redemption of each note. All of the costs were considered as exceptional due to their one-off nature.

Costs in respect of refinancing

On 22 April 2021, the Group's committed Revolving Credit Facilities of £425m provided by a syndicate of banks, expiring in November 2022 (£35m) and October 2023 (£390m) were cancelled as part of the acquisition of William Hill PLC by Caesars Entertainment Inc. As a result, £2.0m was charged as an exceptional finance cost to profit and loss, being accelerated amortisation of finance fees associated with the facilities which were being amortised over the lives of each facility.

Exceptional items and adjustments within discontinued operations

On 13 August 2021, the Group sold its investment in NeoGames S.S. The resulting profit on disposal of £204.2m has been classified as exceptional due to its one-off nature. Details of the disposal are provided in note 15.

On 22 April 2021, following the completion of the acquisition of the Group by Caesars, the Group sold its US business to Caesars UK Holdings Limited (UK). The resulting profit on disposal of £1,411.7m has been classified as exceptional due to its one-off nature. Details of the disposal are provided in note 15.

The US business also had £5.4m of separation related costs in the prior year which have been classified as exceptional.

On 23 December 2021, the Group sold its investment in Caesars Joint IP Company Limited. The resulting profit on disposal of £43.7m has been classified as exceptional due to its one-off nature. Details of the disposal are provided in note 15.

4. Share of results of associate

	52 weeks ended 27 December 2022 £m	52 weeks ended 28 December 2021 £m
Share of results after taxation in associated undertakings	**0.7**	(1.6)

For the 52 weeks ended 27 December 2022, the above represents the Group's share of the results of Sports Information Services (Holdings) Limited and Green Jade Games Limited (sold on 22 June 2022).

5. Profit/(loss) before interest and tax

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

	52 weeks ended 27 December 2022 £m	52 weeks ended 28 December 2021 £m
Gaming duties	**274.3**	237.1
Marketing expenses	**151.1**	217.4
Staff costs (including Executive Directors)	**269.3**	285.2
Exceptional items –operating expenses	**148.7**	99.4
Depreciation (within operating expenses)	**41.3**	50.4
Amortisation (within operating expenses)	**56.9**	79.5

Fees payable to the Group auditors and their associates are shown below. In the current year the Group was audited by Ernst & Young LLP whilst in the prior year the Group was audited by Deloitte LLP:

	52 weeks ended 27 December 2022 £m	52 weeks ended 28 December 2021 £m
Audit fees		
Audit of Company	**0.8**	2.2
Audit of Group	**1.0**	0.4
Total fees for audit services	**1.8**	2.6
Other assurance services	**-**	-
Total assurance services	**-**	**-**
Other non-audit services	**-**	-
Total fees for non-audit services	**-**	**-**
Total fees	**1.8**	2.6

Neither auditor provides services for the Group's pension schemes.

The audit fees payable to the Group's auditor are reviewed by the 888 Audit and Risk Management Committee to ensure such fees are competitive, fair and reasonable. The Audit and Risk Management Committee sets the policy for awarding non-audit work to the auditor and reviews the nature and extent of such work and related fees in order to ensure that independence is maintained. The fees disclosed consolidate all payments made to the Group's auditors by the Company and its subsidiaries during the period and are presented net of VAT and other sales taxes.

6. Staff costs

The average monthly number of persons employed, including Directors, during the period was 10,213 (52 weeks ended 28 December 2021: 10,239) Their aggregate remuneration comprised:

	52 weeks ended 27 December 2022 £m	52 weeks ended 28 December 2021 £m
Wages and salaries	**235.6**	253.7
Social security	**22.4**	20.4
Employee benefits and severance pay scheme costs	**11.3**	11.1
	269.3	285.2

NOTES TO THE GROUP FINANCIAL STATEMENTS

7. Finance income

	52 weeks ended 27 December 2022 £m	52 weeks ended 28 December 2021 £m
Interest on cash and cash equivalents	**0.4**	1.1
Interest on loans due from Caesars	**39.4**	40.3
Interest on net pension scheme assets or liabilities (note 29)	**-**	0.6
	39.8	42.0

8. Finance expenses

	52 weeks ended 27 December 2022 £m	52 weeks ended 28 December 2021 £m
Interest payable and similar charges:		
Bank loans, bonds and overdrafts	**23.2**	37.2
Amortisation of finance costs	**0.5**	1.0
Interest on lease liabilities	**2.4**	3.2
Finance expenses - underlying	**26.1**	41.4
Finance expenses – exceptional (note 3)	**14.1**	2.0
Total finance expenses	**40.2**	43.4

9. Tax on profit/(loss)

The tax credit comprises:

	52 weeks ended 27 December 2022 £m	52 weeks ended 28 December 2021 £m (restated)
Current tax:		
UK corporation tax	**3.4**	(25.9)
Overseas tax	**8.5**	16.9
Adjustment in respect of prior periods	**(3.5)**	1.0
Total current tax charge	**8.4**	(8.0)
Deferred tax:		
Origination and reversal of temporary differences	**(14.4)**	2.7
Adjustment in respect of prior periods	**4.5**	(2.7)
Total deferred tax credit	**(9.9)**	–
Total tax on profit/(loss)	**(1.5)**	(8.0)

The effective tax rate in respect of ordinary activities before exceptional items for the period ended 27 December 2022 is 23.4% (28 December 2021: -20.6%). The effective tax rate in respect of ordinary activities after exceptional items is -0.9% (28 December 2021: 12.0%).

The Group monitors developments in respect of the global design, consultation and implementation of Pillar Two, which is the OECD term for a global minimum tax rate. Pillar Two is expected to lead to further corporation tax being payable by the Group in the future given its online operating model. The Group expects that the UK will substantively enact Pillar Two in the first half of 2023 and that Pillar Two will impact the Group's current tax starting in 2024.

The Group's effective tax rate for 2023 is expected to be 12.3%.

NOTES TO THE GROUP FINANCIAL STATEMENTS

9. Tax on profit/(loss) (continued)

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

	2022 £m	2021 £m (restated)
Profit/(loss) before tax	**166.9**	(66.9)
Tax on Group profit/(loss) at standard UK corporation tax rate of 19% (2021: 19%)	**31.7**	(12.7)
Difference in effective tax rate in other jurisdictions	**(10.1)**	(10.5)
Expenses not allowed for taxation	**20.5**	16.9
Accrual of liabilities for uncertain tax positions	**0.3**	(10.0)
Tax on share of result of associate	**0.2**	0.3
Deferred tax not recognised	**(1.9)**	3.9
Difference in current and deferred tax rate	**(4.8)**	3.0
Non-taxable income	**(0.2)**	-
Adjustments to prior years' tax charges	**1.0**	(1.7)
Group relief	**(38.2)**	-
Chargeable gains	**-**	0.3
Tax on share-based payments	**-**	2.5
Total tax credit	**(1.5)**	(8.0)

The expenses not allowed for tax purposes mainly relate to bonuses and retention payments arising from the sale of William Hill to 888 as well as provisions relating to legal proceedings.

The different tax rates in overseas territories reflects the lower effective tax rates in Gibraltar and the higher effective tax rate in Malta. The difference between the corporate tax rate and the deferred tax rate arises as a result of the substantively enacted UK tax rate being 25% while this has not yet come into effect as at 27 December 2022.

The adjustments in respect of prior periods mainly relate to a higher than expected restriction on interest deductions in the UK in earlier periods as well as the release of provisions in the UK and Gibraltar and the recognition of deferred tax balances in Malta at 35% rather than 5%.

10. Dividends proposed and paid

On the 29 June 2022, the Company paid a dividend in specie of £2,119.9m to its parent, 888 Cayman Finance Limited (Formerly Caesars Finance Limited). On the same day, the Company released its parent of a £44.7m loan note, classed as a dividend in specie.

In the prior period, post-acquisition by Caesars, the Group paid a cash dividend of £275.0m to 888 Cayman Finance Limited (Formerly Caesars Finance Limited).

11. Goodwill and intangible assets

	Goodwill £m	Brands, customer relationships and licences £m	Software £m	Total £m
Cost:				
At 28 December 2021	384.4	455.6	544.1	1,384.1
Additions	4.3	-	83.4	87.7
Disposals[1]	-	-	(212.6)	(212.6)
Effect of foreign exchange rates	6.8	7.6	4.5	18.9
At 27 December 2022	**395.5**	**463.2**	**419.4**	**1,278.1**
Accumulated amortisation and impairments:				
At 28 December 2021	41.6	192.3	406.5	640.4
Charge for the period	-	16.6	40.3	56.9
Impairment charge for the period	-	-	29.4	29.4
Disposals[1]	-	-	(212.6)	(212.6)
Effect of foreign exchange rates	-	1.7	1.0	2.7
At 27 December 2022	**41.6**	**210.6**	**264.6**	**516.8**
Net book value:				
At 27 December 2022	**353.9**	**252.6**	**154.8**	**761.3**
At 28 December 2021	342.8	263.3	137.6	743.7

1. In the year and as a result of the acquisition by 888 the Group performed an exercise to identify fully amortised assets that were no longer in use. This has led to the removal of £212.6m of cost and accumulated amortisation in the year. There is no impact on net book value.

Goodwill

The Group has recognised goodwill on previous acquisitions, most notably the acquisition of Mr Green & Co AB in 2019, as well as the acquisition of the UK Online business. Goodwill is held at cost and tested for impairment each year end. Refer to Impairment Review section below for further details.

Brands, customer relationships and licences

This category of assets includes brands, licences and customer relationships recognised in business combinations. These assets are being amortised over 20 years for brands, trade names and licences, and five years for customer relationships.

Software

This category relates to the cost of both acquired software, through purchase or acquisition, as well as the capitalisation of internally developed software. During the period subsequent to the acquisition of the Group by 888, the decision was made to migrate a number of William Hill platforms onto the existing 888 platforms, resulting in an asset impairment of £29.4m

Impairment reviews

The Group performs an annual impairment review for goodwill and other intangible assets with indefinite lives, and for other long-life assets where there are indicators of impairment, by comparing the carrying amount of these assets with their recoverable amount. This is an area where the Directors exercise judgement and estimation, as noted on page 27. Testing is carried out by allocating the carrying value of these assets to CGUs or group of CGUs and determining the recoverable amounts of those CGUs. Where the recoverable amount exceeds the carrying value of the assets, the assets are considered as not impaired. Each CGU or group of CGUs is defined as its segment, which is described in note 2.

Value in use calculations are based upon estimates of future cash flows derived from the Group's profit forecasts by segments. Profit forecasts are derived from the Group's annual strategic planning or similarly scoped exercise.

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

– management assume that the underlying business model will continue to operate on a comparable basis, as adjusted for known regulatory or tax changes and planned business initiatives;

– management's 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;

– management's forecasts include assumptions on synergy cost savings as a result of the acquisition by 888, which have been removed to the extent they were not committed at 27 December 2022;

– management assume that the Group will achieve its target sports betting gross win margins as set for each territory, which management base upon its 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 management's annual forecasting process, expenses incorporate a bottom-up estimation of the Group's cost base. For employee remuneration, this takes into account staffing numbers and models by segment, while other costs are assessed separately by category, with principal assumptions including an extrapolation of recent cost inflation trends and the expectation that the Group will incur costs in line with agreed contractual rates.

11. Goodwill and intangible assets (continued)

The Board approved the 2023 budget for each segment in November 2022, as well as a further four-year strategic forecast covering years 2024 to 2027. These five years form the basis of the value in use calculation. Cash flows beyond that five-year period were extrapolated using long-term growth rates as estimated for each group of CGUs separately.

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

	27 December 2022	
Cash-generating unit	Discount rate %	Long-term growth rate %
UK Online	**12.1**	**2.5**
International	**13.8**	**5.0**

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

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

Results of impairment reviews

The recoverable amount and headroom above carrying amount or impairment below carrying amount based on the impairment review performed at 27 December 2022 for each CGU or group of CGUs are as follows:

	27 December 2022	
Cash-generating unit	Recoverable amount £m	Headroom above carrying amount £m
UK Online	**1,243.1**	**908.6**
International	**479.3**	**248.7**

There are no reasonably possible changes in assumptions upon which the recoverable amount was estimated that would result in an impairment.

2021

Because of the impending transaction with 888 at the date of the 2021 impairment testing, the Group had an observable market price to attribute as the fair value, and as such determined the recoverable amount of the CGUs with reference to the fair value less cost of disposal method.

As a result of this, the consideration (including an estimate of the contingent consideration expected to be paid discounted to the value as at 28 December 2021) was used within the assessment of fair value less costs of disposal in the Group's year end impairment assessment. As such, we have taken the £2.1bn purchase price agreed by 888, as this best represents the fair value of the Group at the time of performing the impairment test. The costs of disposal to the Group are negligible, as they are in the most part borne by the buying party, and therefore they have not influenced our fair value calculation.

We allocated the purchase price to each CGU tested based upon the last value in use calculations performed for all CGUs at 28 December 2021.

	28 December 2021	
Cash-generating unit	Recoverable amount £m	Headroom above carrying amount £m
UK Online	**909.0**	**716.0**
International	**752.0**	**567.7**

12. Property, plant and equipment

	Land and buildings £m	Fixtures, fittings, and equipment £m	Right-of-use asset £m (restated)	Total £m
Cost:				
At 28 December 2021	227.1	130.0	187.3	544.4
Transfer between categories[1]	(113.8)	173.7	(20.3)	39.6
Additions	0.7	24.2	14.8	39.7
Disposals[2]	(1.0)	(41.2)	(2.0)	(44.2)
Transferred to assets held for sale	(9.0)	-	-	(9.0)
Effect of foreign exchange rates	-	0.3	0.3	0.6
At 27 December 2022	**104.0**	**287.0**	**180.1**	**571.1**
Accumulated depreciation:				
At 28 December 2021	170.8	110.7	101.6	383.1
Transfer between categories	(87.4)	147.0	(20.0)	39.6
Charge for the period	3.1	9.3	28.9	41.3
Disposals[2]	(0.8)	(41.0)	(2.0)	(43.8)
Transferred to assets held for sale	(3.0)	-	-	(3.0)
Effect of foreign exchange rates	0.3	0.2	0.2	0.7
At 27 December 2022	**83.0**	**226.2**	**108.7**	**417.9**
Net book value:				
At 27 December 2022	**21.0**	**60.8**	**71.4**	**153.2**
At 28 December 2021	56.3	19.3	85.7	161.3

1. During the year, the Group identified differences between the accounting records and underlying fixed asset register for certain categorisations. These have been adjusted within the year in the above note. There is no impact on net book value and the adjustment is contained to just cost and accumulated depreciation splits.

2. In the year and as a result of the acquisition by 888 the Group performed an exercise to identify fully depreciated assets that were no longer in use. This has led to the removal of £40.5m of cost and accumulated depreciation in the year. There is no impact on net book value.

In addition to the amounts above, the Group holds £5.5m of land and buildings that were classified as assets held for sale (see note 16).

As part of the year end impairment review process, the Group identified a number of shops with indicators of impairment. An impairment review of these shops was carried out which resulted in the write-off of £2.1m of right-of-us assets for shops where the carrying value was not supported by the value in use.

The net book value of land and buildings comprises:

	27 December 2022 £m	28 December 2021 £m (restated)
Freehold	**6.3**	9.4
Long leasehold improvements	**2.9**	3.2
Short leasehold improvements	**11.8**	43.7
	21.0	56.3

Annual indicators of impairment testing is performed for each individual shop within Retail. During the period end review, it came to light that a number of shops which should have been impaired in the previous year had not been. Refer to note 1 for further detail. No additional impairments were identified in the current year.

13. Interests in associates

The Group uses the equity method of accounting for associates. The following table shows the aggregate movement in the Group's interests in associates:

	£m
At 28 December 2021	11.2
Share of results before interest and taxation	0.8
Share of interest	0.1
Share of taxation	(0.2)
Dividend received	(0.9)
At 27 December 2022	**11.0**

NOTES TO THE GROUP FINANCIAL STATEMENTS

13. Interests in associates (continued)

SIS

At 27 December 2022, William Hill Organization Limited, a principal subsidiary of the Company, held an investment of 19.5% (28 December 2021: 19.5%) of the ordinary share capital of Sports Information Services (Holdings) Limited (SIS), a company incorporated in Great Britain. The Group is able to exert significant influence over SIS by way of its 19.5% holding and its seat on the Board of Directors.

The SIS group of companies provides real time, pre-event information and results, as well as live coverage of horseracing, greyhound racing and other sporting activities and events via satellite. The statutory financial statements of SIS are prepared to the year ending 31 March. The results recognised are based on statutory accounts to March 2021 and management accounts thereafter.

The following financial information relates to SIS as at and for the 52 weeks ended 27 December 2022:

	27 December 2022 £m	28 December 2021 £m
Total assets	**124.1**	111.2
Total liabilities	**(65.6)**	(54.0)
Total revenue	**231.8**	193.0
Total profit after tax	**3.9**	1.3

Lucky Choice Limited

In the prior period, William Hill Organization Limited held directly or indirectly 33% of the entire share capital of Lucky Choice Limited. Lucky Choice Limited was liquidated on 15 June 2021. In the opinion of the management, the results of this company are not material to the results of the Group. The investment in Lucky Choice Limited was stated at cost and not accounted for under the equity method, which would normally be appropriate for an associated undertaking.

Green Jade Games Ltd

Green Jade Games Ltd was an iGaming software content development company, a subsidiary acquired as part of the acquisition of Mr Green & Co AB of which the Group holds an investment of 25% and it is accounted for as an associate. The carrying value of Green Jade Games Ltd at 28 December 2021 was £nil. On 24 June 2022 the Group sold its investment in Green Jade Games Ltd to William Hill Cayman Holdings Limited, a wholly owned subsidiary of Caesars, for £9.0m. A gain on disposal has been recognised in exceptional items in the Consolidated Income Statement.

14. Investments

Good Luck Have Fun Group AB ('GLHF Group') shares

In the prior year, the Group held a 10.47% share of GLHF Group, which is held as a financial asset and designated as fair value through other comprehensive income. During the year GLHF Group issued new share capital to raise funds, which reduced the Groups investment to 4.3%.

During the current period, as a result of updates in the strategy by the GLHF Group management team, the Group has considered the recoverability of the investment. As a part of this assessment of recoverability, the Group has written off the investment of £1.0m in its entirety through other comprehensive income. The Group therefore hold £nil value in this investment at the balance sheet date.

At the period end, the Group held no other investments in unquoted shares (28 December 2021: £nil).

15. Acquisitions & Disposals

Acquisitions

On 17 February 2022, the Group completed the acquisition of Live 5, a gaming developer that had previously produced online games for the Group as a third party. Consideration for the acquisition consisted of £3.6m cash consideration and up to £0.7m contingent consideration, fair valued on acquisition date at £0.7m. The Group acquired 100% of the share capital of Live 5.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	£m
Net assets acquired:	
Trade and other receivables	**0.3**
Trade and other payables	**(0.7)**
Net identifiable assets acquired	**(0.4)**
Add: Goodwill	**4.7**
Total consideration	**4.3**

The goodwill was attributable to Live 5's assembled workforce and synergies expected to arise as a result of having Live 5 produce games within the Group. Revenue and profit since acquisition have been immaterial.

15. Acquisitions & Disposals (continued)

Disposals

Sale of US operations

On 22 April 2021, following the completion of the acquisition of the Group by Caesars, the Group sold its 80% holding in William Hill US HoldCo inc. as well as its 100% holding in WHUS TechCo, Inc. to Caesars UK Holdings Limited (UK), a wholly owned subsidiary of the Caesars group. This represented the disposal of the Group's US segment.

Calculation of the profit on sale, including net assets disposed of and net cash received, are shown below:

	£m
Consideration received – Loan note	1,527.5
Less:	
Cash disposed of	(102.1)
Net proceeds on disposal of US operations	**1,425.4**

Less:	
Net assets disposed of (excluding cash):	
Intangible assets	(197.4)
Property plant and equipment	(54.7)
Deferred tax assets	(26.8)
Corporation tax asset	(0.7)
Investments	(4.5)
Trade and other receivables	(19.0)
Trade and other payables	191.1
Derivative financial instruments	57.3
Lease liabilities	15.8
Deferred tax liabilities	14.3
Net assets disposed of (excluding cash)	**(24.6)**
Less:	
Transfer from foreign currency reserve on disposal	17.5
Remove non-controlling interests on disposal	(6.6)
Profit on disposal of discontinued operations	**1,411.7**

Intra-Group trading was not significant and all trading pre-disposal within the reporting period has been eliminated, trading post-disposal is immaterial. The Group held a full intercompany position with its disposed business that now sits as part of the wider Caesars Group. These intercompany positions are reflected within these financial statements.

Results of discontinued operations in the prior year are presented below:

	Notes	Statutory total £m
Revenue		**98.5**
Cost of sales		**(11.4)**
Gross profit		**87.1**
Other operating income		**1.7**
Other operating expenses		**(97.5)**
Profit on disposal		**1,411.7**
(Loss)/profit before interest and tax		**1,403.0**
Investment income		**–**
Finance costs		**(0.4)**
(Loss)/profit before tax		**1,402.6**
Tax		**3.6**
(Loss)/profit for the period from discontinued operations		**1,406.2**

15. Acquisitions & Disposals (continued)

Of the £5.3m exceptional and adjusted items in the reporting period, £2.0m relates to amortisation of acquired intangibles and £3.3m are Caesars deal related costs.

Net cash flows from discontinued operations

	28 December 2021 £m
Operating activities	**9.7**
Investing activities	**(11.3)**
Financing activities	**(2.1)**
Net cash flows (used in)/from discontinued operations	**(3.7)**

Disposal of NeoGames

On 13 August 2021, the Group entered into an agreement to sell its holding in NeoGames S.A. (NeoGames) to Caesars UK Interactive Holdings Ltd, a wholly owned subsidiary of the Caesars group, for £216.9m. At the time of disposal, the Group held 24.5% of the ordinary share capital in NeoGames, and as such NeoGames was accounted for as an associate in the Group accounts using the equity method. At the date of disposal this investment value was £12.7m. A profit on disposal of £204.2m was recognised on the sale. In the period up to disposal, NeoGames contributed a profit of £1.7m (2020: £5.4m) which has been included in discontinued operations.

Disposal of Caesars Joint IP Company Limited

On 23 December 2021, the Group entered into an agreement to sell its investment in Caesars Joint IP Company Limited ("Joint IP") to Caesars Cayman Finance Limited, a wholly owned subsidiary of the Caesars group, for £43.7m. The company had no net assets at the time of disposal, and as such a profit on disposal of £43.7m was recognised for the sale.

Reconciliation of disposals to Consolidated Income Statement

Profit from discontinued operations for 2021 in the Consolidated Income Statement of £1,655.8 comprises the £1,406.2m profit from the sale of the US operations, £205.9m profit from NeoGames and £43.7m profit on the sale of Joint IP.

16. Assets held for sale

In the year, the Group began the process of a sale and leaseback of 75 freehold properties. At the year end, all properties were underwritten with a reserve price and were awaiting auction dates in the first quarter of 2023. As a result of the proposed sales, the properties have been reclassified as assets held for sale. The carrying value of the properties prior to reclassification was £6.0m. Upon classification as assets held for sale, the fair value of the properties was assessed against the carrying value, resulting in a £0.5m impairment of the overall property value, which has been classified within exceptional items in the Consolidated Income Statement. The properties classified as held for sale are part of the Retail segment.

17. Leases

The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

The lease liability is initially measured at the present value of the lease payments that have not been paid at the commencement date, discounted using an appropriate discount rate. The discount rate used to calculate the lease liability is the rate implicit in the lease, if it can be readily determined, or the lessee's incremental borrowing rate if not. The Group uses an incremental borrowing rate for its leases, which is determined based on a series of inputs including a risk-free rate based on our debt portfolio as well as country-specific adjustments.

A right-of-use asset is also recognised equal to the lease liability and depreciated over the period from the commencement date to the earlier of, the end of the useful life of the right-of-use asset or the lease term.

The Group has assessed the lease term of properties within its retail estate to be up to the first available contractual break within the lease. The Group has deemed that it cannot be reasonably certain that it will continue beyond this time given the continued uncertainty surrounding the Retail business. The Group has also applied a number of practical expedients that are detailed in the Statement of Group Accounting Policies.

The Group note that aggregation of leases not included due to either being low value or having a term of less than 12 months are deemed immaterial.

The Group has a very small number of sublet properties which have been assessed in accordance with IFRS 16 and have also been deemed immaterial. The accounting policy applied to these small number of sublet properties can be seen on page 32.

The Group will continue to monitor both the above scenarios and disclose these if they are deemed material to users of the Annual Report and Accounts.

17. Leases (continued)

Amounts recognised in the Consolidated Income Statement:

	52 weeks ended 27 December 2022 £m	52 weeks ended 28 December 2021 £m
Right-of-use asset depreciation	**28.9**	32.7
Finance costs	**2.4**	3.2

A maturity analysis of the contractual undiscounted cash flows is as follows:

	27 December 2022 £m	28 December 2021 £m
Due within one year	**25.1**	31.7
Due between one and two years	**18.9**	23.8
Due between two and three years	**13.0**	17.2
Due between three and four years	**9.3**	12.5
Due between four and five years	**5.6**	9.0
Due beyond five years	**6.7**	12.1

18. Trade and other receivables

Trade and other receivables comprise:

	27 December 2022 £m	28 December 2021 £m (restated)
Trade receivables	**28.4**	24.5
Other receivables	**16.3**	9.4
Amounts owed by other group companies	**65.0**	131.0
Prepayments	**20.3**	16.5
Restricted short-term deposits	**4.7**	4.5
	134.7	185.9

Trade and other receivables are stated at their gross receivable value less impairment for expected credit loss. Trade and other receivables are impaired when there is no reasonable expectation of recovery and an impairment analysis is performed at each reporting date to measure expected credit loss. The Group has elected to use the simplified method to measure expected credit loss and the provision the Group holds for expected credit losses is £0.2m as at 27 December 2022 and £0.2m as at 28 December 2021.

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

19. Cash and cash equivalents

	27 December 2022 £m	28 December 2021 £m (restated)
Cash and cash equivalents	**160.4**	199.2
Less:		
Customer deposits	**84.3**	94.1
Cash (excluding customer balances)	**76.1**	105.1

Customer deposits represent bank deposits matched by liabilities to customers of an equal value (see note 20).

20. Trade and other payables

Trade and other payables comprise:

	27 December 2022 £m	28 December 2021 £m (restated)
Trade payables	**35.8**	43.2
Accrued expenses	**118.8**	115.4
Other payables	**80.3**	154.6
	234.9	313.2

The Directors consider that the carrying amount of trade payables approximates their fair value.

The Group has not used any supplier financing arrangements in the period.

Amounts owed to group companies of £770.1m (28 December 2021: £5.7m) represents the cash received from 888 on acquisition to repay the Group's bonds that were settled in the period (2021: amounts owed to Caesars)

Customer deposits of £84.3m (28 December 2021: £94.1m) represents deposits received from customers and customer winnings. This is offset by an equivalent or greater amount of cash held, which is included in cash and cash equivalents (see note 19).

21. Provisions

Provisions comprise:

	Shop closure provisions £m	Other restructuring costs £m	Indirect tax provision £m	Legal and regulatory provisions £m	Total £m
As at 28 December 2021	7.1	–	46.9	18.8	72.8
Charged/(credited) to profit or loss					
Provisions released to profit or loss	-	-	(3.2)	(8.7)	(11.9)
Additional provisions recognised	1.4	1.3	15.5	96.2	114.4
Total charged to profit or loss	**1.4**	**1.3**	**12.3**	**87.5**	**102.5**
Provisions utilised	(2.9)	-	-	-	(2.9)
Effect of movement in foreign exchange	-	-	2.9	(0.3)	2.6
As at 27 December 2022	**5.6**	**1.3**	**62.1**	**106.0**	**175.0**

Shop closure provisions

The Group holds provisions relating to the associated costs of closure of 713 shops in 2019, 119 shops in 2020, and certain shops that ceased to trade as part of normal trading activities. At 27 December 2022, the whole of this provision is held within current liabilities.

Other restructuring costs

As a result of the acquisition by 888, the Group recognised certain provisions for staff severance.

Indirect tax provision

As part of the acquisition of Mr Green & Co AB in 2019, 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. The Group is in constructive discussions with the Austrian tax authority over the timing of settlement.

Legal and regulatory provisions

The Group has recorded a provision in respect of legal and regulatory matters, including customer claims, and updated it to reflect the Group's revised assessment of these risks in light of developments arising during 2022 such that this represents management's best estimate of probable cash outflows related to these matters.

The industry in which the Group operates is subject to continuing scrutiny by regulators and other governmental authorities, which may, in certain circumstances, lead to enforcement actions, sanctions, fines and penalties or the assertion of private litigations, claims and damages. Within this provision, there is a provision relating to a periodic compliance assessment undertaken by the UK Gambling Commission ("UKGC") in July and August 2021 of the Company's business. The Company has been subject to an ongoing licence review and has addressed certain action points raised by the UKGC in relation to its social responsibility and anti-money laundering obligations. The Group has agreed a regulatory settlement of £19.2m, including divestments of £0.7m. This provision is expected to be settled in 2023.

In common with other businesses in the gambling sector, the Group receives claims from consumers relating to the provision of gambling services. Claims have been received from consumers in a number of (principally European) jurisdictions and allege either failure to follow responsible gambling procedures, breach of licence conditions or that underlying contracts in question are null and void given local licencing regimes. The Group expenses consumer claims as they are resolved or finally determined in consumers' favour and provides for such claims where an outcome in favour of the consumers in question is probable. Within this provision, there is a provision for customer claims in Austria where the Business has been subject to a particular acceleration of claims since 2020 following marketing campaigns by litigation funders in that jurisdiction. Claims have continued to be received throughout 2021 and 2022 at a broadly consistent rate with a slight acceleration. Consumers who have obtained judgement against the Business's entities in the Austrian courts have sought to enforce those judgements in Malta and Gibraltar. These are being defended on the basis of a public policy argument.

21. Provisions (continued)

Since the acquisition by 888 the Group has aligned its strategy to the 888 legal strategy which has created a constructive obligation for the Group. The Group has therefore recognised a provision where there is a constructive obligation and probable outflow. It has disclosed a contingent liability where these criteria have not been met. As at 27 December 2022, the provision is estimated at £67.0m and the contingent liability is estimated at £13.5m (note 31).

The calculation of the customer claims liability includes provision for both legal fees and interest but is gross of gaming tax. Management have assessed that it is probable as opposed to virtually certain that the tax will be reclaimed and therefore a contingent asset of up to £22.0m has been disclosed for the tax reclaims, please refer to note 31 for further detail.

The timing and amount of the outflows is ultimately determined by the settlement reached with the relevant authority.

There has also been a similar uptick in claims in Germany, but to a much lesser extent. The current provision for Germany is £6.5m

22. Borrowings

	27 December 2022 £m	28 December 2021 £m
Borrowings at amortised cost		
Loan notes		
£350m 4.875% Senior Unsecured Notes due 2023	**–**	348.5
£350m 4.75% Senior Unsecured Notes due 2026	**10.5**	348.2
Total Borrowings	**10.5**	696.7
Less: Borrowings as due for settlement in 12 months	**–**	–
Total Borrowings as due for settlement after 12 months	**10.5**	696.7

Bank facilities

£425m Revolving Credit Facilities

Up until 22 April 2021, borrowings under the RCF were unsecured but guaranteed by William Hill Limited and certain of its operating subsidiaries.

Borrowings under the facilities incurred interest at LIBOR plus a margin of between 1.1% and 2.5%, were determined quarterly by the Group's consolidated net debt to EBITDA ratio as defined in the facility agreements. A utilisation fee was payable if more than a certain percentage of the facility is drawn. A commitment fee, equivalent to 40% of the margin, was also payable in respect of available but undrawn borrowings.

On 22 April 2021, the committed revolving credit facilities (RCF) of £425m (28 December 2021: £425m) provided by a syndicate of banks, expiring in November 2022 (£35m) and October 2023 (£390m) was cancelled as part of the acquisition of William Hill PLC by Caesars Entertainment Inc

Prior to the RCF being cancelled on 22 April 2021, the up-front participation and arrangement fees plus associated costs incurred in arranging the RCF were capitalised in the Statement of Financial Position and amortised on a straight-line basis over the life of the facilities. At the date of sale, the remaining unamortised fees were charged to the profit and loss as an exceptional cost, see note 3.

Subsequent to the Group's acquisition by 888, certain of the Group's subsidiaries have become guarantors to the parent companies bank facilities. At year end, £813.3m was drawn down on these loan facilities. Refer to the 888 group accounts for further details of the facilities.

Overdraft facility

At 27 December 2022, the Group had an overdraft facility with National Westminster Bank plc of £5.0m (28 December 2021: £5.0m). The balance on this facility at 27 December 2022 was £nil (28 December 2021: £nil).

Senior Unsecured Notes

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

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

In the prior year, the acquisition of William Hill by Caesars triggered a change in control and the exercise of a put option by a number of Noteholders (refer below). On 2 August 2021, Noteholders of £0.9m out of £350m 4.875% Senior Unsecured Notes due 2023 took the option to exercise. The cash purchase price was equal to 101 per cent of the principal amount together with the interest accrued. As a result, this reduced the £350m 4.875% Senior Unsecured Notes due 2023 to £349.1m at 28 December 2021.

As a result of the acquisition of William Hill by 888 in the current year, the remaining balance of the note was settled in full.

(ii) £350m Senior Unsecured Notes due 2026

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

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

NOTES TO THE GROUP FINANCIAL STATEMENTS

22. Borrowings (continued)

The acquisition of William Hill by 888 triggered a change in control and the exercise of a put option by a number of Noteholders (see below). On 22 September 2022, Noteholders of £339.5m out of £350.0m 4.75% Senior Unsecured Notes due 2026 took the option to exercise. As a result, this reduced the 4.75% Senior Unsecured Notes due 2026 to £10.5m at 28 December 2022. The cash purchase price of the notes was equal to 101 per cent of the principal amount together with the interest accrued.

The Group's £350m 4.75% Senior Unsecured Notes due 2026 are listed on the London Stock Exchange. The £350m 4.875% Senior Unsecured Notes due 2023 were listed on the London Stock Exchange prior to settlement

Weighted average interest rates

The weighted average interest rates paid, including commitment fees, were as follows:

	52 weeks ended 27 December 2022 %	52 weeks ended 29 December 2020 %
2026 notes	**4.8**	4.8
2023 notes	**4.9**	4.9

Net debt reconciliation

	At 28 December 2021 £m	Outflows £m	Inflows £m	Non-cash £m	At 27 December 2022 £m
2023 Senior Unsecured Notes	348.5	(349.1)	-	0.6	-
2026 Senior Unsecured Notes	348.2	(339.4)	-	1.7	10.5
Amounts due to group companies	5.7	-	773.3	(8.9)	770.1
	702.4	**(688.5)**	**773.3**	**(6.6)**	**780.6**

23. Financial risk management

The Group's activities expose it to a variety of financial risks. Financial risk management is primarily carried out by the 888 Group's Treasurer with reference to risk management policies approved by the Board and supervised by the Chief Financial Officer of 888. The Board approves written principles for risk management. The principal financial risks faced by the Group comprise liquidity risk, financing risk, credit risk and currency risk. These risks are managed as described below.

The main financial instruments used by the Group, on which financial risk arises, are as follows:

- Cash and cash equivalents;
- Trade and other receivables;
- Investment in associates
- Trade and other payables;
- Customer deposits;
- Lease liabilities;
- Borrowings;
- Derivative financial instruments.

Detailed analysis of these financial instruments is as follows:

	27 December 2022 £m	28 December 2021 £m (restated)
Fair value through Other Comprehensive Income		
Investments (note 14)	**–**	1.0
Amortised cost		
Investments in associates (note 13)	**11.0**	11.2
Cash and cash equivalents (note 19)	**160.4**	199.2
Trade and other receivables (note 18)	**114.4**	169.4
Loans receivable	**–**	1,836.8
Total financial assets	**285.8**	2,217.6
Non-financial assets	**975.0**	958.5
Total assets	**1,260.8**	3,176.1
Fair value through the Income Statement		
Ante post bets (note 24)	**(7.4)**	(8.8)
Liabilities at amortised cost		
Borrowings (note 22)	**(10.5)**	(696.7)
Amounts owed to group companies (note 20)	**(770.1)**	(5.7)
Trade and other payables (note 20)	**(116.1)**	(197.8)
Lease liabilities (note 17)	**(75.5)**	(95.1)
Customer deposits (note 20)	**(84.3)**	(94.1)
Total financial liabilities	**(1,063.9)**	(1,098.2)
Non-financial liabilities	**(340.8)**	(235.0)
Total liabilities	**(1,404.7)**	(1,333.2)
Net assets	**(143.9)**	1,842.9

23. Financial risk management (continued)

Capital management and financing risk

The Group manages its capital and risk as part of the wider 888 group, which seeks to maintain an appropriate capital structure which enables it to continue as a going concern, supports its business strategy and takes into account the wider economic environment. The wider 888 group's capital comprises equity and debt finance, and these elements are managed to balance the requirements of the Business and the interests of debt providers. The wider group manages its capital structure through cash flows from operations, the raising or repayment of debt and the raising of equity capital from investors.

Financing risk is the risk that the Group is unable to access sufficient finance to refinance its debt obligations as they fall due. The wider group manages this risk by maintaining a balance between different funding sources including equity and debt. It seeks to mitigate its debt financing risk by diversifying its sources of debt capital. The wider group's board also seeks to mitigate the refinancing risk by having an appropriately balanced debt maturity profile.

Credit risk

The Group is exposed to credit risk from counterparties defaulting on their obligations, resulting in financial loss to the Group. It arises in relation to transactions with commercial counterparties and financial institutions. It also arises from customers who have been granted access to credit facilities.

The Group manages its counterparty risk by closely monitoring and, where appropriate, limiting the amount that can be deposited or accumulated with any one counterparty. The Group will only deposit funds with pre-approved financial institutions with specified minimum credit ratings or strong balance sheet. The Group's policy is to mitigate its credit risk with respect to derivative transactions by using a number of different counterparties for material transactions.

Trade receivables

The Group's credit risk is primarily attributable to trade receivables, most of which are due from the Group's payment service providers (PSP). These are third party companies that facilitate deposits and withdrawals of funds to and from customers' virtual wallets with the Group. These are mainly intermediaries that transact on behalf of credit card companies.

The risk is that a PSP would fail to discharge its obligation with regard to the balance owed to the Group. The Group reduces this credit risk by:

- Monitoring balances with PSPs on a regular basis;
- Arranging for the shortest possible cash settlement intervals;
- Replacing rolling reserve requirements, where they exist, with a Letter of Credit by a reputable financial institution;
- Ensuring a new PSP is only contracted following various due diligence and "Know Your Customer" procedures; and
- Ensuring policies are in place to reduce dependency on any specific PSP and as a limit any concentration of risk.

The Group considers that based on the factors above and on extensive past experience, the PSP receivables are of good credit quality and there is a low level of potential bad debt.

An additional credit risk the Group faces relates to customers disputing charges made to their credit cards ("chargebacks") or any other funding method they have used in respect of the services provided by the Group. Customers may fail to fulfil their obligation to pay, which will result in funds not being collected. These chargebacks and uncollected deposits, when occurring, will be deducted at source by the PSPs from any amount due to the Group. As such the Group provides for these eventualities by way of an impairment provision based on analysis of past transactions. This provision is set off against trade receivables and at 31 December 2022 was £1.0m (2021: £1.1m).

The Group's in-house Fraud and Risk Management department carefully monitors deposits and withdrawals by following prevention and verification procedures using internally-developed bespoke systems integrated with commercially-available third party measures.

Cash and cash equivalents

The Group controls its cash position from its Gibraltar headquarters. Subsidiaries in its other main locations maintain minimal cash balances as required for their operations. Cash settlement proceeds from PSPs, as described above, are paid into bank accounts controlled by the Treasury function in Gibraltar.

The Group holds the majority of its funds with highly reputable financial institutions and will not hold funds with financial institutions with a low credit rating save for limited balances for specific operational needs. The Group maintains its cash reserves in highly liquid deposits and regularly monitors interest rates in order to maximise yield.

23. Financial risk management (continued)

Client funds

Client funds are matched by customer liabilities of an equal value.

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Restricted short-term deposits

Restricted short-term deposits are short-term deposits held by banks primarily to support guarantees in respect of regulated markets licence requirements and office leases.

The Group's maximum exposure to credit risk is the amount of financial assets presented above, totalling £215.0m (2021: £2,167.9m).

Liquidity risk

Liquidity risk is the risk that the Group has insufficient funds available to settle its liabilities as they fall due. The Group generates strong operating cash flows and aims to maintain sufficient cash balances to meet its anticipated working capital requirements based on regularly updated cash flow forecasts. Liquidity requirements that cannot be met from operational cash flow or existing cash resources would be satisfied by drawings under the Group's revolving credit facility and overdraft facility.

The following table details the contractual maturity analysis of the Group's financial liabilities (undiscounted payments):

	On demand £m	Less than 1 year £m	Between 1 and 5 years £m	More than 5 years £m	Total £m
27 December 2022					
Amounts owed to group companies	**770.1**	**-**	**-**	**-**	**770.1**
Trade and other payables	**-**	**197.8**	**-**	**-**	**197.8**
Customer deposits	**84.3**	**-**	**-**	**-**	**84.3**
Borrowings	**-**	**-**	**10.5**	**-**	**10.5**
Ante post bets	**7.4**	**-**	**-**	**-**	**7.4**
Lease liabilities	**-**	**25.1**	**46.9**	**6.7**	**78.7**
Total	**861.8**	**222.9**	**57.4**	**6.7**	**1,148.8**
28 December 2021 (restated)					
Amounts owed to group companies	5.7	-	-	-	5.7
Trade and other payables	-	116.4	-	-	116.1
Customer deposits	94.1	-	-	-	94.1
Borrowings	-	33.7	766.5	-	800.2
Ante post bets	8.8	-	-	-	8.8
Lease liabilities	-	31.7	62.5	12.1	106.3
Total	108.6	181.5	829.0	12.1	1,131.2

Market risk

Currency risk

The Group earns revenues in foreign currencies, primarily euros, which exposes it to foreign exchange risk. The Group mitigates this risk by incurring costs in currencies matching its revenues. Any remaining transactional foreign currency exposure is not considered to be material and is not hedged. Material individual foreign currency transaction exposures are considered for hedging on an ad hoc basis. As at 27 December 2022, the Group had no derivative contracts for currency hedging purposes (28 December 2021: £nil).

The Group's financial risk arising from exchange rate fluctuations is mainly attributed to:

- Mismatches between customer deposits, which are predominantly denominated in GBP, and the net receipts from customers, which are settled in the currency of the customer's choice.
- Mismatches between reported revenue, which is mainly generated in GBP (the Group's reporting currency and the functional currency of the majority of its subsidiaries), and a significant portion of deposits settled in local currencies.
- Expenses that are denominated in foreign currencies.

The Group is also exposed to foreign currency accounting translation risk on the earnings and net assets of its overseas operations which are denominated in foreign currencies. The Group does not hedge such translation risk.

NOTES TO THE GROUP FINANCIAL STATEMENTS

23. Financial risk management (continued)

The tables below detail the monetary assets and liabilities by currency:

	27 December 2022		
	EUR £m	Other £m	Total £m
Investments in associates	**-**	**11.0**	**11.0**
Cash and cash equivalents	**81.5**	**78.9**	**160.4**
Trade and other receivables	**9.5**	**104.9**	**114.4**
Monetary assets	**91.0**	**194.8**	**285.8**
Amounts owed to group companies	**-**	**(770.1)**	**(770.1)**
Trade and other payables	**(16.4)**	**(99.7)**	**(116.1)**
Customer deposits	**(29.9)**	**(54.4)**	**(84.3)**
Borrowings	**-**	**(10.5)**	**(10.5)**
Derivatives and embedded derivatives	**(1.1)**	**(6.3)**	**(7.4)**
Lease liabilities	**(7.5)**	**(68.0)**	**(75.5)**
Monetary liabilities	**(54.9)**	**(1,009.0)**	**(1,063.9)**
Net financial position	**36.1**	**(814.2)**	**(778.1)**

	28 December 2021 (restated)		
	EUR £m	Other £m	Total £m
Investments	-	1.0	1.0
Investments in associates	-	11.2	11.2
Cash and cash equivalents	80.8	118.4	199.2
Trade and other receivables	11.5	157.9	169.4
Loans receivable	-	1,836.8	1,836.8
Monetary assets	92.3	2,125.3	2,217.6
Amounts owed to group companies	-	(5.7)	(5.7)
Trade and other payables	(35.2)	(162.6)	(197.8)
Customer deposits	(29.5)	(64.6)	(94.1)
Borrowings	-	(696.7)	(696.7)
Derivatives and embedded derivatives	(1.4)	(7.4)	(8.8)
Lease liabilities	(7.5)	(87.6)	(95.1)
Monetary liabilities	(73.6)	(1,024.6)	(1,098.2)
Net financial position	18.7	1,100.7	1,119.4

Sensitivity analysis

The table below details the effect on profit before tax of a 10% strengthening (and weakening) in the GBP exchange rate at the balance sheet date for balance sheet items denominated in Euros:

	£m
10% strengthening	**28.9**
10% weakening	**(28.9)**

Interest rate risk

The Group's exposure to interest rate risk is limited to the interest-bearing deposits in which the Group invests surplus funds.

The Group's policy is to invest surplus funds in low-risk money market funds and in interest bearing bank accounts. The Group arranges for excess funds to be placed in these interest-bearing accounts with its principal bankers in order to maximise availability of funds for investments.

A 100 basis point change in interest rates would have an immaterial impact on the Group financial statements.

24. Financial instruments

Fair value hierarchy

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

	27 December 2022				28 December 2021			
	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								
GLHF Group AB shares (note 14)	–	–	–	–	1.0	–	–	1.0
Ante post bet liabilities	–	–	(7.4)	(7.4)	–	–	(8.8)	(8.8)
Total	–	–	(7.4)	(7.4)	1.0	–	(8.8)	(7.8)

The Group holds no other investments in unquoted shares (28 December 2021: £nil).

Ante post bets

Ante post bets are a liability arising from an open position at the period end date in accordance with the Group's accounting policy for derivative financial instruments. Ante post bets at the period end totalled £7.4m (28 December 2021: £8.8m) and are classified as current liabilities.

Ante post bet liabilities are valued using methods and inputs that are not based upon observable market data and all fair value movements are recognised in revenue in the Income Statement. Although the final value will be determined by future betting outcomes, there are no reasonably possible changes to assumptions or inputs that would lead to material changes in the fair value determined. The principal assumptions relate to the Group's historic gross win margins by betting markets and segments. Although these margins vary across markets and segments, they are expected to stay broadly consistent over time, only varying in the short term. The gross win margins are reviewed annually at period end. As at 27 December 2022, the gross win margins ranged from 2%-25%.

A reconciliation of movements in the ante post bets liability in the year is provided in the table below.

	Ante post bet liabilities £m	Total £m
At 28 December 2021	(8.8)	(8.8)
Total profits/(losses):		
To profit or loss	1.4	1.4
At 27 December 2022	(7.4)	(7.4)

25. Deferred tax

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Group's deferred tax assets and liabilities resulting from temporary differences, some of which are expected to be settled on a net basis, are as follows:

	28 December 2021 £m	Prior year adjustments £m	Exchange difference £m	Credit/(charge) to income £m	Exceptional credit/(charge) to income £m	**At 27 December 2022 £m**
Fixed asset timing differences	13.9	3.5	0.1	(15.6)	3.5	**5.4**
Intangible assets	(50.1)	(21.7)	0.4	4.4	3.4	**(63.6)**
Other temporary differences	(0.5)	(1.2)	0.4	(2.2)	22.2	**18.7**
Restricted interest	6.4	13.2	-	(5.2)	-	**14.4**
Tax credits	12.4	(12.4)	-	-	-	**-**
Tax losses	0.1	-	(0.1)	3.2	0.7	**3.9**
Total	**(17.8)**	**(18.6)**	**0.8**	**(15.4)**	**29.8**	**(21.2)**

	27 December 2022 £m	28 December 2021 £m
Reflected in the statement of financial position as follows:		
Deferred tax liabilities	**(21.2)**	(32.7)
Deferred tax assets	**-**	14.9
	(21.2)	(17.8)

Tax rates

The enacted future rate of UK corporation tax of 25.0% (28 December 2021: 25.0%), the Gibraltar statutory income tax rate of 12.5% (28 December 2021: 12.5%) and the Maltese effective tax rate of 35.0% (28 December 2021: 5%) have been used to calculate the amount of deferred tax.

Tax losses

The group has a deferred tax asset of £3.9m (28 December 2021: £0m) in respect of unutilised tax losses which are available in companies which are anticipated to make future profits. The Group has unutilised tax losses of £23.2m (28 December 2021: £50.8m) which would result in a deferred tax asset of £7.8m (28 December 2021: £16.6m) in entities which are not anticipated to make profits in the foreseeable future and for which no deferred tax has been recognised.

The losses in Gibraltar arising in 2022 of £3.9m are due to a temporary tax incentive for capital expenditure in Gibraltar and the Group's operations in Gibraltar remain profitable in the absence of this adjustment and show forecast accounting and taxable profits for 2023 and future periods. 2022 is the last year in which the temporary tax incentive is expected to apply.

All losses and tax credits, recognised and unrecognised, may be carried forward indefinitely.

Management have based their assessment of the recognition of deferred tax assets on unused tax losses of £23.2m (28 December 2021: £50.8m) at the period end on the forecast also used for the impairment review.

Restricted interest

Restricted interest represents a deferred tax asset of £16.5m (28 December 2021: £6.4m) in relation to interest restrictions for which an asset has been recognised to the extent that sufficient taxable temporary differences exist at the balance sheet date.

Other temporary differences

Certain deferred tax assets and liabilities have been offset in the above analysis. The deferred tax asset for other temporary differences of £14.9m includes deferred tax liabilities of £1.7m offset by deferred tax assets in other jurisdictions of £16.6m.

Included within other temporary differences is a liability of £1.9m (28 December 2021: £0m) which has been recognised in respect of taxes that will be due on a repatriation of funds from the Group's overseas operations.

Unrecognised deferred tax attributes

The Group has unutilised tax losses of £23.2m (28 December 2021: £50.8m) in entities which are not anticipated to make profits in the foreseeable future and for which no deferred tax has been recognised. The amount of deferred tax not recognised is £7.8m (28 December 2021: £4.3m).

26. Called-up share capital

	27 December 2022		28 December 2021	
	Number of shares	£m	Number of shares	£m
Called-up, authorised, allotted and fully paid – ordinary shares of 10p each:				
At start and end of period	**1,075,598,163**	**107.5**	1,075,598,163	107.5

27. Own shares

	£m
At 27 December 2022 and 28 December 2021	(51.3)

Own shares held comprise of

	27 December 2022			28 December 2021		
	Number of shares	Nominal value £m	Cost £m	Number of shares	Nominal value £m	Cost £m
Treasury shares	**15,004,720**	**1.5**	**51.3**	15,004,720	1.5	51.3

The shares held in treasury were purchased at a weighted average price of £3.42 (28 December 2021: £3.42).

28. Share-based payments

During the current period and as a result of the acquisition by 888, senior employees of the William Hill Group received £0.9m (28 December 2021: £1.1m) of share based payments, which has been charged to the Consolidated Income Statement in the period.

The Group had the following equity settled share-based payment schemes in operation during the prior period, however none of which are still in existence as at 27 December 2022:

- Performance Share Plan (PSP), Executive Bonus Matching Scheme (EBMS), Restricted Share Plan (RSP) and Retention Awards (RA), encompassing awards made in the years from 2015 to 2020; and
- Save As You Earn (SAYE) share option schemes encompassing grants made in the years from 2015 to 2020.

29. Retirement benefit schemes

The Group operates a number of defined contribution and defined benefit pension schemes. The UK schemes are operated under a single trust and the assets of all the schemes are held separately from those of the Group in funds under the control of trustees.

The respective costs of these schemes are as follows:

	52 weeks ended 27 December 2022 £m	52 weeks ended 28 December 2021 £m
Defined contribution schemes (charged to profit before interest and tax)	**8.5**	8.3
Defined benefit scheme (charged to profit before interest and tax)	**2.8**	2.8
Defined benefit scheme (credited to investment income)	**-**	(0.6)
Defined benefit scheme (charged to other comprehensive income)[1]	**-**	54.9
	11.3	65.4

1. During the period ended 28 December 2021, the charge to other comprehensive income included £59.5m in respect of the Defined Benefit pension scheme buy-in.

Defined contribution schemes

The defined contribution schemes, to which both the Group and employees contribute to fund the benefits, are available for all eligible employees. The only obligation of the Group with respect to these schemes is to make the specified contributions.

The total cost charged to income in respect of these schemes represents contributions payable to the schemes by the Group at rates specified in the rules of the respective schemes. At 27 December 2022, contributions of £nil (28 December 2021: £nil) due in respect of the current reporting period were outstanding to be paid over to the schemes.

29. Retirement benefit schemes (continued)

Defined benefit scheme

The Group also operates a defined benefit scheme in the UK for eligible employees which closed to new members in 2002. Under the scheme, employees are entitled to retirement benefits varying between 1.67% and 3.33% of final pensionable pay for each year of service on attainment of a retirement age of 63. With effect from 1 April 2011, the defined benefit scheme was closed to future accrual but maintains the link for benefits accrued up to 31 March 2011 with future salary increases (up to a maximum of 5% per annum). Employed members of this scheme were automatically transferred into one of the defined contribution schemes. The costs of administering the scheme are borne by the Group.

For the purposes of preparing the information disclosed in these accounts, a full actuarial valuation of the scheme was carried out at 30 September 2019 and updated to 27 December 2022 by a qualified independent actuary. The present values of the defined benefit obligation and the related current service cost were measured using the projected unit credit method and by rolling forward the results of the 30 September 2019 technical provisions using actuarial techniques, allowing for cash flows and interest over the period, differences between the assumptions used to set the technical provisions and those selected for accounting under IAS 19, experience from making an allowance for actual deferred revaluation and pension increases in payment over the period and the PIE exercise carried out in 2019.

Pension buy-in

During the period ended 28 December 2021, the Group agreed a buy-in of the scheme's liabilities. On 28 June 2021, a transaction was completed which insured the liabilities of the scheme with Rothesay Life. As a result of the transaction, the scheme holds annuities with Rothesay Life which are qualifying insurance policies as defined in IAS 19.8 'Employee benefits'. The income from these policies exactly matches the amount and timing of all benefits to those members covered under the policies. As with other bulk annuity purchases the Scheme has carried out, the change has been treated as a change in investment strategy. Consequently, the Defined Benefit surplus held by the Group at the date of the transaction was written off as part of the actuarial loss in Other Comprehensive Income.

At the period end date, the estimated Defined Benefit Obligation ('DBO') for all insured members was £255.4m. The value of the buy-in policies was determined to be £254.2m, as the effects of GMP equalisation was not included in the contract value of the buy-in insurance policy. As a result, £1.2m is recognised in the Statement of Financial Position as a non-current liability.

Funding valuation

The general principles adopted by the Trustees for the purposes of this funding valuation are that the assumptions used, taken as a whole, will be sufficiently prudent for pensions already in payment to continue to be paid and to reflect the commitments which will arise from members' accrued pension rights. The Group agreed to pay £1.9m per annum in respect of the costs of insured death benefits, expenses and levies until September 2025.

The Group has the right to a refund of any surplus on wind up of the scheme.

In April 2018, the Trustees of the William Hill pension scheme signed a buy-in bulk annuity policy. The policy was taken out to insure a proportion of the defined benefit pension scheme obligation against the risk of rising costs in the future. As a result of the buy-in transaction in the period, the entire scheme obligations are now insured.

Disclosure of principal assumptions

The financial assumptions used by the actuary in determining the present value of the defined benefit scheme's liabilities were:

	27 December 2022	28 December 2021
Rate of increase of salaries	**n/a**	2.0%
Rate of increase of pensions (non-pensioner)	**3.0%**	3.1%
Rate of increase of pensions (pensioner)	**3.3%**	3.5%
Discount rate	**4.7%**	1.9%
Rate of RPI inflation (non-pensioner)	**3.1%**	3.2%
Rate of RPI inflation (pensioner)	**3.4%**	3.7%
Rate of CPI inflation	**2.5%**	3.1%

In accordance with the relevant accounting standard, the discount rate has been determined by reference to market yields at the period end date on high-quality fixed income investments at a term consistent with the expected duration of the liabilities. Price inflation is determined by the difference between the yields on fixed and index-linked Government bonds with an adjustment to allow for differences in the demand for these bonds, which can distort this figure. The expected rate of salary growth and pension increases are set with reference to the expected rate of inflation. No change has been made to the basis of inflation applied to pension increases in the scheme.

29. Retirement benefit schemes (continued)

The mortality assumption is kept under review and has been updated. The current life expectancies for a member underlying the value of the accrued liabilities are:

Life expectancy at age 65	27 December 2022 years	28 December 2021 years
Male retiring now	**21.9**	21.9
Male retiring in 25 years' time	**23.6**	23.6
Female retiring now	**23.9**	23.8
Female retiring in 25 years' time	**25.8**	25.7

The assets in the scheme are set out in the table below. Assets with quoted prices in an active market are identified separately.

	27 December 2022 £m	28 December 2021 £m
Total market value of assets	**254.2**	389.3
Present value of scheme liabilities	**(255.4)**	(388.0)
(Deficit)/surplus in scheme	**(1.2)**	1.3
Additional liability due to IFRIC14 – Effect of the Asset Ceiling	**–**	(1.3)
Deficit in scheme at end of year	**(1.2)**	–

Analysis of the amount charged/(credited) to adjusted profit before interest and tax:

	52 weeks ended 27 December 2022 £m	52 weeks ended 28 December 2021 £m
Current service cost	**0.9**	0.9
Past service cost – scheme amendments	**–**	–
Administration expenses	**1.7**	1.9
Total operating charge	**2.6**	2.8

Analysis of the amounts recognised in the Consolidated Statement of Comprehensive Income:

	52 weeks ended 27 December 2022 £m	52 weeks ended 28 December 2021 £m
Actual return less expected return on pension scheme assets	**130.2**	66.7
Actuarial gain on demographic assumptions	**(0.8)**	–
Actuarial loss on experience adjustment	**5.3**	–
Actuarial gain/(loss) arising from changes in financial assumptions	**(132.9)**	(11.8)
Change in the asset ceiling excluding interest	**(1.3)**	–
Actuarial remeasurements	**0.5**	54.9

Movements in the present value of defined benefit obligations in the period were as follows:

	52 weeks ended 27 December 2022 £m	52 weeks ended 28 December 2021 £m
At beginning of period	**388.0**	413.1
Movement in period:		
Service cost	**0.9**	0.9
Interest cost	**9.0**	5.3
Remeasurements – changes in financial assumptions	**(132.9)**	(13.1)
Remeasurements – changes in demographic assumptions	**(0.8)**	–
Remeasurements – experience adjustments	**5.3**	–
Benefits paid	**(13.2)**	(17.3)
Insurance premium for risk benefits	**(0.9)**	(0.9)
At end of period	**255.4**	388.0

29. Retirement benefit schemes (continued)

Movements in the present value of fair value of scheme assets in the period were as follows:

	52 weeks ended 27 December 2022 £m	52 weeks ended 28 December 2021 £m
At beginning of period	**389.3**	462.3
Movement in period:		
Interest income on plan assets	**9.0**	5.9
Remeasurements – return on plan assets (excluding interest income)	**(130.2)**	(66.7)
Contributions from sponsoring companies	**1.9**	7.9
Administration expenses charged to profit before interest and tax	**(1.7)**	(1.9)
Benefits paid	**(13.2)**	(17.3)
Insurance premium for risk benefits	**(0.9)**	(0.9)
At end of period	**254.2**	389.3

Sensitivity analysis of the principal assumptions used to measure scheme liabilities

The sensitivity of the present value of the scheme's liabilities to changes in the principal assumptions used to measure these liabilities is illustrated in the table that follows. The illustrations consider the single change shown, with the other assumptions assumed to be unchanged. In practice, changes in one assumption may be accompanied by offsetting changes in another assumption (although this is not always the case). In addition, changes in the assumptions may occur at the same time as changes in the market value of the scheme assets, which may or may not offset the change in assumptions.

Assumption	Changes in assumption	Impact on defined benefit obligation
Discount rate	Decrease by 0.25% p.a.	Increase by £9.0m
Discount rate	Increase by 0.25% p.a.	Decrease by £9.0m
Rate of increase in inflation	Increase by 0.25% p.a.	Increase by £6.0m
Rate of increase in inflation	Decrease by 0.25% p.a.	Decrease by £7.0m
Life expectancy	Members assumed to live one year longer	Increase by £10.0m

The sensitivity to price inflation includes the corresponding impact on CPI, revaluation in deferment and pension increases in payment. It does not include any adjustments to future salary increases.

Nature and extent of the risks arising from financial instruments held by the defined benefit scheme

Through the scheme, following the buy-in, the main risk that the Group has is counterparty risk, with the Insurance company backing the majority of the policies with the exception GMP equalisation which is not included in the contract value of the buy-in insurance policy.

At the year-end date, the estimated Defined Benefit Obligation ('DBO') for all insured members was £255.4m. The value of the buy-in policies was determined to be £254.2m.

Funding

Alongside the risk assessment above, on 30 September 2020, the Group agreed an ongoing funding requirement with the Trustees which expires on 30 September 2025 .

The weighted average duration of the scheme's defined benefit obligation as at 27 December 2022 is 15 years (28 December 2021: 18 years)

The undiscounted maturity profile of the defined benefit obligation between one and ten years is shown below:

	27 December 2022 £m	28 December 2021 £m
Less than one year	**12.7**	12.5
Between one and two years	**13.4**	13.0
Between two and five years	**45.7**	43.5
Between five and ten years	**71.7**	67.0

No allowance is made for commutation lump sums or individual transfers out due to the fluctuating nature of these payments.

30. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates are disclosed below.

Trading transactions

Associates

During the period, the Group made purchases of £36.6m (52 weeks ended 28 December 2021: £37.8m) from Sports Information Services Limited, a subsidiary of the Group's associated undertaking, Sports Information Services (Holdings) Limited. At 27 December 2022, the amount payable to Sports Information Services Limited by the Group was £nil (28 December 2021: £0.4m).

Loans Receivable

At 28 December 2021, the Group held an arms-length loan receivable of £1,819.4m from other companies within the Caesars Group, related parties sitting outside of this Group, which incurred interest at a rate of SONIA plus 3.5%. During the period, and prior to the acquisition by 888, this loan and associated interest was extinguished entirely via a structured step plan. As part of the step plan, on 29th June 2022, the Company paid a dividend in specie of £2,119.9m to its parent, 888 Cayman Finance Limited (formerly Caesars Cayman Finance Limited). On the same day, the Company released its parent of a £44.7m loan note, classed as a dividend in specie.

During the period, 888 Holdings PLC loaned an amount of £773.3m to the Company as an interest free loan. The amounts were used to repay the bonds settled in the period. As at 27th December 2022, the total amount outstanding by the Company to 888 Holdings PLC is £770.1m.

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'.

	52 weeks ended 27 December 2022 £m	52 weeks ended 28 December 2021 £m
Short-term employee benefits (including salaries)	**7.4**	4.6
Post-employment benefits (employer's contribution)	**0.0**	0.0
Share-based payments (IFRS 2 charges)	**0.0**	4.2
	7.4	8.8

The disclosures above include £nil received by Directors in respect of dividends on the Company's ordinary shares (52 weeks ended 28 December 2021: £nil). The highest paid Director in the reporting period received £4.9m in emoluments (2021: £1,250,207).

The values presented above include share-based payments measured in accordance with IFRS 2.

Pension schemes

The pension schemes of the Group are related parties. Arrangements between the Group and its pension schemes are disclosed in note 29.

31. Contingent assets and liabilities

Legal claims

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

The Business has been subject to a particular acceleration of claims in Austria since 2020 following marketing campaigns by litigation funders in that jurisdiction. Claims have continued to be received throughout 2021 and 2022 at a broadly consistent rate with a slight acceleration across 2021 and 2022. Consumers who have obtained judgement against the Business' entities in the Austrian courts have sought to enforce those judgements in Malta and Gibraltar. These are being defended on the basis of a public policy argument.

Since the acquisition by 888 the Group has aligned its strategy to the 888 legal strategy which has created a constructive obligation for the Group. The Group has therefore recognised a provision where there is a constructive obligation and probable outflow. It has disclosed a contingent liability where these criteria have not been met. As at 31 December 2022, the provision is estimated at £67.0m and the contingent liability is estimated at £13.5m.

The calculation of the customer claims liability includes provision for interest but is gross of gaming tax. Management have assessed that it is probable as opposed to virtually certain that the tax will be reclaimed and therefore a contingent asset has been disclosed for the tax reclaims. The contingent asset relating to the tax reclaim on the total liability (both provided for and disclosed as a contingent liability) is a range in value of up to £22.0m.

32. Events after the reporting period

On 13 June 2023, the Group completed the sale of its Latvia business to Paf Consulting Abp for a price of £24.6m, including £3.7m contingent consideration payable in 2024, contingent on certain financial metrics. The sale price is higher than the asset value disposed.

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

as at 27 December 2022

	Notes	**28 December 2022 £m**	28 December 2021 £m
Non-current assets:			
Investments	4	**1,313.6**	1,304.8
Current assets:			
Trade and other receivables	5	**928.3**	1,380.5
Cash		**8.6**	1.9
Total assets		**2,250.5**	2,687.2
Current liabilities:			
Trade and other payables	6	**(1,050.0)**	(339.1)
Non-current liabilities:			
Borrowings	7	**(10.5)**	(696.7)
Total liabilities		**(1,060.5)**	(1,035.8)
Net assets		**1,190.0**	1,651.4
Equity			
Called-up share capital	8	**107.5**	107.5
Share premium account	9	**716.6**	716.6
Capital redemption reserve		**6.8**	6.8
Merger reserve		**194.4**	194.4
Own shares held	10	**(51.3)**	(51.3)
Retained earnings		**216.0**	677.4
Total equity		**1,190.0**	1,651.4

The Company's profit for the period was £1,703.2m (52 weeks ended 28 December 2021: £185.4m profit).

Included within profit for the period was a £29.5m foreign exchange gain on loans held in foreign currencies with subsidiaries within the 888 Holdings PLC Group.

The Parent Company financial statements of William Hill Limited, registered number 4212563, were approved by the Board of Directors and authorised for issue on 30 June 2023 and are signed on its behalf by:

P V N Le Grice
Director

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

for the 52 weeks ended 27 December 2022

	Called-up share capital £m	Share premium account £m	Capital redemption reserve £m	Merger reserve £m	Own shares held £m	Retained earnings £m	Total equity £m
At 28 December 2021	107.5	716.6	6.8	194.4	(51.3)	677.4	1,651.4
Profit for the financial period	–	–	–	–	–	1,703.2	1,703.2
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**1,703.2**	**1,703.2**
Dividends paid (note 3)	–	–	–	–	–	(2,164.6)	(2,164.6)
At 27 December 2022	**107.5**	**716.6**	**6.8**	**194.4**	**(51.3)**	**216.0**	**1,190.0**

	Called-up share capital £m	Share premium account £m	Capital redemption reserve £m	Merger reserve £m	Own shares held £m	Retained earnings £m	Total equity £m
At 29 December 2020	107.5	716.6	6.8	194.4	(83.9)	794.3	1,735.7
Profit for the financial period	–	–	–	–	–	185.4	185.4
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**185.4**	**185.4**
Purchase and issue of own shares (note 10)	–	–	–	–	(0.8)	–	(0.8)
Transfer of own shares to recipients (note 10)	–	–	–	–	33.4	(27.3)	6.1
Equity placing (note 8)	–	–	–	–	–	(275.0)	(275.0)
At 28 December 2021	**107.5**	**716.6**	**6.8**	**194.4**	**(51.3)**	**677.4**	**1,651.4**

PARENT COMPANY STATEMENT OF ACCOUNTING POLICIES

Significant accounting policies

Basis of preparation

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100, and as such, these financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by section 408 of the Companies Act 2006, the Income Statement of the Company has not been presented.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, business combinations, presentation of a cash flow statement, standards not yet effective and related party transactions. Where required, equivalent disclosures are given in the consolidated financial statements.

The principal accounting policies adopted are set out below.

Investments

Non-current asset investments are shown at cost less any accumulated impairment losses.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other periods, and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the period end date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each period end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the period end date. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the date of the transaction or at an average rate. Monetary assets and liabilities denominated in foreign currencies at the period end date are reported at the rates ruling at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the Income Statement.

Finance costs

Finance costs and income arising on interest-bearing financial instruments carried at amortised cost are recognised in the Income Statement using the effective interest rate method. Finance costs include the amortisation of fees that are an integral part of the effective finance cost of a financial instrument, including issue costs, and the amortisation of any other differences between the amount initially recognised and the redemption price.

Interest-bearing borrowings

Interest-bearing borrowings are recorded at the fair value of the proceeds received, net of discounts and direct issue costs. Finance charges, including the unwinding of any discounts, premiums payable on settlement or redemption and direct issue costs, are charged on an accrual basis to the Income Statement using the effective interest method. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost. Any accrued finance costs are included in borrowings.

Own shares held

Own shares held in treasury and held in employment benefit trusts are included within equity.

PARENT COMPANY STATEMENT OF ACCOUNTING POLICIES CONTINUED

Significant accounting policies (continued)

Share-based payments

The Company issued equity-settled share-based payments to certain employees within the Group and operated a number of HMRC-approved Save As You Earn (SAYE) share option schemes which were open to all eligible employees within the Group, which allowed the purchase of shares at a discount. The cost to the Company of both of these types of share-based payments was measured at fair value at the date of grant. Fair value is expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and is borne by the employing Company within the Group.

On completion of the transaction with Caesars, all schemes were modified at the point of the change of control at which point there was an acceleration of the remaining charges.

Further descriptions of the Group's share-based payment plans are given in note 28 to the Group financial statements.

Critical accounting estimates and judgements – impairment testing of investments in and amounts due from subsidiaries

The Company's investments in and amounts due from subsidiaries have been tested for impairment by comparison against the underlying value of the subsidiaries' assets.

Going concern

Details of the Company's going concern assessment are described in the Group financial statements on page 25.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1. Directors' remuneration and interests

The Company had no employees other than Directors during the current or prior period. The Company did not operate any pension schemes during the current or prior period. Directors' remuneration, which form part of these financial statements, is included in note 30 to the Group financial statements.

2. Income statement disclosures

As permitted by section 408 of the Companies Act 2006, the Company has elected not to present its own Income Statement for the year.

The audit fee for the Company and the consolidated financial statements is disclosed in note 5 to the Group financial statements. Fees payable to Ernst & Young LLP and Deloitte LLP and their associates for audit and non-audit services to the Company are not required to be disclosed because the Group financial statements disclose such fees on a consolidated basis.

3. Dividends proposed and paid

On the 29 June 2022, the Company paid a dividend in specie of £2,119.9m to its parent, 888 Cayman Finance Limited (formerly Caesars Cayman Finance Limited). On the same day, the Company released its parent of a £44.7m loan note, classed as a dividend in specie.

During the prior period, post-acquisition by Caesars, the Company paid a cash dividend of £275.0m to 888 Cayman Finance Limited (Formerly Caesars Finance Limited). No dividends were proposed or paid in the comparative period.

4. Investments

	£m
Cost and net book value at 29 December 2020	1,323.7
Sale of subsidiary undertakings	(18.9)
Cost and net book value at 28 December 2021	1,304.8
Investment in subsidiary undertakings	8.8
At 27 December 2022	**1,313.6**

During the period, additions comprised of a £4.5m capital contribution to the Company's subsidiary, Mr Green & Co. AB; an investment of £3.5m in Live 5 Limited.; and an investment of £0.8m in Nimverge Tech India Private Limited.

During the period, the Company received dividends of £1,692.4m from its subsidiary, William Hill Holdings Limited.

In the previous reporting period, the Company disposed of its investment in WHUS TechCo to Caesars UK Holdings Limited (UK), a wholly owned subsidiary of the Caesars group.

It is the opinion of the Directors that the total value of the Company's investment in its subsidiaries is not less than the amounts at which they are stated in the Parent Company Statement of Financial Position.

All subsidiaries of the Company, their country of incorporation and ownership of their share capital are shown in the appendix to the Group financial statements.

5. Trade and other receivables

	27 December 2022 £m	28 December 2021 £m
Amounts owed by Group undertakings	**928.3**	1,380.5

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

In general, amounts due to/from William Hill Limited Group undertakings arise from normal trading activities, including financing activities, between the Company and fellow William Hill Limited Group companies and are repayable on demand. Interest arising on certain intercompany balances is calculated using LIBOR plus 100 basis points.

6. Trade and other payables

	27 December 2022 £m	28 December 2021 £m
Amounts owed to Group undertakings	**1,049.9**	331.3
Accruals and deferred income	**0.1**	7.8
	1,050.0	339.1

The Directors consider that the carrying amount of trade payables approximates their fair value.

In general, amounts due to/from William Hill Limited Group undertakings arise from normal trading activities, including financing activities, between the Company and fellow William Hill Limited Group companies and are repayable on demand. Interest arising on certain intercompany balances is calculated using LIBOR plus 100 basis points.

7. Borrowings

	27 December 2022 £m	28 December 2021 £m
Borrowings at amortised cost		
£350m 4.875% Senior Unsecured Notes due 2023	-	349.1
Less: expenses relating to £350m 4.875% Senior Unsecured Notes due 2023	-	(0.6)
£350m 4.75% Senior Unsecured Notes due 2026	10.5	350.0
Less: expenses relating to £350m 4.75% Senior Unsecured Notes due 2026	-	(1.8)
Total Borrowings	10.5	696.7
Less: Borrowings as due for settlement in 12 months	-	–
Total Borrowings as due for settlement after 12 months	10.5	696.7
The gross borrowings are repayable as follows:		
Amounts due for settlement within one year	-	–
In the second year	-	349.1
In the third to fifth years inclusive	10.5	350.0
After more than five years	-	–
	10.5	699.1

Bank facilities

At 27 December 2022, the Company had the following bank facilities:

£425m Revolving Credit Facilities

Up until 22 April 2021, borrowings under the RCF were unsecured but guaranteed by the Company and certain of its operating subsidiaries.

Borrowings under the facilities incurred interest at LIBOR plus a margin of between 1.1% and 2.5%, were determined quarterly by the Group's consolidated net debt to EBITDA ratio as defined in the facility agreements. A utilisation fee was payable if more than a certain percentage of the facility is drawn. A commitment fee, equivalent to 40% of the margin, was also payable in respect of available but undrawn borrowings.

On 22 April 2021, the committed revolving credit facilities (RCF) of £425m (28 December 2021: £425m) provided by a syndicate of banks, expiring in November 2022 (£35m) and October 2023 (£390m) was cancelled as part of the acquisition of the Company by Caesars Entertainment Inc

Prior to the RCF being cancelled on 22 April 2021, the up-front participation and arrangement fees plus associated costs incurred in arranging the RCF were capitalised in the Statement of Financial Position and amortised on a straight-line basis over the life of the facilities. At the date of sale, the remaining unamortised fees were charged to the profit and loss as an exceptional cost

Overdraft facility

At 27 December 2022, the Company had an overdraft facility with National Westminster Bank plc of £5.0m (28 December 2021: £5.0m). The balance on this facility at 27 December 2022 was £nil (28 December 2021: £nil).

Senior Unsecured Notes

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

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

In the prior year, the acquisition of William Hill by Caesars triggered a change in control and the exercise of a put option by a number of Noteholders (refer below). On 2 August 2021, Noteholders of £0.9m out of £350m 4.875% Senior Unsecured Notes due 2023 took the option to exercise. The cash purchase price was equal to 101 per cent of the principal amount together with the interest accrued. As a result, this reduced the £350m 4.875% Senior Unsecured Notes due 2023 to £349.1m at 28 December 2021.

As a result of the acquisition of William Hill by 888 in the current year, the remaining balance of the note was settled in full.

(ii) £350m Senior Unsecured Notes due 2026

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

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

The acquisition of William Hill by 888 triggered a change in control and the exercise of a put option by a number of Noteholders (see below). On 22 September 2022, Noteholders of £339.5m out of £350.0m 4.75% Senior Unsecured Notes due 2026 took the option to exercise. As a result, this reduced the 4.75% Senior Unsecured Notes due 2026 to £10.5m at 28 December 2022. The cash purchase price of the notes was equal to 101 per cent of the principal amount together with the interest accrued.

The Group's £350m 4.75% Senior Unsecured Notes due 2026 are listed on the London Stock Exchange. The £350m 4,875% Senior Unsecured Notes due 2023 were listed on the London Stock Exchange prior to settlement.

7. Borrowings (continued)

Weighted average interest rates

The weighted average interest rates paid, including commitment fees, were as follows:

	52 weeks ended 27 December 2022 %	52 weeks ended 29 December 2021 %
2026 notes	**4.8**	4.8
2023 notes	**4.9**	4.9

Net debt reconciliation

	At 28 December 2021 £m	Outflows £m	Non-cash £m	At 27 December 2022 £m
2023 Senior Unsecured Notes	348.5	(349.1)	0.6	-
2026 Senior Unsecured Notes	348.2	(339.4)	1.7	10.5
	696.7	**(688.5)**	**2.3**	**10.5**

Further details of borrowings are shown in note 22 to the Group financial statements.

8. Called-up share capital

	27 December 2022		28 December 2021	
	Number of shares	£m	Number of shares	£m
Called-up, authorised, allotted and fully paid – ordinary shares of 10p each:				
At start and end of period	**1,075,598,163**	**107.5**	1,075,598,163	107.5

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

9. Share premium

	27 December 2022 £m	28 December 2021 £m
At start and end of period	**716.6**	716.6

10. Own shares

	£m
At 27 December 2022 and 28 December 2021	(51.3)

Own shares held comprise:

	27 December 2022			28 December 2021		
	Number of shares	Nominal value £m	Cost £m	Number of shares	Nominal value £m	Cost £m
Treasury shares	**15,004,720**	**1.5**	**51.3**	15,004,720	1.5	51.3
	15,004,720	**1.5**	**51.3**	15,004,720	1.5	51.3

The shares held in treasury were purchased at a weighted average price of £3.42 (28 December 2021: £3.42).

11. Financial commitments

The Company had no capital commitments at 27 December 2022 (28 December 2021: £nil).

The Company had no commitments under non-cancellable operating leases at 27 December 2022 (28 December 2021: £nil).

Note 12. Subsidiaries and other related undertakings

The following UK subsidiaries will take advantage of the audit exemption set out within section 479A of the Companies Act 2006 for the period ended 27 December 2022. Unless otherwise stated, the undertakings listed below are 100% owned, either directly or indirectly, by William Hill Limited.

Name of subsidiary and other related undertakings	Company No.
Arena Racing Limited	02933005
Bradlow Limited	00679671
Brooke Bookmakers Limited	03205108
CAMEC (Scotland) Limited	00656636
Camec Limited	00308820
Deviceguide Limited	04180101
Fred Parkinson Management Limited	00878299
Grand Parade Limited	05914860
Gus Carter (Cash) Limited	00793865
Gus Carter Limited	00613410
James Lane (Bookmakers) Limited	01954409
James Lane (Turf Accountants) Limited	00728959
James Lane Group Limited	00678873
Laystall Limited	00934212
Live 5 Holdings Limited	11478722
Live 5 Limited	10409476
Matsbest Limited	03988801
Matsgood Limited	03991242
Phonethread Limited	05417892
Regency Bookmakers (Midlands) Limited	01921992
Selwyn Demmy (Racing) Limited	01618403
TH Jennings (Harlow Pools) Limited	00701499
Trackcycle Limited	04180225
WHG Services Limited	06714087
Will Hill Limited	03447836
William Hill (Alba) Limited	SC046349
William Hill (Caledonian) Limited	SC039934
William Hill (Edgware Road) Limited	00810023
William Hill (Effects) Limited	03972501
William Hill (Essex) Limited	01374068
William Hill (Football) Limited	00389219
William Hill (Goods) Limited	03755109
William Hill (London) Limited	01278867
William Hill (Midlands) Limited	00531785
William Hill (North Eastern) Limited	00518619
William Hill (North Western) Limited	00503763
William Hill (Resources) Limited	03272443
William Hill (Scotland) Limited	SC026918
William Hill (Southern) Limited	00467589
William Hill (Wares) Limited	03972146
William Hill (Western) Limited	00336043
William Hill Credit Limited	00413846
William Hill Employee Shares Trust Limited	03722030
William Hill Finance Limited	03461992
William Hill Holdings Limited	03688930
William Hill Investments Limited	03721293
William Hill Trustee Limited	02453213
Willstan Racing Holdings Limited	04144784
Willstan Racing Limited	01127534
Windsors (Sports Investments) Limited	00607589

In accordance with Section 409 of the Companies Act 2006, a full list of related undertakings as at 27 December 2022, the address of their registered office and their country of incorporation is shown below. The entire issued share capital is held within the Group except where otherwise shown.

	Country of incorporation	Proportion of all classes of issued share capital owned by the Company
Directly owned:		
Live 5 Holdings Limited	Great Britain	100%
Mr Green & Co AB (27)	Sweden	100%
William Hill Holdings Limited (1)	Great Britain	100%
Nimverge Tech India Private Limited(32)	India	100%
WHUS TechCo, Inc. (30) (sold to Caesars Entertainment, Inc in April 2021)	USA	100%

Held through intermediate companies

Name of subsidiary and other related undertakings	Country of incorporation	% holding
Ad-gency Limited (entered dissolution process in 2018) (9)	Israel	100%
Admar Services (Gibraltar) Limited (2)	Gibraltar	100%
Admar Services (Malta) Limited (21)	Malta	100%
A.J.Schofield Limited (29) (in liquidation)	Great Britain	100%
Alfabet S.A.S(28)	Colombia	90%
American Wagering, Inc. (3) (sold to Caesars Entertainment, Inc in April 2021)	USA	100%
Arena Racing Limited (1)	Great Britain	100%
Arthur Roye (Turf Accountants) Limited (31) (dissolved April 2022)	Great Britain	100%
Arthur Wilson Limited (31) (dissolved March 2022)	Great Britain	100%
AWI Gaming, Inc. (3) (sold to Caesars Entertainment, Inc in April 2021)	USA	100%
AWI Manufacturing, Inc. (3) (sold to Caesars Entertainment, Inc in April 2021)	USA	100%
B.B.O'Connor (Lottery) Limited (4)	Jersey	100%
B.J.O'Connor Limited (4)	Jersey	100%
B.J.O'Connor Holdings Limited (4)	Jersey	100%
Baseflame Limited (29) (in liquidation)	Great Britain	100%
Bill Taylor of Huyton Limited (31) dissolved March 2022)	Great Britain	100%
Bookhost Limited (31) (dissolved March 2022)	Great Britain	100%
Bradlow Limited (1)	Great Britain	100%
Brandywine Bookmaking, LLC (3) (sold to Caesars Entertainment, Inc in April 2021)	USA	100%
Brooke Bookmakers Limited (1)	Great Britain	100%
BW Sub Co. (3) (sold to Caesars Entertainment, Inc in April 2021)	USA	100%
Camec (Provincial) Limited (31) (dissolved March 2022)	Great Britain	100%
Camec (Scotland) Limited (1)	Great Britain	100%
Camec (Southern) Limited (29) (in liquidation)	Great Britain	100%
Camec (Western) Limited (31) (dissolved March 2022)	Great Britain	100%
Camec Limited (1)	Great Britain	100%
Cellpoint Investments Limited (10)	Cyprus	100%
City Tote Limited (29) (in liquidation)	Great Britain	100%
Cleveley House Limited (7) (Struck off February 2021)	Guernsey	100%
Computerized Bookmaking Systems, Inc. (3) ((sold to Caesars Entertainment, Inc in April 2021)	USA	100%
Concession Bookmakers Limited (29) (in liquidation)	Great Britain	100%
Daniel McLaren Limited (31) (dissolved March 2022)	Great Britain	100%
Dansk Underholdning Ltd (21)	Malta	100%
Dawcar Limited (31) (dissolved April 2022)	Great Britain	100%
Deluxe Online Limited (29) (in liquidation)	Great Britain	100%
Demmy Investments Limited (31) (dissolved March 2022)	Great Britain	100%
Deviceguide Limited (1)	Great Britain	100%
Douglas Tyler Limited (31) (dissolved March 2022)	Great Britain	100%
Eclipse Bookmakers Limited (31) (dissolved March 2022)	Great Britain	100%
Evenmedia Limited (29) (in liquidation)	Great Britain	100%
Eventip Limited (31) (dissolved March 2022)	Great Britain	100%
Evoke Gaming Ltd (21)	Malta	100%
Fred Parkinson Management Limited (1)	Great Britain	100%
Gearnet Limited (31) (dissolved March 2022)	Great Britain	100%
Goodfigure Limited (29) (in liquidation)	Great Britain	100%
Grand Parade Limited (1)	Great Britain	100%
Grand Parade sp. z o.o (14)	Poland	100%
Green Gaming Group PLC (21)	Malta	100%

Green Jade Games Limited [23] (sold to Caesars Entertainment, Inc in June 2022)	Malta	40.82%
Groatbray Limited [31] (dissolved March 2022)	Great Britain	100%
Gus Carter (Cash) Limited [1]	Great Britain	100%
Gus Carter Limited [1]	Great Britain	100%
Ivy Lodge Limited [7]	Guernsey	100%
James Lane (Bookmaker) Limited [1]	Great Britain	100%
James Lane Group Limited [1]	Great Britain	100%
James Lane (Turf Accountants) Limited [1]	Great Britain	100%
Laystall Limited [1]	Great Britain	100%
Live 5 Limited [1]	Great Britain	100%
Lucky Choice Limited [15] (dissolved June 2021)	Great Britain	33%
Matsbest Limited [1]	Great Britain	100%
Matsdom Limited [31] (dissolved March 2022)	Great Britain	100%
Matsgood Limited [1]	Great Britain	100%
Mr Green & Co Optionsbarare AB [3]	Sweden	100%
Mr Green Consultancy Services Ltd [1]	United Kingdom	100%
Mr Green Consulting AB [20]	Sweden	100%
Mr Green Limited [21]	Malta	100%
MRG IP Limited [21]	Malta	100%
MRG Spain PLC [21]	Malta	100%
Nalim Limited [31] (dissolved March 2022)	Great Britain	100%
NeoGames S.a.r.l [19] (equity interest transferred to Caesars Entertainment, Inc in August 2021)	Luxembourg	24.5%
Pandashield Limited [31] (dissolved April 2022)	Great Britain	100%
Phonethread Limited [1]	Great Britain	100%
Premier Bookmakers Limited [31] (dissolved April 2022)	Great Britain	100%
Regency Bookmakers (Midlands) Limited [1]	Great Britain	100%
Regionmodel Limited [31] (dissolved March 2022)	Great Britain	100%
Selwyn Demmy (Racing) Limited [1]	Great Britain	100%
Sherman Racing (Western) Limited [31] (dissolved March 2022)	Great Britain	100%
SIA Mr Green Latvia [25] (Sold to Paf Consulting Abp in June 2023)	Latvia	100%
Sports Information Services (Holdings) Limited [16]	Great Britain	19.5%
St James Place Limited [7]	Guernsey	100%
T H Jennings (Harlow Pools) Limited [1]	Great Britain	100%
The William Hill Foundation [1] (Struck off February 2022)	Great Britain	100%
Trackcycle Limited [1]	Great Britain	100%
Transdawn Limited [31] (dissolved March 2022)	Great Britain	100%
Vickers Bookmakers Limited [29] (in liquidation)	Great Britain	100%
Vynplex Limited [29] (in liquidation)	Great Britain	100%
WHG Customer Services Philippines, Inc. [8]	Philippines	99.95%
WHG IP Licensing Limited [2]	Gibraltar	100%
WHG Italia S.R.L [13]	Italy	100%
WHG Online Marketing Spain S.A. [24]	Spain	100%
WHG (Malta) Limited [21]	Malta	100%
WHG Services (Philippines) Ltd [2]	Gibraltar	100%
WHG Services Estonia OU [12] (Struck off May 2021)	Estonia	100%
WHG Services Limited [1]	Great Britain	100%
WHG Trading Limited [2]	Gibraltar	100%
WHG (International) Limited [2]	Gibraltar	100%
WHG Services (Bulgaria) Limited EOOD [11]	Bulgaria	100%
WHG Spain PLC [21]	Gibraltar	100%
Will Hill Limited [1]	Great Britain	100%
William Hill (Alba) Limited [17]	Great Britain	100%
William Hill (Caledonian) Limited [17]	Great Britain	100%
William Hill (Course) Limited [29] (in liquidation)	Great Britain	100%
William Hill (Edgeware Road) Limited [1]	Great Britain	100%
William Hill (Effects) Limited [1]	Great Britain	100%
William Hill (Essex) Limited [1]	Great Britain	100%
William Hill (Football) Limited [1]	Great Britain	100%
William Hill (Goods) Limited [1]	Great Britain	100%
William Hill (Grampian) Limited [30] (dissolved March 2022)	Great Britain	100%
William Hill (IOM) No.3 Limited [5]	Isle of Man	100%
William Hill (London) Limited [1]	Great Britain	100%
William Hill (Malta) Limited [21]	Malta	100%

William Hill (Midlands) Limited (1)	Great Britain	100%
William Hill (North Eastern) Limited (1)	Great Britain	100%
William Hill (North Western) Limited (1)	Great Britain	100%
William Hill (Northern) Limited (30) (in liquidation)	Great Britain	100%
William Hill (Products) Limited (29) (in liquidation)	Great Britain	100%
William Hill (Resources) Limited (1)	Great Britain	100%
William Hill (Scotland) Limited (17)	Great Britain	100%
William Hill (Southern) Limited (1)	Great Britain	100%
William Hill (Stock) Limited (31) (dissolved March 2022)	Great Britain	100%
William Hill (Strathclyde) Limited (30) (in liquidation)	Great Britain	100%
William Hill (Supplies) Limited (29) (in liquidation)	Great Britain	100%
William Hill (Wares) Limited (1)	Great Britain	100%
William Hill (Western) Limited (1)	Great Britain	100%
William Hill Bookmakers (Ireland) Limited (6)	Ireland	100%
William Hill Call Centre Limited (6)	Ireland	100%
William Hill Credit Limited (1)	Great Britain	100%
William Hill DFSB Inc. (3) ((sold to Caesars Entertainment, Inc in April 2021)	USA	100%
William Hill Employee Shares Trustee Limited (1)	Great Britain	100%
William Hill Finance Limited (1)	Great Britain	100%
William Hill Gametek AB (27)	Sweden	100%
William Hill Global PLC (21)	Malta	100%
William Hill Index (London) Limited (31) (dissolved March 2022)	Great Britain	100%
William Hill Investments Limited (1)	Great Britain	100%
William Hill Leisure Limited (31) (dissolved March 2022)	Great Britain	100%
William Hill Malta PLC (22)	Malta	100%
WH NV III, LLC (3) ((sold to Caesars Entertainment, Inc in April 2021)	USA	100%
William Hill Latvia SIA (25) (Sold to Paf Consulting Abp in June 2023)	Latvia	90%
William Hill Nevada I (3)) ((sold to Caesars Entertainment, Inc in April 2021)	USA	100%
William Hill Nevada II (3)) ((sold to Caesars Entertainment, Inc in April 2021)	USA	100%
William Hill New Jersey, Inc. (3) ((sold to Caesars Entertainment, Inc in April 2021)	USA	100%
William Hill Offshore Limited (6)	Ireland	100%
William Hill Organization Limited (1)	Great Britain	100%
William Hill Steeplechase Limited (2)	Gibraltar	100%
William Hill Trustee Limited (1)	Great Britain	100%
William Hill US Holdco, Inc. (3) ((sold to Caesars Entertainment, Inc in April 2021)	USA	80%
Wise Entertainment DK Aps (26)	Denmark	100%
Willstan Properties Limited (18)	Northern Ireland	100%
Willstan Racing (Ireland) Limited (6)	Ireland	100%
Willstan Racing Holdings Limited (1)	Great Britain	100%
Willstan Racing Limited (1)	Great Britain	100%
Windsors (Sporting Investments) Limited (1)	Great Britain	100%
Wizard's Hat Limited (21)	Malta	100%
Winning Post Racing Limited (31) (dissolved March 2022)	Great Britain	100%

The proportion of voting rights held is the same as the proportion of shares held.

The registered addresses of the locations of the Group's undertakings are as follows:

1. **Great Britain**: 1 Bedford Avenue, London, WC1B 3AU
2. **Gibraltar:** 6/1 Waterport Place, Gibraltar
3. **USA:** 100 W. Liberty St., 12th Floor, Reno, NV 89501, United States
4. **Jersey:** PO Box 384, 6 Hilgrove Street, St Helier, Jersey, Channel Islands
5. **Isle of Man:** First Names House, Victoria Road, Douglas, Isle of Man, IM2 4DF
6. **Republic of Ireland**: 38 Upper Mount Street, Dublin 2, Republic of Ireland
7. **Guernsey:** P.O Box 132, Quay House, South Esplanade, St Peter Port, GY1 4EJ
8. **Philippines:** 11th Floor, Net Lima Plaza, 5th Avenue, corner 26th St, Crescent Park West, Bonifacio Global City, Taguig City, 1634, Philippines
9. **Israel:** Azrielli Square Tower, Floors 31&32, 132 Menachim Begin Road, Tel Aviv, 67011, Israel
10. **Cyprus**: Ioanni Stylianou, 6 2nd Floor, Flat/office 202, PC 2003 Nicosia, Cyprus
11. **Bulgaria:** 4 Mihail Tenev Str , Balkan Business Center, 18th Floor , Sofia 1784
12. **Estonia**: Maakri tn 23a, Talinn 20245, Estonia
13. **Italy:** Via Egadi 7, 20144, Milano, Italy
14. **Poland:** 11 Kotlarska Street, 31-539, Krakow, Poland
15. **Great Britain:** 1 Stratford Place, Montfichet Road, London, England, E20 1EJ
16. **Great Britain:** 2 Whitehall Avenue, Milton Keynes, MK10 0AX

17. **Great Britain:** 44 St Enoch Square, Glasgow G1 4DH
18. **Northern Ireland:** 369 Newtownards Road, Belfast BT4 1AJ
19. **Luxembourg:** 5 Rue de Bonnevoie, L-1260, Luxembourg
20. **Sweden:** P.O. Box 16285, 103 25, Stockholm, Sweden
21. **Malta:** Level 7, Tagliaferro Business Centre, 14 High Street, Sliema, SLM 1549
22. **Malta:** Level G (Office 1/2429), Quantum House, 75 Abate Rigord St Ta'Xbiex, XBX 1120
23. **Malta:** 137, Level 2, Spinola Road, St Julians STJ 3011, Malta
24. **Spain:** C/Velazquez, C/Velazquez, Planta 4A, Izquierda, 28001, Madrid
25. **Latvia:** Riga, Dzimavu iela 39-8, LV-1010
26. **Denmark:** Tuborgvel 5, 2900 Hellerup
27. **Sweden:** P.O. Box 162 85, 103-25, Stockholm, Sweden
28. **Colombia:** Cra 100 #11-60 Torre Farallones 412, CC Holguines Trade Center, Cali, Valle de Cauca
29. **Great Britain**: Rollings Butt, 6 Snow Hill, London, EC1A 2AY
30. **Great Britain:** Atria One, 144 Morrison Street, Edinburgh, EH3 8EX
31. **Great Britain:** Ernst & Young, 1 More London Place, London, SE1 2AF
32. **India:** 91/92 Floor 09th Plot 224, B wing, Mittal Court, J.B. Marg, Nariman Point, Mumbai, Mumbai City, Maharashtra, 400021, India