GVC HOLDINGS PLC | ANNUAL REPORT 2019

FOR THE GOOD OF ENTERTAINMENT

ANNUAL REPORT 2019

At GVC, everything we do is *For the Good of Entertainment*. We're the global players whose brands you'll find in local communities, providing responsible sports-betting and gaming that makes the world's biggest live events even more memorable.

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> "2019 WAS YET ANOTHER HIGHLY SUCCESSFUL YEAR FOR THE GROUP."

KENNETH ALEXANDER
CHIEF EXECUTIVE

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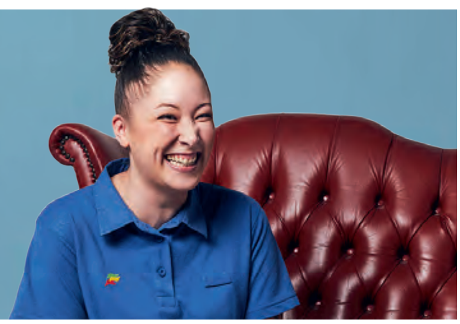

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PERFORMANCE HIGHLIGHTS
CHAIRMAN'S INTRODUCTION

"WHILE I HAVE ONLY BEEN WITH GVC FOR A RELATIVELY SHORT PERIOD OF TIME, IT HAS BECOME IMMEDIATELY CLEAR TO ME THAT THE BUSINESS REALLY CAN MAKE THE CLAIM THAT IT HAS INDUSTRY-LEADING TECHNOLOGY, PRODUCTS, BRANDS, MARKETING CAPABILITIES AND PEOPLE, UNDERPINNED BY OUR DETERMINATION TO SPEARHEAD THE INDUSTRY'S APPROACH TO SAFER GAMBLING."

J M BARRY GIBSON
NON-EXECUTIVE CHAIRMAN

I am delighted to be writing this, my first statement, as your Chairman at what is a particularly exciting moment in GVC's extraordinary growth story. Having worked in a number of companies in the gambling sector over many years, GVC is a business that I have long admired and whose stellar progress I have followed closely.

A key driver behind this success has been the huge contribution of my predecessor Lee Feldman, who has played an instrumental role in GVC's transformation from a small AIM listed business to a major Main Market, premium listed company. On behalf of everyone at GVC, I would like to sincerely thank Lee for all that he has done in his 11 years as Chairman.

While I have only been with GVC for a relatively short period of time, it has become immediately clear to me that the business really can make the claim that it has industry-leading technology, products, brands, marketing capabilities and people. It is equally clear to me that I am joining at a time when there is real momentum across all areas of GVC's operations, as demonstrated by its strong operational and financial performance in 2019, which has continued into the start of the new financial year.

2019 was another year of excellent progress. The integration of the Ladbrokes Coral businesses is proceeding to plan, and the migration of the Ladbrokes, Coral and Gala online brands are due to complete by the end of the first half of the new financial year. In the US, Roar Digital, our joint-venture with MGM Resorts, made good progress during the year with the highlights being the launch in September of the BetMGM app in New Jersey, as well as the signing of an exclusive multi-year partnerships with Buffalo Wild Wings and Yahoo Sports.

Safer Gambling and The GVC Foundation

Every aspect of our performance and strategy continues to be underpinned by our determination to spearhead the industry's approach to safer gaming.

Our customers are vital to us to ensure the long-term sustainability of our business. Millions use our products every day and they have a right to do so in a safe and enjoyable environment. We have a responsibility to them and our other stakeholders to protect them from harm as far as possible. We recognise that while the overwhelming majority of customers enjoy our products and services safely, it is critical that we do everything in our power to protect the small minority of customers for whom gambling can become a problem. To that end, in January 2019, we launched our 'Changing for the Bettor' programme to minimise gambling-related harm while improving our understanding of the issues.

This programme also supports a number of initiatives including a five-year, multi-million-pound research project with the Division on Addiction, a Harvard Medical School teaching hospital; the roll-out of a youth-focused education syllabus with GamCare and EPIC Risk Management; and the introduction of sophisticated online player protection tools.

We also recognise that this is a multi-faceted problem, and one that requires both cross-industry collaboration as well as a significant increase in investment. In April, we committed to a ten-fold increase in the funding of research, education and treatment of problem gambling to 1% of our UK gross gaming revenue by 2022 (equivalent to £20m), a move that was matched by others in our industry. We have also agreed with our largest industry peers to work together to increase safer gambling messages within advertising and to share player data in order to improve identification of vulnerable customers.

Our collaborative approach through bodies including the Senet Group and the Remote Gaming Association also helped to deliver the pre-watershed "whistle-to-whistle" ban on broadcast advertising around sport in the UK, which came into effect in August. GVC also unilaterally committed to ending shirt sponsorships and perimeter board advertising at all UK football clubs. We have diverted sponsorship and advertising revenue to support our partner Children with Cancer UK as well as GambleAware.

In September we launched The GVC Foundation, which coordinates and supports our responsibility initiatives, objectives and donations around the world. The Foundation builds on the Group's existing efforts, and is focused on making a positive impact on the societies and communities in which we operate.

This is an area that is of paramount importance to everyone at GVC, and indeed to me personally, and we are deeply aware that the most responsible operator will be the most successful and sustainable operator. While we have made huge progress across a range of initiatives, we are not complacent and recognise that there is more to be done both by GVC and the wider industry.

Financial Performance

The Group delivered another strong performance in 2019, with NGR up 2% (3% in constant currency ("cc")). Online growth continued to be the highlight, with NGR growing 13% (14% cc) and growth across all our established territories. In UK Retail, like-for-like NGR was down 12%, driven by the cut in B2 machines maximum stakes to £2, but trends in this area remain ahead of initial guidance. Underlying proforma EBITDA was down 10% and proforma operating profit was down 20% as a result of the £2 FOBT stakes restriction. Excluding regulatory change, underlying EBITDA was 14% ahead. This enabled us to propose a second interim dividend of 17.6p taking the total 2019 dividend to 35.2p, an increase of 10% on 2018.

NGR* (£M)

3,655.1

+2%

2018: **3,571.4**

UNDERLYING EBITDA* (£M)

678.3

-10% (+14% REGULATION ADJUSTED)

2018: **755.3**

SAFER GAMBLING COMMITMENT

RET INVESTMENT

1% UK GGR

BY 2022 (10-FOLD INCREASE)

2018: **0.1%**

* The Group's proforma results are unaudited and presented as if the current Group, post the acquisition of Ladbrokes Coral Group plc, had existed since 1 January 2018. The results of Crystalbet and Neds are included from the dates of acquisition (11 April 2018 and 28 November 2018 respectively).

Corporate Governance

GVC has evolved into one of the leading global operators in our industry and we have a duty to ensure that it is sustainable for years to come. Your Board is committed to overseeing and implementing the highest standards of Environmental, Social and Governance ("ESG") behaviours, which are entrenched in our values across the Group. Your Board comprises individuals with diverse backgrounds and experiences, each of whom bring a wealth of different perspectives to enable us to deliver GVC's commercial, social and financial objectives.

In addition to the change of Chairman, there were other additions to the Board during the year. Rob Wood was appointed in March as a Director and Chief Financial Officer, replacing Paul Bowtell. Rob has made a fantastic contribution in his first year in the role, having previously been CFO of the Ladbrokes Coral UK Retail business. In December we announced the appointment of Jette Nygaard-Andersen as an Independent Non-executive Director. Jette has more than 20 years' experience in leadership and operational roles in media, entertainment and digital businesses, and her appointment further extends the breadth and depth of the Board's collective experience and international outlook.

Post the year-end, in January, we announced our intention to relocate GVC's place of management and control and consequently its tax residence from the Isle of Man to the UK, and the adoption of new articles of association of the Company to facilitate this relocation. This was subsequently approved by shareholders at an EGM on 6 February. In addition to easing the administrative constraints of arranging Board and shareholder meetings outside of the UK, this move is part of our wider commitment to operate to the very highest standards of governance in all aspects of our operations.

Finally, none of what has been achieved this year would have been possible without the dedication, loyalty and hard work of our colleagues across the business and around the world. We are fortunate to have outstanding talent at all levels of GVC, and I would like to thank them all for their immense contribution to the ongoing success of the Group.

J M BARRY GIBSON
Non-executive Chairman
5 March 2020

WE ARE A TRULY GLOBAL OPERATOR

OUR PURPOSE

TO PROVIDE THE BEST IN CLASS EXPERIENCE WHERE PEOPLE CAN ENJOY GAMBLING RESPONSIBLY.

VISION & STRATEGY

Our strategy is to build further scale and international diversification through leveraging our proven proprietary technology, established brands and high quality personnel. In an increasingly competitive and regulated industry, we believe scale, diversification and a responsible approach will enable us to continue to create sustainable shareholder value through capital and income growth.

"WE BELIEVE SCALE, DIVERSIFICATION AND A RESPONSIBLE APPROACH WILL ENABLE US TO CONTINUE TO CREATE SUSTAINABLE SHAREHOLDER VALUE THROUGH CAPITAL AND INCOME GROWTH."

KENNETH ALEXANDER
CHIEF EXECUTIVE

PROVEN TECHNOLOGY

We operate a unique proprietary technology platform across all of our product verticals.

PLATFORM AVAILABILITY

99.93%

TECHNOLOGY ENGINEERS

>1,500+

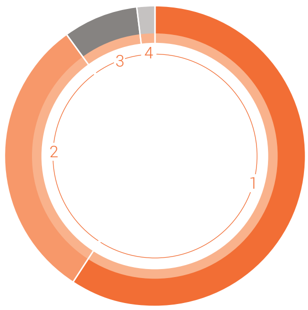
SPORTS BETS A YEAR

>420M

CASINO SPINS A YEAR

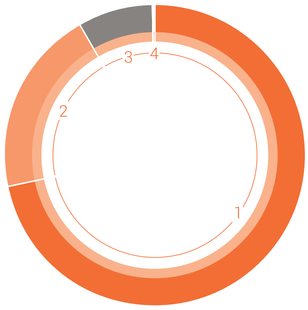
>12BN

OUR DIVISIONS



2019 NGR

1. Online	59.3%
2. UK Retail	30.8%
3. European Retail	7.9%
4. Other	1.9%



2019 UNDERLYING EBITDA[1,2]

1. Online	72.0%
2. UK Retail	20.1%
3. European Retail	8.0%
4. Other	–0.1%

1. The Group's proforma results are unaudited and presented as if the current Group, post the acquisition of Ladbrokes Coral Group plc, had existed since 1 January 2018. The results of Crystalbet and Neds are included from the dates of acquisition (11 April 2018 and 28 November 2018 respectively).
2. Excluding corporate post costs and IFRS 16.

For more information see **page 32**

"OUR ONLINE OPERATING MODEL IS HIGHLY EFFECTIVE, DELIVERING A SUSTAINABLE COMPETITIVE ADVANTAGE."

KENNETH ALEXANDER
CHIEF EXECUTIVE

GLOBAL SCALE

Our scale and diverse base enables us to operate in markets throughout the world.

>50 LICENCES IN >20 JURISDICTIONS

50+

OFFICES WORLDWIDE

20+

EMPLOYEES & CONTRACTORS

24,000+

GLOBAL BRANDS

24

CURRENCIES

42

LANGUAGES

33

FTSE MEMBERSHIP

250

ONLINE MARKET POSITIONS

UK	#1/#2
GERMANY	#2
ITALY	#1
AUSTRALIA	#3
GEORGIA	#1

ONLINE WAGERS*

PROCESSED IN 2019

£11.2BN

+9%

2018: **£10.3bn**

* Proforma.

RETAIL MARKET POSITIONS (7,000+ GLOBAL OUTLETS)

UK	#1
BELGIUM	#1
ITALY	#3
IRELAND	#3

RETAIL WAGERS (UK & EUROPE)*

PROCESSED IN 2019

£4.8BN

+4%

2018: **£4.7bn**

* Proforma.

STRONG BRANDS

We operate a broad portfolio of leading brands, tailored to local markets.

Ladbrokes
bwin
Gala Bingo
betboo
Casino Club LEIDENSCHAFT VERBINDET. SEIT 2001.
partypoker
Foxy Bingo
Crystalbet WWW.CRYSTALBET.COM
CORAL
neds
BETDAQ
gioco digitale
EUROBET
gamebookers.com
STADIUM TECHNOLOGY GROUP
Gala Spins
Ladbrokes.com.au
PARTY CASINO
GALA CASINO
sportingbet

For more information see page 14

PERFORMANCE HIGHLIGHTS

CHIEF EXECUTIVE'S REVIEW

"2019 WAS YET ANOTHER HIGHLY SUCCESSFUL YEAR FOR THE GROUP. WE PERFORMED WELL AHEAD OF EXPECTATIONS, WHICH WAS REFLECTED IN A NUMBER OF UPGRADES TO EBITDA GUIDANCE DURING THE YEAR."

KENNETH ALEXANDER
CHIEF EXECUTIVE

2019 was yet another highly successful year for the Group. We performed well ahead of expectations, which was reflected in a number of upgrades to EBITDA guidance during the year. In addition to delivering a robust underlying financial performance, we made positive strategic progress in existing and new markets. We remain committed to providing our customers with an enjoyable, safe and affordable suite of products and during the year took further significant strides forward in spearheading the industry's approach to safer gaming for our many millions of customers.

Group proforma[2] net gaming revenue (NGR) increased by 2% (+3% on a constant currency[4] (cc) basis) against proforma 2018 to £3,655.1m. Strong NGR growth from Online, European Retail and sports in UK Retail offset the decline in machines revenue in UK Retail which, as anticipated, was impacted by the cut in B2 machines maximum stakes to £2. On a pre IFRS 16 basis, Group proforma[2] underlying EBITDA5 was £678.3m versus £755.3m in 2018, whilst Group proforma[2] operating profit[6] was £490.1m versus £610.1m in the previous year. Underlying proforma EBITDA[5], excluding the adverse impact of the Triennial Review on UK Retail and incremental Online and European Retail taxes[8], rose 14%, whilst underlying operating profit[6] rose 10%. On a post IFRS 16 basis, Group underlying EBITDA[5] was £761.1m and underlying operating profit[6] was £520.0m.

On a reported[1] basis, Group underlying profit before tax[6] was £535.8m (2018: £434.6m), and after charging £710.0m of separately disclosed items (2018: £453.5m), the loss after tax was £140.7m (2018: £56.4m loss). A second interim dividend of 17.6p was declared making a total for the year of 35.2p, an increase of 10% on 2018, in line with the Group's current dividend policy of double-digit dividend growth. The Group ended the period with pre IFRS 16 net debt of £1,822.7m (2018: £1,896.6m) representing a net debt to EBITDA ratio of 2.7x, slightly better than guidance after favourable currency movement on non-sterling debt. Net debt post IFRS 16 of £2,169.8m represents a leverage ratio of 2.9x.

Online once again delivered the stand-out performance, with proforma² NGR growing 13% (+14% cc) to £2,170.7m. The Group achieved double digit proforma² NGR growth across all of its core online markets and continued to grow share. Online proforma² sports NGR was up 16% (+17% cc) despite the tough comparison against 2018 which was boosted by the FIFA World Cup. Proforma² sports wagers grew 9% (+11% cc), despite a strong gross win margin at 11.1% (+0.6pp), which was largely driven by favourable results. Proforma² gaming NGR rose 13% (+13% cc), with a strong performance from both specialist gaming brands and sports brands.

GVC has a truly global online footprint with licences in 24 territories. This diversification provides GVC with a significant competitive advantage, and enables us to spread the risk and allocate capital and resource to those markets with the most attractive opportunities. In addition to entering and growing in newer markets, the Group continues to take share in its more established markets. Our proprietary technology and products are also major differentiating factors, providing the scale and efficiencies required to support multiple products in multiple markets. Together with our strong local presence in core markets, GVC is well placed to continue to achieve market share gains and support further geographic expansion, both organically and through mergers & acquisitions (M&A).

The performance of the Group's UK Retail business was very strong against a backdrop of significant regulatory change. Following the Triennial Review, the implementation of a cut in maximum stakes on B2 machines to £2 was introduced on 1 April 2019. As a consequence, UK Retail like-for-like[9] ("LFL") proforma² NGR declined 12%, with revenue from machines down 26% on a LFL[9] basis. LFL[9] over the counter (OTC) wagers were 7% higher than 2018 reflecting a better than expected level of substitution and strong self service betting terminals (SSBTs) performance resulting in LFL[9] sports NGR +7%.

This better than expected performance in UK Retail was driven by a number of factors: firstly, as part of our plan to offset the regulatory headwinds, we continued to invest in our estate, with the new Equinox gaming cabinets and SSBTs performing particularly well; secondly, the importance of retail betting shops to our customers, communities and indeed the wider Group should not be underestimated; and thirdly, and most importantly, the dedication and professionalism of our retail colleagues is an inspiration and continues to deliver tangible results in terms of customer engagement and loyalty. In light of these factors, it is no coincidence that in one of the most challenging years ever for the UK Retail industry, we have gained market share. We now anticipate closing 450 shops as a direct result of the Triennial Review, less than half of those originally anticipated. In recognition of the outstanding efforts, loyalty and resilience of our colleagues, we will be awarding a one-off bonus of £2.5m amongst our front-line colleagues in UK Retail.

European Retail proforma² NGR rose 4% (+5% cc), with OTC wagers 6% ahead (+6% cc), despite 2018 benefiting from the FIFA World Cup. Our operations in Italy delivered a strong performance with NGR up 9% cc, driven by wagers growth of 10% and virtual revenue growth of 17%. The strength of the Eurobet brand and omnichannel offering has proved its value in a market where significant advertising restrictions were introduced in 2019. Elsewhere, Belgium delivered good underlying progress, albeit with some operational challenges in virtual leaving revenue flat year on year. Meanwhile, revenue in our Irish Retail business was in line with 2018.

* The Group's proforma results are unaudited and presented as if the current Group, post the acquisition of Ladbrokes Coral Group plc, had existed since 1 January 2018. The results of Crystalbet and Neds are included from the dates of acquisition (11 April 2018 and 28 November 2018 respectively) and the results of Kalixa are excluded from the date of disposal (31 May 2017).

OUR STRATEGIC ENABLERS:

TECHNOLOGY

Our technology underpins our entire offer, to provide a robust and flexible platform to release new products and offer the best customer experience.

Read more about our technology platform on **page 30**

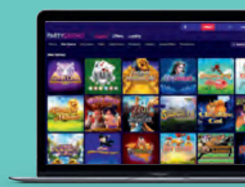
BRANDS AND MARKETING

Strong recognition across our 24 brands around the world, is driven by our powerful and efficient marketing.

Read more about our brands and marketing on **pages 14 to 15**

PRODUCT

We continue to deliver a strong pipeline of new products and features to provide exciting experiences across sports and betting.



Read more about our product development on **page 9**

PEOPLE

We attract and nurture the best talent across the industry, to create a culture where people can realise their full potential.

Read more about our commitment to social responsibility on **page 48**

CHIEF EXECUTIVE'S REVIEW CONTINUED

ONLINE (£M)

PROFORMA NGR[1,2]

2,170.7

+13%

2018: **1,915.1**

UK RETAIL (£M)

PROFORMA NGR/REVENUE[1]

1,127.8

-15%

2018: **1,328.0**

EUROPEAN RETAIL (£M)

PROFORMA NGR/REVENUE[1]

289.8

+4%

2018: **278.8**

GROUP (£M)

PROFORMA UNDERLYING EBITDA[1,2]

678.3

-10% **(+14% Regulation adjusted)**
(Reported underlying EBITDA post IFRS 16 £761.1m)

2018: **755.3**

1. Proforma.
2. Pre IFRS 16.

ROAR DIGITAL – US JOINT-VENTURE WITH MGM

Roar Digital, our US JV with MGM Resorts, made good progress in 2019. The focus during the year was to establish the infrastructure, build attractive long-term partnerships and launch the full GVC technology platform initially in New Jersey. During the period, we entered into key partnerships with Buffalo Wild Wings and Yahoo Sports. Buffalo Wild Wings is one of the most iconic sports bar and restaurant brands in the US, serving over 30 million guests per annum in an entertaining sports-focused environment. The agreement with Yahoo Sports represents a significant step forward. It is a content-rich digital platform with over 60 million monthly unique viewers, and is one of the leading fantasy sports operators in the US. The launch of the full GVC technology platform in New Jersey ahead of the NFL season was an important development. In Q4, total GGR was 55% ahead of 2018 and Digital GGR (68% of total GGR) was 137% higher. Roar has secured access to 19 states (c50% of the US population), is currently live in seven markets and is aiming to operate in 11 markets by the end of 2020 (c20% of the US population). The opportunity in the US is significant and Roar now has a strong platform in place from which to pursue the many opportunities that we see for GVC in this market. As with any new business, investment is required at the outset and during 2019, as the JV invested in promoting the BetMGM brand and deploying the GVC platform, the Group has recorded a £12.5m loss in respect of its share of the JV's 2019 result.

INTEGRATION

In January of 2019 we announced an updated agreement with Playtech which enabled us to accelerate the migration of the Ladbrokes Coral online brands onto the GVC platform. Coral and Gala have both already been successfully migrated, with Ladbrokes to follow in the coming months.

The platform migrations are a key enabler to further back office integration and, as previously announced, this enables us to bring forward £15m of synergies into 2020. However, the migration is not simply about cost. Operating on our own platform gives GVC a significant competitive advantage in a number of key areas including delivering greater efficiencies, stability, speed to market, product development and customer propositions. The Group remains on track to complete the migration in 2021.

CORPORATE ACTIVITY

The Group disposed of its 50% interest in the Spanish JV, Sportium Apuestas Deportivas S.A. ("Sportium") during the year for a net £63.8m in cash plus repayment of loans. GVC's interest in Sportium was inherited through the acquisition of Ladbrokes Coral and the subsequent divestment enables the Group to focus on the bwin brand in our Spanish speaking markets.

GVC has a strong track record in M&A having integrated acquired operations seamlessly and accelerating growth through our technology and marketing expertise. In particular, the value of local knowledge is never underestimated and despite the growth in scale of GVC, at heart the group retains its entrepreneurial culture. We continue to evaluate appropriate opportunities.

STRATEGIC KEY ENABLERS

Technology

Ownership of all elements of our technology platform is a significant competitive advantage. The flexibility and stability of our technology platform enables us to release new products and features quickly and to make rapid changes to the customer user-journey without frustrating customers with downtime. Its scalability means that it has the capacity to manage major increases in volume at minimal incremental cost, and more generally the platform has been fundamental in enabling us to execute our operational delivery, grow our business and deliver tools and initiatives to support safer gaming. The migration of both the Ladbrokes Coral UK Online businesses and our US JV's Online operations onto GVC technology will bring these extensive and clear benefits to the wider Group.

Brands and Marketing

The Group now operates 24 brands across multiple territories worldwide. Our brands are well established with high levels of customer recognition, and help to consolidate our leading positions in the markets in which we operate. Furthermore, our omnichannel sports brands (Eurobet, Ladbrokes and Coral) drive faster online growth through cost effective customer recruitment in our retail estates. The enlarged Group now has powerful marketing capabilities at its disposal, including best in class predictive analytics, return on investment diagnostics and real time customer relationship management tools. Through 2019 we began the sharing of 'best-of-both' marketing execution between the original GVC and Ladbrokes Coral businesses with strong initial results and we foresee further benefits as the businesses continue to come together.

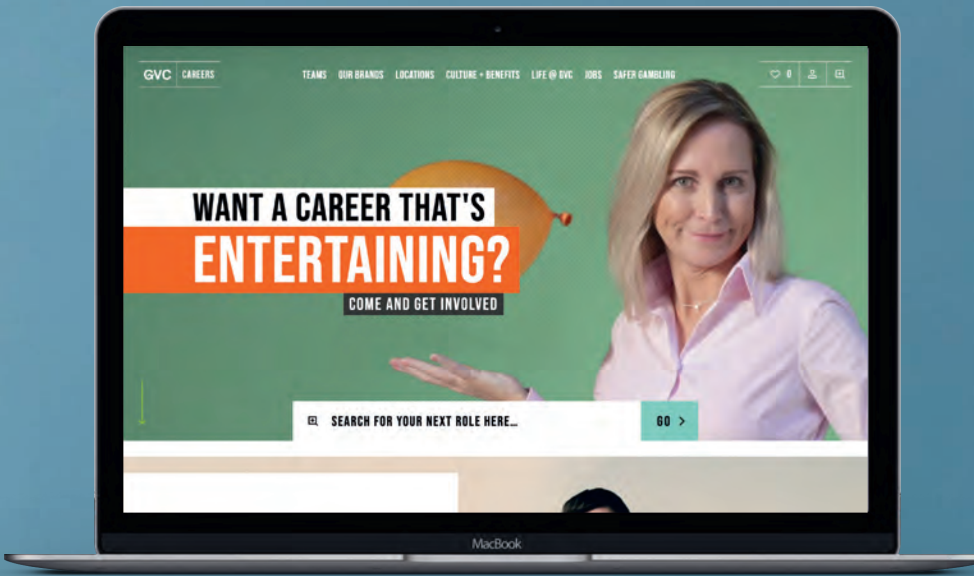
Product

The Group has continued to deliver a strong pipeline of new products and features. Our gaming offering contains the 'best-of-both' inhouse and third party developed content. This is driving high levels of cross-sell from sports into gaming, while our leading live casino offering is evolving to focus on delivering a more market specific experience. The Group's ability to "develop once and deploy multiple times" will be further enhanced following the migration of the UK online businesses onto the Group's own technology platform.

People

GVC continues to attract and nurture some of the best talent in the industry, and through acquisition we have added to the strength and depth of our teams at all levels of the Group. Meanwhile, the growth and success of the business has enabled us to offer colleagues attractive career progression, new opportunities in different divisions and to work across a variety of brands. As an example, over 150 GVC colleagues are now working within the hugely exciting environment of Roar Digital, a number having relocated to the US.

A key priority for us is to build our culture to support integration success and make GVC a great place to work. With that in mind, in 2019 we held an inaugural global event for all our employees, under the banner 'GVC One'. At the event we launched our new employer brand 'For the Good of Entertainment' encapsulating our corporate purpose; to deliver exciting gaming experiences in a safe and fair environment. Bringing together our colleagues from across the globe, 'GVC One' promoted our responsibility-first culture and how doing the right thing is at the heart of our business. As part of our employer brand, we launched a new careers site, www.gvccareers.com



CHIEF EXECUTIVE'S REVIEW CONTINUED

SPORTSAID

SportsAid

In 2019 the Group sponsored 50 athletes through our continued partnership with SportsAid, the UK charity which supports athletes at the outset of their careers.

SAFER GAMING AND ESG

As a global leader in sports-betting and gaming, with over 24,000 employees, the Group is developing a leading role on ESG and safer gambling issues. The Board level Corporate Social Responsibility Committee, chaired by Non-Executive Director Virginia McDowell, has developed a strategic approach comprising the three principal pillars of; Responsible Employer, Responsible Communities and Safer Gambling.

Diversity and Inclusion

Throughout 2019 we set about embedding this approach across the Group's operations. Our Diversity and Inclusion ("D&I") strategy, now into the second year of a three year roadmap, places an emphasis on inclusion across the four strands of: recruitment, process and policy, people development and awareness and education.

This has already delivered results by, for example, increasing the number of women in senior management roles. In Q2 we launched a multicultural workstream to enable us to measure the ethnicity of our employees, establish priorities and to create an internal multicultural network. Additionally, we entered into a partnership with Stonewall, the LGBT rights group, to help us create an accepting and inclusive workplace for our LGBT colleagues. To promote the wellbeing of our employees we have introduced a new 'Well-me' programme which focuses on both physical and mental health as part of the Group's comprehensive people plan.

Environment

We set a target to reduce our carbon footprint by 15% and have been implementing measures to help us deliver this objective. At the beginning of 2020 we moved the supply of electricity to our UK Retail estate to use 100% renewables. We have also progressed the transition of the retail estate to LED lighting and have introduced improved video conferencing technology to help us reduce the number of flights taken by employees.

Communities and The GVC Global Foundation

Following an internal voting process, the Ladbrokes Coral Trust announced two long-term strategic charitable partnerships as part of our responsible communities initiative. Over the next three years Coral will raise money through its betting shops for Prostate Cancer UK while Ladbrokes has partnered with Children with Cancer UK, to whom we donated the shirt sponsorship rights we held for the 2019-2020 season for Charlton Athletic and Sunderland AFC. We also continue to support SportsAid, backing the next generation of British athletes, while the GVC Community Fund has also begun issuing grants to support UK community projects from the £2 million fund the Group established.

CHILDREN WITH CANCER UK

Having taken the decision to unilaterally end all UK football shirt sponsorships in 2019, we donated the rights we held to appear on the shirts of Sunderland AFC and Charlton Athletic to our Children with Cancer UK.

For more information visit
gvc-plc.com/news

In September 2019, the Group created The GVC Global Foundation ("The Foundation") to better co-ordinate our international ESG initiatives and provide oversight for the distribution of donations to good causes in support of the Group's broader ESG objectives. The Foundation focuses its activity on four key areas: safer gambling (including research, education and treatment and sports integrity); grass roots and disability sport; men's health; and projects with a clear link to the local community in our major office locations.

Safer Gambling

Delivering a safe and responsible gambling experience to our customers is fundamental to the long-term sustainability of our business. While the vast majority of consumers enjoy our products safely, we recognise that for some individuals, gambling can become a problem and adversely impact their lives. It is incumbent on us as a responsible operator to do everything we can to minimise the potential for harm.

At the beginning of 2019 we launched 'Changing for the Bettor', a comprehensive package of measures designed to minimise gambling related harm while enhancing our collective understanding of problem gambling behaviours. We acknowledged that problem gambling is a complex issue, it requires a multi-faceted approach to address and will require continuous evolution. 'Changing for the Bettor' includes seven key commitments, with substantive initiatives attached to each. These include a five year, multi-million-dollar research project with the Division on Addiction, a Harvard Medical School teaching hospital; the roll-out of a youth-focused education syllabus with GamCare and EPIC Risk Management and the introduction of sophisticated online player protection tools.

Successful delivery of this comprehensive plan to improve standards requires investment together with a greater understanding as well as a joined-up approach by the industry. As such the Group announced it would be increasing expenditure on research, education and treatment ten-fold, to 1% of UK GGR.

This commitment was subsequently matched by our four largest UK peers, meaning that the five companies will be cumulatively investing £100m into research, education and treatment over the next four years, with annual spend reaching £60m by 2023.

Building on this financial commitment, and the voluntary introduction in August of a pre-watershed 'whistle-to-whistle' ban on broadcast gambling advertising around sport in the UK, throughout the past year the industry has accepted the challenge of the Gambling Commission to collaborate more closely together to improve standards.

This, in part, led to the creation of the Betting and Gaming Council ("BGC") in November 2019 to act as a single body to represent the online and offline industry. Through the BGC, major operators launched five core Safer Gambling Commitments, supported by a detailed action plan.

These efforts were further advanced in January 2020, when the Gambling Commission announced the establishment of three industry working groups to tackle key challenges as part of a drive to make gambling safer. GVC was charged with leading the working group responsible for developing a code of conduct for VIP and high value customer reward schemes and is also contributing to the working groups addressing safe product design and the use of advertising technology. These groups will report back findings at the end of March 2020.

Following extensive independent reviews of the Group's ESG policies and practices GVC was pleased to be re-admitted to two of the major ESG indices, the Dow Jones Sustainability Index ("DJSI") and FTSE4Good.

CURRENT TRADING & OUTLOOK

(Period 1 January 2020 to 23 February 2020) Trading in the year to date was strong with Group NGR +5% cc and Online NGR +16% cc, both of which have benefitted from strong sports margins in the first two months. This represents a good start to the year and, at this early stage, the Board is confident of delivering EBITDA and operating profit in line with expectations.

KENNETH ALEXANDER
Chief Executive
5 March 2020

A summary of our performance in 2019 is shown below:

Group	Reported[1]			Proforma[2]			
Year ended 31 December	2019 £m	Pre IFRS 16 2019 £m	2018 £m	Pre IFRS 16 2019 £m	2018 £m	Change[3] %	CC[4]
Net gaming revenue (NGR)	**3,655.1**	**3,655.1**	2,979.5	**3,655.1**	3,571.4	2%	3%
Revenue	**3,600.5**	**3,600.5**	2,935.2	**3,600.5**	3,523.6	2%	3%
Gross profit	**2,378.2**	**2,378.2**	2,004.2	**2,378.2**	2,404.4	(1%)	
Underlying EBITDAR[5]	**782.7**	**782.7**	723.7	**782.7**	864.3	(9%)	
Underlying EBITDA[5]	**761.1**	**678.3**	640.8	**678.3**	755.3	(10%)	
Underlying operating profit[6]	**520.0**	**490.1**	520.8	**490.1**	610.1	(20%)	
Underlying profit before tax[6]	**535.8**	**522.9**	434.6				
Loss after tax	**(140.7)**	**(159.2)**	(56.4)				
Diluted EPS (p)	**(26.4)**	**(28.3)**	(12.2)				
Adjusted diluted EPS[7] (p)	**64.2**	**62.3**	76.3				
Total dividend per share (p)	**35.2**		32.0				

1. 2019 and 2018 reported results are audited and reflect the acquisition of the Ladbrokes Coral Group plc on 28 March 2018. The pre IFRS 16 2019 reported results are unaudited and reflect the 2019 audited results adjusted to remove the impact of IFRS 16.
2. The Group's proforma results for 2019 are unaudited and equal the pre IFRS 16 2019 reported results. The Group's proforma results for 2018 are unaudited and presented as if the current Group, post the acquisition of Ladbrokes Coral Group plc, had existed since 1 Jan 2018. The results of Crystalbet and Neds are included from the dates of acquisition (11 April 2018 and 28 November 2018 respectively).
3. 2019 (excluding the impact of IFRS 16) change v proforma 2018.
4. Growth on a constant currency basis is calculated by translating both current and prior year performance at the 2019 exchange rates.
5. EBITDAR is defined as earnings before interest, tax, depreciation and amortisation, rent and associated costs, share based payments and share of results from Joint Ventures (JV) and associates. EBITDA is defined as EBITDAR after charging rent and associated costs. Both EBITDAR and EBITDA are stated pre separately disclosed items.
6. Stated pre separately disclosed items.
7. Adjusted for the impact of separately disclosed items, foreign exchange movements on financial indebtedness and losses/gains on derivative financial instruments (see the Separately disclosed items note in the financial statements).
8. After rebasing the prior year for the adverse EBITDA impact of incremental taxes (UK Remote Gaming Duty (RGD), Irish and Italian taxes and Australian Point of Consumption Tax (POCT)) of £56.7m, and adjusting the current year for the estimated £118.0m adverse impact of the Triennial Review on UK Retail.
9. UK Retail numbers are quoted on a LFL basis. During 2019 there was an average of 3,341 shops in the estate, compared to an average of 3,524 in 2018.
10. Excluding horse racing.

WE LAUNCHED THE GVC GLOBAL FOUNDATION...

In September 2019 we launched the GVC Global Foundation in order to coordinate and support delivery of the Group's CSR initiatives, objectives and donations around the world. The Foundation is focused on four key areas as shown opposite.

As part of its remit, the Foundation has also taken on responsibility for administering the Group's existing CSR projects, including its £2m community fund as well as collaborations with SportsAid, EPIC Risk Management, Gordon Moody, the US National Council on Problem Gambling and the Division on Addiction of Cambridge Health Alliance, a Harvard Medical School teaching hospital.

1. RESPONSIBLE GAMBLING, SPORTS INTEGRITY AND GAMBLING REGULATION RESEARCH, EDUCATION AND TREATMENT
2. GRASS ROOTS, WOMEN'S AND DISABILITY SPORT
3. MEN'S HEALTH, WITH A PARTICULAR FOCUS ON MENTAL HEALTH
4. PROJECTS WITH A CLEAR LINK TO THE LOCAL COMMUNITY IN GVC'S MAJOR OFFICE LOCATIONS

GVC Global Foundation

GVC COMMUNITY FUND IN 2019

£2.0M

The Foundation has also taken on responsibility for administering the Group's existing CSR projects, including its £2m community fund.

…TO SUPPORT RESPONSIBLE INITIATIVES AROUND THE WORLD.

"RESPONSIBILITY IS AT THE HEART OF OUR VALUES."

BEN ISLIN
PRODUCT MANAGER

PROMOTING WOMEN'S FOOTBALL

The GVC Foundation has launched a collaboration with Inter Milan Football Club to promote participation in women's football in Italy. Backed by a national media campaign, partnered with Gazzetta dello Sport, the project is developing a football-related talent show for aspiring female footballers.

For more information visit **gvcglobalfoundation.com**

Projects the Foundation is currently engaged in include:

- The GVC Foundation has launched a collaboration with Inter Milan Football Club to promote participation in women's football in Italy. Backed by a national media campaign, partnered with Gazzetta dello Sport, the project is developing a football-related talent show for aspiring female footballers.
- **Harvard Medical School, Division on Addiction** The Foundation is vesting $5.5m into partnership with the Division on Addiction over the next five years. GVC will provide Harvard faculty at the Division with access to anonymised player data across a range of its brands, sports betting, and gaming products.
- The research will be broad ranging, focusing on a number of areas including, but not limited to:
  - Patterns of normal internet gambling behaviour
  - Behavioural markers of gambling problems among internet players generally and on specific betting and game types
  - Cross-product analyses
  - Cross-brand analyses
  - The effects of the expansion of gambling in new markets
- **German Sports Integrity Forum** Together with German Bundesliga clubs Borussia Dortmund and 1.FC Koeln, and the sports integrity platform, the Play Fair Code, the GVC Foundation recently launched the German Sports Integrity Forum. The aim of the Forum is to raise further awareness of sports integrity programmes in Germany and other German speaking countries.
- **Professional Players Federation** The Foundation has entered into a partnership with the Professional Players Federation (the "PPF"), the national organisation for the professional player associations in the UK, to fund its anti-match-fixing player education programmes. The partnership enables the PPF to support the development and delivery of online learning and face-to-face education to hundreds of sportspeople in sports such as football, cricket, rugby union, golf, darts and snooker.

ESTABLISHED BRANDS

GLOBAL REACH AND LOCAL FOCUS...

At the heart of GVC's success is its portfolio of more than 20 established brands, each with a regional focus and distinct localised customer offer. Our brands enjoy high levels of customer awareness and benefit from loyal customer bases built innovative marketing.

Offering such a broad range of popular brands provides the Group with a number of operational advantages:

- Well established trusted brands act as barriers to entry
- Operating multiple brands in one market provides an opportunity for customers to move between our brands
- Many of our brands have a distinctive offer and appeal, specifically tailored to local market
- Omni-channel sports brands (Eurobet, Ladbrokes, Coral) drive faster online growth through cost effective online sign-ups in shop

UK ONLINE SPORTS BRANDS

+12% NGR

Ladbrokes and Coral are two of the most historic and recognisable names on the UK high street, with a combined brand history of more than 200 years. Both brands now offer a comprehensive online offer.

LADBROKES CORAL GROUP

BWIN

+21% NGR

One of Europe's leading online betting brands and is synonymous with sports. It has leading positions in several markets including Germany, Belgium, France, Italy and Spain.

bwin

FOXY BINGO

+22% NGR

Launched in 2005 and one of the most famous brands in online bingo, Foxy Bingo with sister Foxy Games brands enjoyed a stellar 2019, having migrated on to the GVC technology platform while benefitting from the expertise of sister brand, Gala Bingo, acquired as part of the Ladbrokes Coral Group.

Foxy BINGO

EUROBET.IT

+25% NGR

A leader in betting in the Italian market in both retail and online, Eurobet delivers a full range of sports betting, casino and games products, including virtual racing and bet-in-play products.

EUROBET

...DELIVERED RESPONSIBLY

In 2019 we continued to outperform the market, growing in all of our major territories while increasing market share. This performance was driven by the effectiveness of the GVC online operating model, which leverages the Group's leading proprietary technology and product development capability, applying central marketing expertise alongside local operational execution. Combined with the benefits of scale and geographic diversification, along with the opportunities provided by the integration of the Ladbrokes Coral business and Roar Digital, our sports-betting joint-venture in the US with MGM Resorts, the Group is well placed to continue to outperform the market and make further market share gains.

Our success in individual markets is intrinsically linked to our ability to deliver a safe and fair gaming environment. Maintaining a reputation for fairness and integrity and strengthening our customer focus are all vital to growing our business. Our approach to safer gambling ensures that we maintain best practice standards across the business and minimise the potential for harm where ever possible. The Group is licensed in more than 20 territories and works closely with national regulators to the principal objectives to ensure that gambling is crime free, fair and open, and children and vulnerable people are protected. We commit to these objectives across the whole of our business wherever we operate.

"WE WANT OUR BRANDS TO BE THE MOST TRUSTED IN THE MARKET."

VERONICA BOGDACENCO
CRM ANALYST

CRYSTALBET

+59% NGR

Licensed and operating in the Republic of Georgia, Crystalbet was acquired by GVC in 2018. Now fully integrated on the GVC technology platform, it has rapidly grown, benefitting from a huge expansion in its product line-up.

Crystalbet
WWW.CRYSTALBET.COM

GVC ONE

CREATING AN OPERATING POWERHOUSE...

INTEGRATION ON TRACK

£130M

The integration of the Ladbrokes Coral Group is on track to deliver £130m of exit run-ratecost savings and at least £30m of capex synergies by 2021.

The Group's proven track record in delivering complex integrations while accelerating growth was key to the rationale behind the landmark acquisition of the Ladbrokes Coral Group. Under the leadership of COO Shay Segev, the integration team put together a detailed model with three guiding principles at its core; to ensure maximum efficiencies are achieved through the delivery of cost savings and the selection of best practice operations from each legacy business; to avoid adverse impact to ongoing growth in the business from the integration process, and; to minimise the disruption to employees and customers.

In 2019 we were able to make huge progress in bringing the businesses together while staying true to these core principles.

Technology

At the beginning of the year we reached a new long-term strategic agreement with Playtech, a key technology supplier to Ladbrokes Coral, which paved the way for the migration of the Ladbrokes Coral online brands onto the GVC platform much earlier than originally envisaged. The Coral and Gala brands were successfully migrated at the beginning of 2020, with Ladbrokes set to follow in Q2 to complete the migration process.

The migration provides a number of tangible benefits:

- Material cost savings from the consolidation reduction in platform costs and the consolidation of technology suppliers
- The ability to share content between brands and territories, significantly enhancing the portfolio of games offered to customers
- Reduction in development times and costs through the enhancement of the 'develop once, deploy multiple times' approach

Operational improvements and leveraging global scale

By identifying best practice in each business and leveraging its greater global scale, the Group has been able to optimise its operational efficiency while achieving significant cost savings when negotiating improved terms on new contracts.

These operational efficiencies included:

- Deployment of GVC odds-feed into the Ladbrokes and Coral brands, increasing product range and delivering operational synergies
- Shared trading performance models – driving improved risk management and increasing margins
- Implementation of GVC agile approach and best practices to Ladbrokes Coral customer service, has resulted in reduction in customer response times and KYC checks
- Improvements to operational efficiency for digital marketing teams resulting from best practice implementation, utilising single toolsets and unified processes.

Operating on GVC's technology platform further enhances our "develop once, deploy multiple times" approach and unlocks major opportunities to share "best-of-both" best practice across the Group. The Group remains on-track to deliver £130m costs synergies by 2022 and £30m of capex synergies by 2021, in line with guidance.

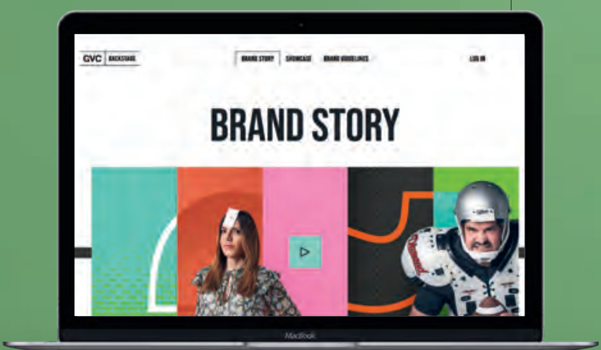
...WITH A UNIFIED RESPONSIBILITY FIRST CULTURE

As important as our technical resources and marketing capabilities are, the long-term success of the business is only possible through the commitment and drive of our people, pulling together to deliver common objectives.

That is why alongside our systems integration we have also been working to integrate our global workforce into a unified culture with a responsibility-first ethos at its core. To underline our purpose as a business, we developed a new employer brand that sums up our vision *'GVC – For the Good of Entrainment'*. We launched this new brand at the first annual GVC One event which brought together our executive team and global workforce into a single location either physically or via the use of live broadcasting to our satellite locations. At the centre of this year's event was an expo featuring our 'Changing for the Bettor' safer gambling strategy.

> "WE'VE COME TOGETHER AS ONE COMPANY WITH A REAL SENSE OF PURPOSE."

BEN ISLIN
PRODUCT MANAGER



CHANGING FOR THE BETTOR

A MULTI-FACETED APPROACH TO SAFETY

Our number one priority is to enable our customers to enjoy gaming with us safely. In 2019 we launched 'Changing for the Bettor', our safer gambling strategy that recognises that problem gambling behaviour is a multi-faceted issue that needs a multi-layered approach to address it.

For more information visit
gvc-plc.com/corporate-responsibility/

US – A LAND OF OPPORTUNITY…

The United States is perhaps the most exciting newly regulating sports-betting and gaming market in the world, following the Supreme Court's decision to repeal legislation that prohibited sports-betting in 2018. Since that ruling, all states now have the ability to regulate both land-based and online sports-betting. A growing number of states including New Jersey, Pennsylvania, Indiana and West Virginia have already launched online and retail sports-betting, with many more on the way. Estimates for the potential size of the overall US market range from £5bn to £20bn – in all cases making it what would be the largest regulated sports-betting market in the world.

LARGEST REGULATED SPORTS-BETTING MARKET

£20BN

Estimates for the potential size of the overall US market range from £5bn to £20bn – in all cases making it what would be the largest regulated sports-betting market in the world.

...BUILT ON INTEGRITY

RECIPE FOR SUCCESS

To take advantage of this exciting opportunity, in 2018 GVC and US gaming icon MGM Resorts joined forces to create Roar Digital, a joint venture owned equally between the two groups. Combining GVC's technology platform, sports-betting and gaming operational expertise in retail and online, with MGM's iconic brand and market access, Roar has all of the attributes to take a leading role in the market. Over the past year, whilst launching the full GVC technology platform in New Jersey, Roar has focused on putting all the building blocks for success in place. These include:

Brand
Launched September 2019, BetMGM is the lead brand, with partypoker being a secondary brand focusing on the poker market. All sports-betting branding nationwide consolidated to BetMGM, maximising marketing effectiveness.

Technology
Online, Roar uses GVC's proven proprietary technology platform, while in retail uses the Group's Stadium Technology – already the leading platform in Nevada.

Market access
Through MGM's land-based casinos licences and partnership agreements, Roar already has the ability to address a population of over 150 million people, 81 million of whom are already in states with legalised sports-betting.

Partnerships
Roar has signed key partnerships with Buffalo Wild Wings and Yahoo Sports. Buffalo Wild Wings is one of the most iconic sports bar and restaurant brands in the US, serving over 30m guests each year in an entertaining sports-focused environment. The alliance with Yahoo Sports will embed Roar's offer on the company's digital platform which has over 60m unique users a month as well as being one of the leading fantasy sports operators in the US. Roar is also partnered with a number of the leading professional sports leagues including the NBA, NHL and MLB.

Operating model
These attributes enables Roar to offer a highly efficient operating mode:

- Proprietary technology + efficient marketing + market access = Efficient cost model

As in all markets, our number one objective is to ensure that our customers can enjoy betting and gaming with us in the safest of environments. Our online sites offer a suite of player protection tools that encourage customers to set limits on their spending or the time they spend playing and ultimately to self-exclude if they need to take a break all together.

In addition, through the US arm of the GVC Global Foundation we are also engaged with a number of academic institutions including Harvard Medical School's Division on Addiction, Seton Hall Law School and the University of Nevada Las Vegas. Through these bodies we are developing a range of programmes from research into the issues relating to problem gaming behaviours, to the preservation of sports integrity projects and academic courses to develop industry knowledge. GVC is also a member of US National Council on Problem Gambling's President's Circle and has funded a major study into the prevalence of gambling in the US and potential problems associated with it.

The Foundation is also a donor to the fund to support research on sports wagering, which was launched by the US National Center for Responsible Gaming. The project will competitively award researchers at top tier institutions with the resources needed to uncover novel insights into what the introduction of legalised, regulated sports-betting means for public health.

US PARTNERSHIP

30M

Roar has signed key partnerships with Buffalo Wild Wings and Yahoo Sports. Buffalo Wild Wings is one of the most iconic sports bar and restaurant brands in the US, serving over 30 million guests each year in an entertaining sports-focused environment.

"THE US IS THE MOST EXCITING OPPORTUNITY IN ONLINE GAMING."

LUTHER ACHEAMPONG
CUSTOMER INSIGHT ANALYST

A RESPONSIBLE APPROACH
TO REGULATORY CHANGE...

Retail remains a core element of GVC's operations. In the UK, via the historic Ladbrokes and Coral brands, GVC is the UK's largest high street bookmaker, with over 3,200 shops employing more than 16,000 staff at the end of 2019.

In 2019 the division contributed £1.1bn (30.8%) of Group revenue and £207.9m or 25.7% (£145.8m or 20.1% pre IFRS 16) of EBITDA in 2019. This was an outstanding performance given the impact of regulatory change and reduction of maximum stakes on FOBT machines from £100 to £2, which came into effect on 1 April 2019.

Nevertheless, the cut in stakes necessitated a fundamental review of our UK Retail estate. To help manage this change, we deployed a detailed mitigation plan, focused on minimising job losses and retaining as many of our best people as possible. The successful execution of this plan has meant that we now expect to close fewer shops than we initially anticipated, with 450 shops expected to close as a result of the Triennial Review by the end of Q1 2020.

Throughout the year we have continued to invest in new product, updating both our front of house and back office systems. This has seen us introduce Omnia, our new, optimised till system, which is now in all Coral shops and is rolling out in Ladbrokes. On the shop floor, we have introduced our next generation of Self Service Betting Terminals ("SSBTS") complementing Equinox, our gaming machines rolled out in 2018, that offer the most attractive gaming content in the industry, with a focus on slots.

RETAIL INVESTMENT

+9,000

By the end of 2020 we will have rolled out more than 9,000 new betstations throughout our UK retail estate.

> "OUR SHOPS ARE PART OF THE FABRIC OF THE HIGH STREET AT THE HEART OF OUR LOCAL COMMUNITIES."

CHARMAINE DALEY
RESOURCING ADVISOR

...WHILE TRANSFORMING THE CUSTOMER EXPERIENCE

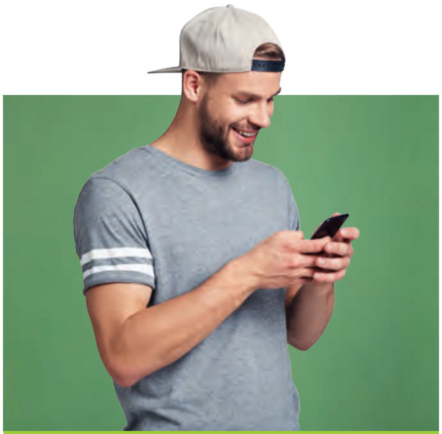
As well as investing in our technology and infrastructure, just as importantly we have been looking at how we can update the whole customer experience through the development of what we call, 'the shop of the future'. In December we opened our new concept stores, in London's Warren Street (Coral) and Birmingham's Stephenson Street (Ladbrokes) opposite New Street Station both of which look unlike any other high street bookmakers ever seen before.

Featuring new signage, soft furnishings and artwork, the atmosphere is more reminiscent of a coffee shop than a traditional bookies. A revised counter area and new layout enable customers to take a break, while free phone charging, Wi-Fi and coffee are provided, transforming the ambience. Within the shop we have begun trialling a range of innovations creating a more digitalised experience in retail including new customer touchscreens providing pricing and integrated content from the Racing Post. We are also looking at how we can utilise facial recognition to assist in player behaviour tracking and ensure all of customers bet safely. In the coming months we will be reviewing the response of customers before deciding on next steps for further rollout.

We firmly believe that only by innovating and updating our shops will we ensure they remain at the forefront of our market leading omni-channel customer journey in the UK, offering players a seamless transition between online and retail. Retail has been a catalyst in the successful growth of the Ladbrokes and Coral online businesses and the shop of the future represents a step towards the omni-channel relationship deepening.

THE INDUSTRY IN WHICH WE OPERATE

GVC OPERATES MULTIPLE BRANDS IN THE HIGHLY COMPETITIVE GLOBAL GAMING AND SPORTS BETTING SECTOR, IN BOTH THE RETAIL AND ONLINE WORLDS.

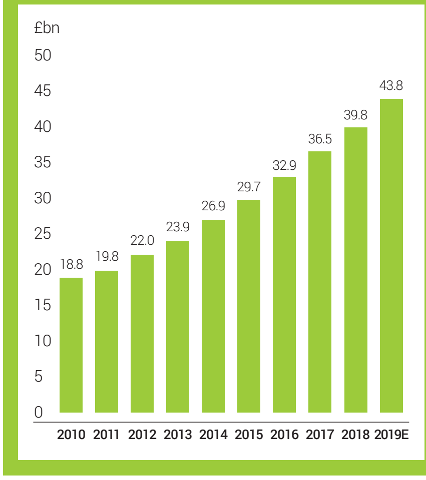


GLOBAL ONLINE GROWTH

GVC operates in the global online gaming market which is estimated to be worth c£43bn in 2019. Over the past ten years the global online gaming grew at 10% CAGR and the market growth from 2018 to 2019 was also 10%.

10%

The global online market grew at 10% CAGR over the last 10 years.

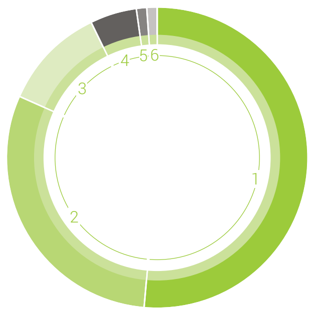


ONLINE EUROPE

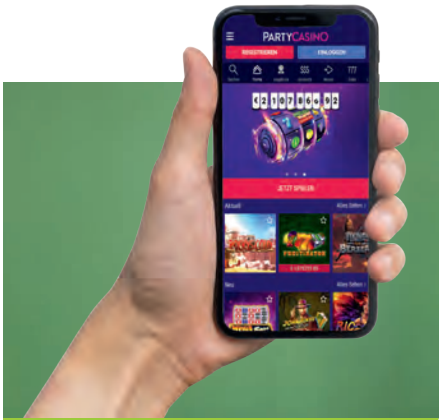
Geographically the Online European market is the largest at 51% of the total online global market in 2019 which grew year-on-year at 11%. GVC Group's Online proforma NGR in Europe represents over 75% of total Group Online in 2019. The next largest market is the unregulated Asia market which represents 30% of the global total followed by North America (11%), Oceania (5%), Latin America (1%), and Africa (1%). GVC also has online operations in Australia, Brazil and the US.

51%

Europe makes up more than half of the global online gaming market.



1. Europe	51%
2. Asia/Middle East	30%
3. North America	11%
4. Oceania	5%
5. Latin America & the Caribbean	1%
6. Africa	1%

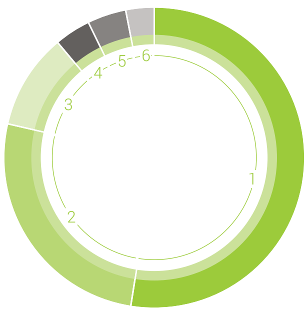


ONLINE MARKET BY PRODUCT

Online growth has been driven by continued product development across all areas. Online betting, casino, bingo and poker represent 86% of total global online gaming revenue which are all offerings the Group delivers.

86%

Online betting, casino, bingo and poker made up 86% of all online gambling in 2019, betting and casino were forecasted to grow at 10% globally.



1. Betting	52%
2. Casino	26%
3. State lotteries	10%
4. Poker	4%
5. Skill/Other Gaming/ Commercial Lotteries	4%
6. Bingo	3%

RETAIL

Key retail countries GVC operates in includes the UK, Italy, Belgium and Republic of Ireland (ROI).

The UK Retail market (excluding lotteries) is estimated to be worth £5bn of GGR in 2019. Over the last 10 years the market has remained flat with growth in machines offset by the decline in betting. The UK Retail betting sector is dominated by four operators which account for over 85% of all betting shops. GVC Group operates via the two brands Ladbrokes and Coral and is the number one operator.

The Italian betting retail market is estimated to be worth £1bn of GGR in 2019. GVC operates via the Eurobet brand as the third largest operator in the market.

The Belgium and ROI betting market is much smaller estimated to be worth £0.4bn and £0.2bn respectively in 2019. GVC operates in Belgium and ROI via the Ladbrokes brand and is the largest operator in Belgium and third largest in ROI.

OVER 85%

Four operators account for over 85% of all UK betting shops.

	Total Market Size – £bn	Betting	Casino	Machines	Bingo	Lottery
UK	8.1	18%	13%	29%	4%	36%
Italy	14.0	8%	1%	56%	3%	33%
ROI	1.0	38%	4%	25%	3%	30%
Belgium	1.2	14%	7%	35%	0%	43%

(GVC areas of operations are highlighted)

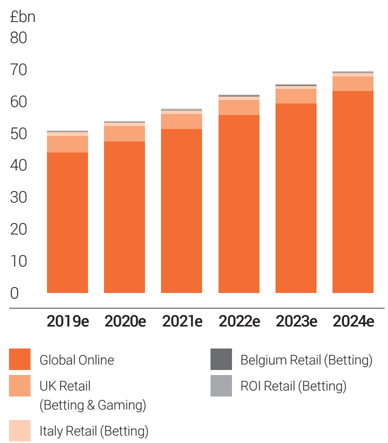
FORECAST

The Online gaming market is forecast to grow at 7% CAGR over the next five years driven by product innovation, mobile growth and US regulation of both online and retail sports-betting.

UK Retail betting and gaming is forecast to decline 2% CAGR between 2019 to 2024 attributed to the change to £2 B2 machines stakes implemented April 2019 partially offset by 1% CAGR growth in betting (see pages 37 to 38) for further details). In our smaller Retail betting businesses, forecasted growth in Italy, Belgium and ROI is low single digits over the next five years.

7%

Online gaming is forecast to grow at 7% CAGR between 2019 and 2024.



REGULATORY UPDATE

GAMING IS A TRULY GLOBAL MARKET AND IN 2019 THE GROUP HELD LICENSES IN MORE THAN 20 TERRITORIES/ REGIONS, WHILST THERE ARE LIVE APPLICATIONS IN A FURTHER FIVE. BY THE END OF 2019, OVER 96% OF THE GROUP'S REVENUES WERE FROM MARKETS THAT WERE EITHER REGULATED OR IN THE PROCESS OF REGULATING.

The UK

The UK market has seen significant changes over the past 12 months, with the implementation of the £2 maximum B2 machines stakes coming into force in betting shops on 1 April 2019. At the same time Remote Gaming Duty ("RGD") was increased to 21% from 15%. Following the General Election the new Government has committed to reviewing the 2005 Gambling Act, to ensure it is appropriate for the digital age. The regulatory focus on the industry has never been greater and safer gaming is a core driver, something the industry has embraced. GVC has led many of the positive initiatives. According to the NHS Health Survey, problem gambling fell to just 0.4% of the population from 0.7% in the last survey. Whilst a very small percentage of people have gambling issues, we and the industry are committed to reducing this even further. Responsible licensed operators are best placed to ensure the continued reduction in problem gambling and it is important that any legislative developments are properly thought through and don't drive the most vulnerable into the unlicensed environment.

Germany

The German authorities announced in March 2019 that they would launch a new tender for sports-betting licences in January 2020, having dropped the previously existing cap on the number of these licences. GVC has applied for sports-betting licences for four of its brands within the framework of the tender. At the same time, GVC intends to continue offering its online casino products into the German market in reliance on EU law.

In the meantime, the German federal states have continued to negotiate new online gambling regulation that will apply from July 2021 onwards. The regulation will not be finalised until the end of the first quarter of 2020 but the regulatory trend is towards allowing all online gambling products, including online casino. Requirements relating to product offering, licensing arrangements and operational obligations are yet to be finalised. Fair market access is at the heart of European legislation and any new regulation will have to comply with these principles or risk further legal challenges.

Brazil

Following the 2018 parliamentary authorisation to regulate sports betting in the country, the Brazilian government has worked on draft sports-betting regulation over the course of 2019. No final draft of the regulation has been issued yet but the government has announced that its intention is to attract foreign operators, such as GVC, to the future regulated market.

Netherlands

The Dutch authorities have announced that the newly regulated online gambling market in the Netherlands will open in July 2021. The Dutch tolerance policy allowing operators such as GVC to take business from the Dutch market without targeting it directly will remain in place until then.

US

Opening of the US sports betting-market continued at pace in 2019 with 14 states now having launched sports-betting and a further six states (and DC) legalised but not yet operating (legalised states now accounting for approximately 36% of the US population) and this is expected to increase further in 2020. Roar has secured access to 19 states to date and is already operating in seven. The focus of US legislators and regulators is on providing access to the newly opened sports-betting markets whilst ensuring the markets remain sustainable in the long run; GVC's and Roar's safer gambling efforts have played a key contributing role in this regard.

Europe

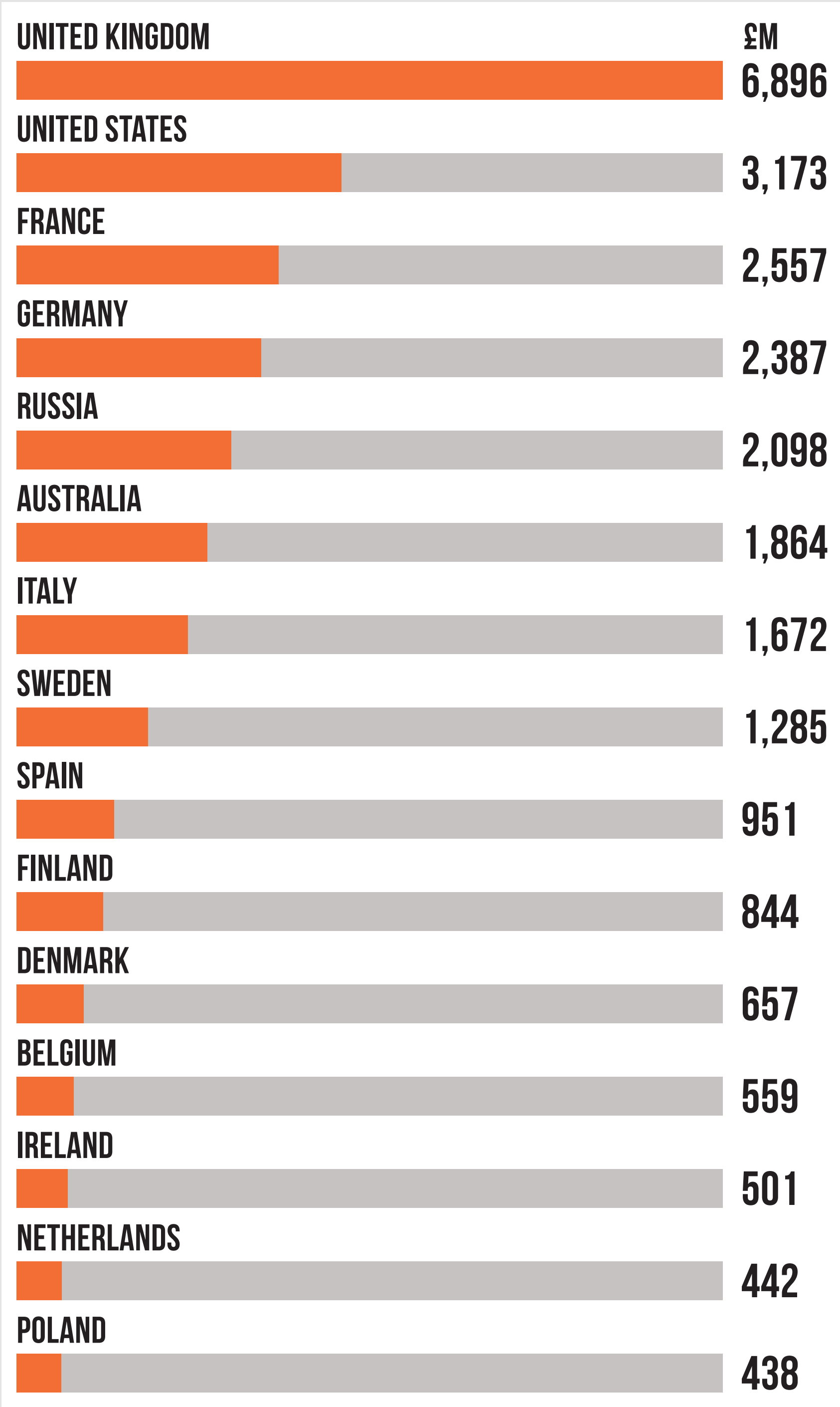
Several European countries, such as Belgium, Denmark and Spain, have announced their intention to introduce stricter responsible gambling and/or gambling advertising standards. The Group is in a good position to absorb these changes.

Australia

A Point of Consumption Tax (POCT) was introduced by four states in 2019, ranging from 8% to 15% of gross wagering revenue. In January 2020, Tasmania also introduced a POCT at a rate of 15% of net wagering revenue. Also in 2019, the implementation of four measures under the National Consumer Protection Framework introduced restrictions, in particular to marketing, whilst responsible gaming obligations have also been enhanced. The Framework, which needs to be implemented as law into each state/territory, has further measures to be implemented in 2020 and beyond. The Framework is part of a review of online gaming, which has also led to reforms to grant more powers to tackle black market operators.

2019 GLOBAL INTERACTIVE GROSS GAMING REVENUE

In 2019 the global gross gaming revenue from interactive market was estimated to be valued at £49.9bn[1]. Below are the largest 15 markets that are either regulated or in the process of regulating.



1. Source: H2 Gambling Capital (including both regulated and non-regulated GGR).

BUSINESS MODEL
HOW WE CREATE VALUE

WHAT WE NEED

BRANDS
Our brands are amongst the most popular in the industry.

For more information see **page 14**

PEOPLE
We have been successful in attracting the brightest and the best from within and beyond the gaming industry.

For more information see **page 48**

TECHNOLOGY
We operate a unique proprietary technology platform that sets us apart from our competitors and allows us to control our product development.

For more information see **page 30**

RELATIONSHIPS
We are partnered with the best and most innovative companies around the world.

For more information see **page 19**

SCALE
We have the scale and diversity required to succeed across multiple products and territories.

For more information see **page 4**

FINANCIALS
Our excellent financial performance, provides a flexible base from which to invest and succeed.

For more information see **page 56**

WHAT WE DO

SAFER GAMBLING

Read more on **page 45**

BEST IN CLASS GAMBLING EXPERIENCE

GREAT FAMILY OF BRANDS

Read more on **page 14**

+

SOPHISTICATED CRM SYSTEMS

Read more on **page 8**

EFFECTIVE BRAND MARKETING

OUR PEOPLE'S EXPERTISE

Read more on **page 48**

+

ONLINE: 19 INTERNATIONAL BRANDS

Read more on **page 14**

STRONG MULTI-CHANNEL OFFER

RETAIL: c.5,000 OUTLETS WORLDWIDE

Read more on **page 20**

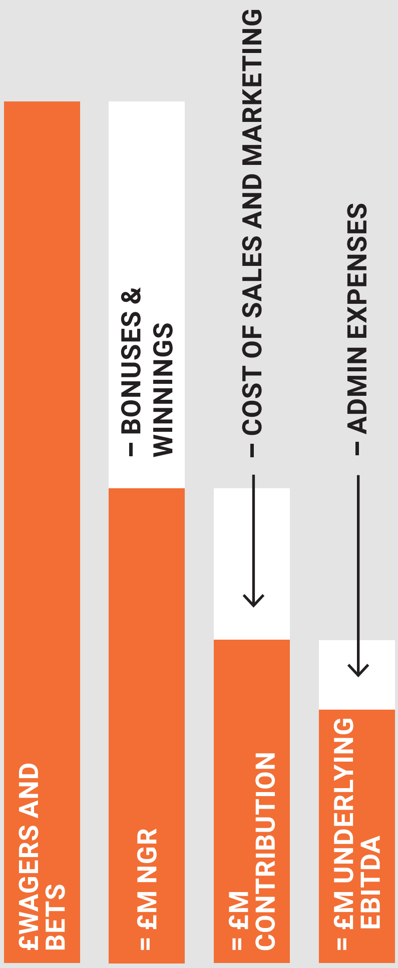
OUR PROPRIETARY TECHNOLOGY PLATFORM

WHY WE DO IT

“TO DELIVER AN EXCITING PLAYING EXPERIENCE ON A WIDE SELECTION OF SPORTS AND GAMES, TO SUIT ALL OUR CUSTOMERS, IN A SAFE AND ENTERTAINING ENVIRONMENT.”

SHAY SEGEV
CHIEF OPERATING OFFICER

MAXIMISING VALUE



For more information see page 31

THE VALUE WE CREATE

FINANCIAL

POSITIVE RETURNS

Everything we do is ultimately focused on delivering value to our shareholders.

For more information see page 31

DIVIDENDS

We are committed to rewarding our shareholders with a progressive dividend policy.

For more information see page 59

NON-FINANCIAL

GREAT PLACE TO WORK

We aim to be a destination employer, attracting the best talent.

For more information see page 48

BEST GAMBLING EXPERIENCE

We are focused on delivering our customers a great product.

For more information see page 9

SAFER GAMBLING

We are committed to providing a safe and secure environment for our customers to play in.

For more information see page 45

COMMUNITY ACTIVITY

We actively support the communities in which we operate.

For more information see page 52

STRATEGY AND KPIs

A CLEAR FOCUSED STRATEGY

Our strategy is to increase our scale and international diversification through leveraging our proven proprietary technology, established brands and high quality personnel. In an increasingly competitive and regulated industry, we believe scale and diversification will enable us to continue to create shareholder value through capital and income growth.

VISION

TO BE THE WORLD'S LARGEST AND MOST RESPONSIBLE SPORTS-BETTING AND GAMING ENTERTAINMENT COMPANY.

STRATEGIC IMPERATIVES

GREATER SCALE & GEOGRAPHIC DIVERSIFICATION

+

SAFER GAMBLING

=

LONG-TERM SHAREHOLDER VALUE

STRATEGIC PILLARS

PROPRIETARY TECHNOLOGY

Market leading proprietary technology supporting the business through high quality products, proven scalability, and global platform flexibility.

DIGITAL

Win the digital marketing battle through standout brands, creating new recreational opportunities and advanced marketing analytics

For more information see **page 35**

RETAIL

Optimise and future proof real estate, whilst continuing focus on omni-channel

For more information see **page 37**

US JOINT VENTURE

Deploy full GVC capability and leverage MGM's expertise to develop highly successfully US partnership

For more information see **page 18**

MERGERS & ACQUISITIONS

Pursue inorganic opportunities utilising expertise brand strength, product and technology

For more information see **page 16**

MEASURING OUR SUCCESS

KEY ENABLERS

PRODUCT

Read more on page 9

+

BRANDS

Read more on page 9

MARKETING

Read more on page 9

+

PEOPLE

Read more on page 9

+

LOCAL EXECUTION

Read more on page 14

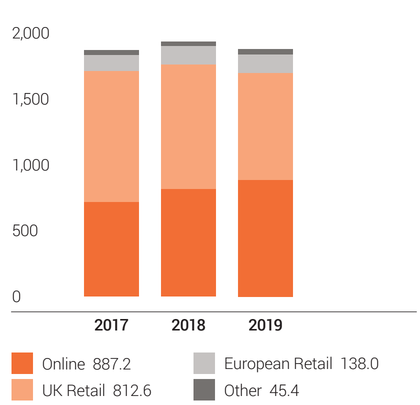
KPIs

Our key performance indicators used to assess the performance of the business include; Net Gaming Revenue (revenue before deducting VAT); Contribution (revenue less betting taxes, payment service provider fees, software royalties, revenue share and marketing costs); Underlying EBITDA (earnings before interest, taxation, depreciation, amortisation, share based payments, joint venture, separately disclosed items).

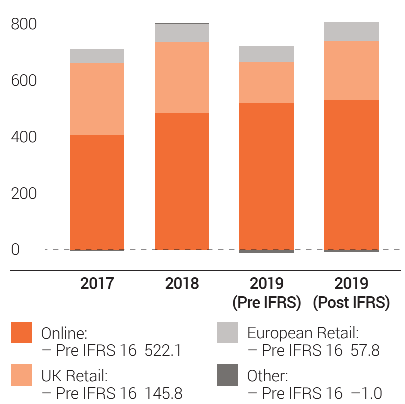
The charts show the performance of the Group against these measures on a proforma basis, as if the current Group, post the acquisition of Ladbrokes Coral Group plc, had existed since 1 Jan 2017. The results of Crystalbet and Neds International are included from the date of acquisition (11 April 2018 and 28 November 2018 respectively) and the results of Kalixa are excluded from the date of disposal (31 May 2017).

NGR[1] (£M)

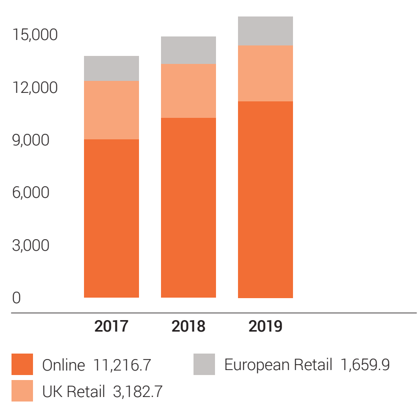
CONTRIBUTION (£M)



UNDERLYING EBITDA[1,2] (£M)



SPORTS WAGERS (£M)

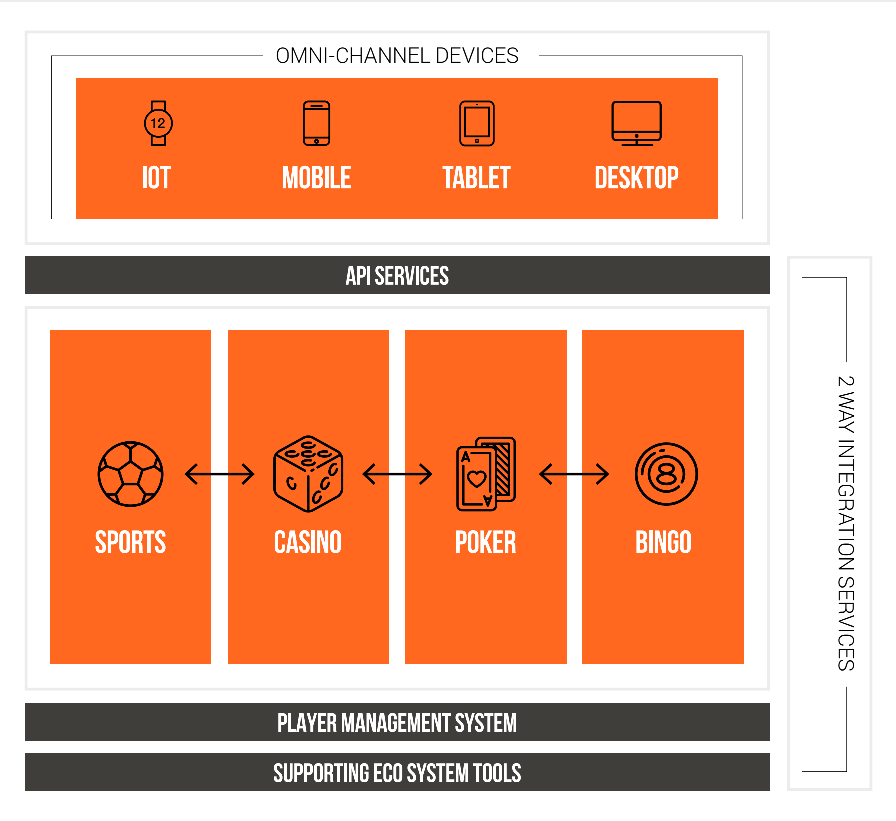


1. Excluding internal revenue elimination.
2. Excluding corporate costs.

PROVEN TECHNOLOGY PLATFORM

Our market-leading proprietary technology supports our strategic ambition. It enables us to continue to drive product development without relying on third parties and to enter new markets and/or adapt to regulatory changes. It ensures we offer our customers distinct, best in class products and services.

Our technology also has proven scalability in terms of both geographic diversification and volume. This give us flexibility when it comes to organic expansion, but it also presents the opportunity for substantial value creation through M&A.



SUSTAINABLE COMPETITIVE ADVANTAGE

- FULLY INTEGRATED PROPRIETARY TECH PLATFORM
- FULL PRODUCT SUITE
- INTEGRATED RETAIL AND OMNI-CHANNEL SOLUTION
- GROWTH READY – EXTREMELY SCALABLE
- HIGHLY STABLE AND SECURE
- MULTI-JURISDICTION COMPLIANT
- QUICK TO MARKET
- RAPID DEPLOYMENT OF CHANGES
- COST EFFICIENT OPERATION AND DEVELOPMENT

SIGNIFICANT SCALE

PROCESSING (P.A.):

- >420M SPORTS BETS
- >12BN CASINO SPINS
- >5BN POKER HANDS

HIGH AVAILABILITY

- 99.93% SERVICE AVAILABILITY
- 82+ CHANGES DEPLOYED PER DAY

UNIQUE FLEXIBILITY

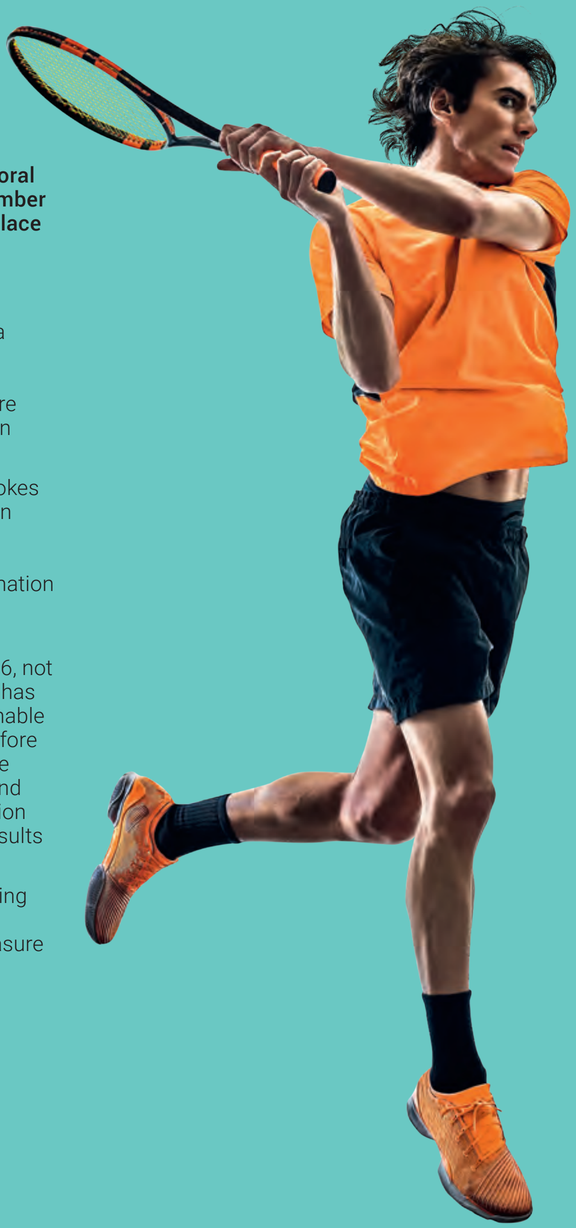
CURRENTLY SUPPORTS:

- 70+ FRONT-ENDS
- 33 LANGUAGES
- 42 CURRENCIES

POWERFUL RESOURCES

- 1500+ IT STAFF
- CORE LOCATIONS IN HYDERABAD + VIENNA

BUSINESS REVIEW



FINANCIAL RESULTS AND THE USE OF NON-GAAP MEASURES

The reported statutory results for the year ended 31 December 2019 include 12 months of trading for both the legacy GVC and Ladbrokes Coral businesses. The reported statutory results for the year ended 31 December 2018 reflect the acquisition of the Ladbrokes Coral Group which took place at the close of business on 28 March 2018 and therefore includes the results of the Ladbrokes Coral Group from that date only.

As a result, and in order to aid the comparison of year on year results, the Directors have deemed it appropriate to provide and analyse proforma results for the combined Group as if it had existed from 1 Jan 2018. Given the changes in capital structure arising from the acquisition of the Ladbrokes Coral Group, the historical interest, tax and dividend charges are not deemed to be meaningful. As a result, proforma results have only been provided down to operating profit.

Given the nature of the IFRS 3 fair value exercise conducted on the Ladbrokes Coral business on acquisition, the proforma depreciation and amortisation charges for 2018 may not be comparable with those arising post the acquisition of Ladbrokes Coral. Therefore, the Directors believe that the provision of underlying EBITDA within the proforma and segmental information is appropriate, as it aids the comparability of "underlying" profit whilst the impact of IFRS 3 on depreciation and amortisation normalises.

In addition, as the Group has taken transition relief, available under IFRS 16, not to restate comparative financial information, the 2018 Income Statement has not been impacted by the adoption of the new accounting standard. To enable a like-for-like comparison of year-on-year results, the Directors have therefore also provided the 2019 results pre the impact of IFRS 16. Due to the nature of our Retail estate and the impact of the Triennial Review on the timing and extent of our lease renewal programme, the Directors are also of the opinion that the provision of EBITDAR will aid the understanding of the Group's results in the medium term.

Contribution, which is also presented, represents gross profit less marketing cost and is a key measure used by the Group in assessing the Online business. Like-for-like (LFL) growth is a measure used in UK Retail to measure performance of the shops that have been open in both 2018 and 2019. Along with EBITDA, both are industry-standard measures.

The Group operates through five segments:

BUSINESS REVIEW
GROUP

The tables below reconcile reported results to proforma results for 2018 and pre and post IFRS 16 for 2019.

2019 results	**Reported underlying results[1]**	**IFRS 16 impact[3]**	**Pre IFRS 16 underlying results**
Net gaming revenue	**3,655.1**	**–**	**3,655.1**
Revenue	**3,600.5**	**–**	**3,600.5**
Gross profit	**2,378.2**	**–**	**2,378.2**
Contribution	**1,883.2**	**–**	**1,883.2**
Underlying EBITDAR	**782.7**	**–**	**782.7**
Underlying EBITDA	**761.1**	**(82.8)**	**678.3**
Share based payments	**(12.7)**	**–**	**(12.7)**
Underlying depreciation & amortisation	**(219.2)**	**52.9**	**(166.3)**
Share of JV income	**(9.2)**	**–**	**(9.2)**
Underlying group operating profit	**520.0**	**(29.9)**	**490.1**

2018 results	Reported underlying results[1]	Ladbrokes Coral trading pre acquisition[2]	Proforma results (unaudited)
Net gaming revenue	2,979.5	591.9	3,571.4
Revenue	2,935.2	588.4	3,523.6
Gross profit	2,004.2	400.2	2,404.4
Contribution	1,598.8	341.0	1,939.8
Underlying EBITDAR	723.7	140.6	864.3
Underlying EBITDA	640.8	114.5	755.3
Share based payments	(10.7)	(1.0)	(11.7)
Underlying depreciation & amortisation	(117.7)	(24.0)	(141.7)
Share of JV income	8.4	(0.2)	(8.2)
Underlying Group operating profit	520.8	89.3	610.1

1. Excludes the impact of separately disclosed items.
2. Represents the trading results for the Ladbrokes Coral Group plc for the period 1 January 2018 to 28 March 2018 pre separately disclosed items.
3. IFRS 16 has also resulted in an additional £16.8m of net interest in 2019.

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

GROUP

Year ended 31 December	Reported results[1] 2019 £m	Pre IFRS 16 2019 £m	2018 £m	Change %	Proforma results[2] Pre IFRS 16 2019 £m	2018 £m	Change %	CC[3] %
NGR	3,655.1	3,655.1	2,979.5	23%	3,655.1	3,571.4	2%	3%
VAT/GST	(54.6)	(54.6)	(44.3)	(23%)	(54.6)	(47.8)	(14%)	(16%)
Revenue	3,600.5	3,600.5	2,935.2	23%	3,600.5	3,523.6	2%	3%
Gross profit	2,378.2	2,378.2	2,004.2	19%	2,378.2	2,404.4	(1%)	
Contribution	1,883.2	1,883.2	1,598.8	18%	1,883.2	1,939.8	(3%)	
Operating costs	(1,100.5)	(1,100.5)	(875.1)	(26%)	(1,100.5)	(1,075.5)	(2%)	
Underlying EBITDAR[4]	782.7	782.7	723.7	8%	782.7	864.3	(9%)	
Rent and associated costs	(21.6)	(104.4)	(82.9)	74%	(104.4)	(109.0)	4%	
Underlying EBITDA[4]	761.1	678.3	640.8	19%	678.3	755.3	(10%)	
Share based payments	(12.7)	(12.7)	(10.7)	(19%)	(12.7)	(11.7)	(9%)	
Underlying depreciation and amortisation	(219.2)	(166.3)	(117.7)	(86%)	(166.3)	(141.7)	(17%)	
Share of JV income	(9.2)	(9.2)	8.4	(210%)	(9.2)	8.2	(212%)	
Underlying operating profit[5]	520.0	490.1	520.8	–	490.1	610.1	(20%)	

Reported Results[1]

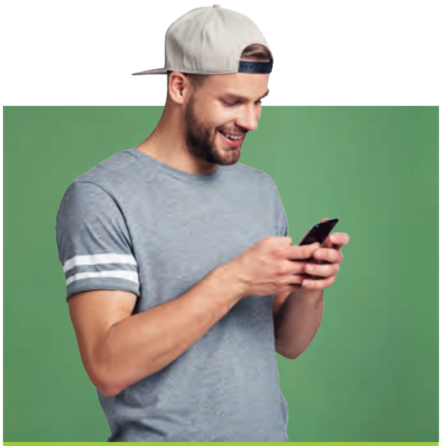
Revenue increased by 23% to £3,655.1m, underlying EBITDAR[4] increased by 8% to £782.7m and underlying EBITDA[4] increased by 19% to £761.1m, reflecting the prior year period only containing nine months of trading for the Ladbrokes Coral business post acquisition on 28 March 2018, the impact of IFRS 16 on rental costs and underlying growth. Underlying operating profit[5] of £520.0m was in line with last year and operating loss post separately disclosed items of £175.9m was £243.2m behind 2018.

Proforma Results[2]

Revenue increased by 2% driven by the strong performance in Online, European Retail and UK Retail OTC, partially offset by the decline in machines revenue in UK Retail resulting from the implementation of £2 maximum B2 stakes on 1 April 2019. Contribution of £1,883.2m was 3% behind last year, with contribution margin of 51.5% in-line with expectations, but 2.8pp lower than last year due to the change in segmental mix following the £2 B2 stakes restriction in UK Retail, an increase in the proportion of revenue generated from regulated markets in Online and increased gaming taxes in the UK, Australia, Ireland and Italy. Operating costs were 2% higher, primarily driven by the prior year acquisitions of Crystalbet and Neds (1pp) and inflation, partly offset by the delivery of synergies and savings in UK Retail as a result of mitigation of the Triennial restrictions. Resulting underlying EBITDAR[4] was down 9%. Pre IFRS 16 rent and associated costs of £104.4m were £4.6m lower than last year reflecting the impact of shop closures following the Triennial implementation. Pre IFRS 16 underlying EBITDA[4] was 10% behind but approximately £50m ahead of consensus as at the beginning of 2019. After adjusting for the impact of duty increases in the UK, Australia, Ireland and Italy and the estimated impact of the Triennial Review in UK Retail[8], pre IFRS 16 underlying Group EBITDA[4] was 14% ahead.

Share based payment charges were 9% higher than last year, while pre IFRS 16 underlying depreciation and amortisation was 17% higher, primarily due to the impact of the prior year IFRS 3 fair value exercise and amortisation on integration costs. Share of JV loss of £9.2m includes a loss of £12.5m from the US JV, Roar Digital and only nine months of Sportium results following its sale in October 2019. Pre IFRS 16 Group underlying operating profit[5] was 20% behind last year.

BUSINESS REVIEW
DIVISIONAL HIGHLIGHTS



ONLINE (£M)

NGR[1]

2,170.7

+13% 2018: 1,915.1

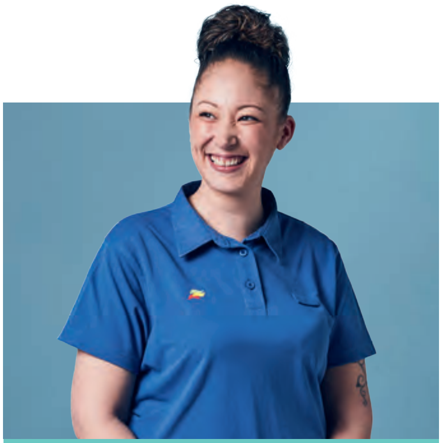
UNDERLYING EBITDA[1,2]

522.1

+7% 2018: 485.7

(+20% EXCLUDING REGULATORY CHANGE)

1. Proforma.
2. Pre IFRS 16.



UK RETAIL (£M)

NGR/REVENUE[1]

1,127.8

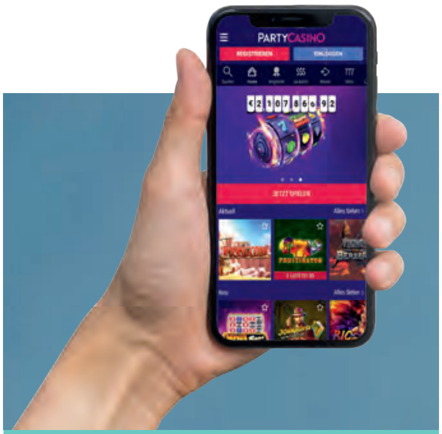
-15% 2018: 1,328.0

UNDERLYING EBITDA[1,2]

145.8

-42% 2018: 251.7

(+5% EXCLUDING REGULATORY CHANGE)



EUROPEAN RETAIL (£M)

NGR/REVENUE[1]

289.8

+4% 2018: 278.8

UNDERLYING EBITDA[1,2]

57.8

-12% 2018: 65.4

(-5% EXCLUDING REGULATORY CHANGE)

BUSINESS REVIEW ONLINE

ONLINE

Year ended 31 December	Reported results[1] 2019 £m	Pre IFRS 16 2019 £m	2018 £m	Change %	Proforma results[2] Pre IFRS 16 2019 £m	2018 £m	Change %	CC[3] %
Sports wagers	11,216.7	11,216.7	8,853.0	27%	11,216.7	10,251.4	9%	11%
Sports margin	11.1%	11.1%	10.6%	0.5pp	11.1%	10.5%	0.6pp	0.6pp
Sports NGR	966.5	966.5	731.3	32%	966.5	835.4	16%	17%
Gaming NGR	1,189.1	1,189.1	958.1	24%	1,189.1	1,055.7	13%	13%
B2B NGR	15.1	15.1	23.3	(35%)	15.1	24.0	(37%)	(38%)
Total NGR	2,170.7	2,170.7	1,712.7	27%	2,170.7	1,915.1	13%	14%
VAT/GST	(54.6)	(54.6)	(44.3)	(23%)	(54.6)	(47.8)	(14%)	(16%)
Revenue	2,116.1	2,116.1	1,668.4	27%	2,116.1	1,867.3	13%	14%
Gross profit	1,367.8	1,367.8	1,134.9	21%	1,367.8	1,265.0	8%	
Contribution	887.2	887.2	742.8	19%	887.2	816.4	9%	
Contribution margin	*40.9%*	*40.9%*	*43.4%*	*(2.5pp)*	*40.9%*	*42.6%*	*(1.7pp)*	
Operating costs	(352.2)	(352.2)	(289.3)	(22%)	(352.2)	(319.3)	(10%)	
Underlying EBITDAR[4]	535.0	535.0	453.5	18%	535.0	497.1	8%	
Rent and associated costs	(1.1)	(12.9)	(10.1)	89%	(12.9)	(11.4)	(13%)	
Underlying EBITDA[4]	533.9	522.1	443.4	20%	522.1	485.7	7%	
Share based payments	(5.5)	(5.5)	(2.4)	(129%)	(5.5)	(2.8)	(96%)	
Underlying depreciation and amortisation	(116.0)	(105.2)	(70.7)	(64%)	(105.2)	(82.2)	(28%)	
Share of JV income	0.8	0.8	0.8	–	0.8	0.5	60%	
Underlying operating profit[5]	413.2	412.2	371.1	11%	412.2	401.2	3%	

Reported Results[1]

On a reported basis, revenue of £2,116.1m was 27% ahead of last year, underlying EBITDAR[4] of £535.0m was 18% ahead and underlying EBITDA[4] of £533.9m was 20% ahead, reflecting continued growth in the Online division, the prior year period only containing nine months of trading of the Ladbrokes Coral Group post acquisition on 28 March 2018, and the impact of IFRS 16. Underlying operating profit[5] of £413.2m was 11% ahead of 2018, and an operating loss post separately disclosed items of £161.5m was £29.1m lower than last year.

Proforma Results[2]

Our Online segment has continued to deliver double digit growth with total Online NGR 13% (+14% cc) ahead of last year, despite the comparative period containing the FIFA World Cup. Underlying EBITDAR[4] of £535.0m was 8% ahead and pre IFRS 16 underlying EBITDA[4] of £522.1m was 7% ahead. After adjusting for the impact of tax and duty increases in the UK, Australia and Italy[8], pre IFRS 16 underlying EBITDA[4] was 20% ahead. Pre IFRS 16 underlying operating profit[5] of £412.2m was 3% ahead.

Sports NGR was 16% (+17% cc) ahead with sports wagers up 9% (+11% cc) and sports gross win margin 0.6pp ahead at 11.1%. After adjusting for the FIFA World Cup[7], Online NGR was 15% ahead, sports NGR 19% ahead and sports wagers 12% ahead. Gaming NGR was 13% (+13% cc) ahead. The tailwinds to NGR growth provided by the acquisition of Crystalbet in Georgia in April 2018 and Neds in Australia in November 2018 were broadly offset by the prior period containing the FIFA World Cup and the exit from certain territories in 2019.

Growth was strong across all major territories as the Group continues to make market share gains. In the UK, NGR was 11% ahead, supported by the re-invigoration of the Ladbrokes brand. Benefits continued to be delivered from the deployment of enhanced real-time CRM and improved gaming cross-sell techniques already utilised in Coral.co.uk. Enhanced Live Casino features and additional Slots content have also significantly improved customer experience. UK gaming brands NGR growth was +10%. One of the main drivers of the gaming brands growth was Foxy, where NGR was 21% ahead of last year driven by the successful migration of Foxy onto the GVC technology platform at the end of 2018, which enabled bespoke customer promotions, and 'The Foxy Fabulous' TV campaign. These sustained market share gains mean the Group is on track to be the number 1 operator in the UK online betting and gaming market. The Group again demonstrated its ability to effectively navigate regulatory changes with no noticeable impact on revenues from the necessary industry wide enhancements made to age verification during Q2.

BUSINESS REVIEW ONLINE CONTINUED

Growth remains strong in Germany, where NGR was 15% ahead on a constant currency basis, despite the impact of the removal of Paypal from Casino. bwin's 'This is our game!' and 'Real Football' campaigns aimed at creating a 'passionate and authentic' identity helped cement the bwin brand as a leading online sports-betting and gaming brand in Germany, and it is well placed to adapt to the proposed regulatory changes in 2020.

In Australia, NGR was 43% ahead on a constant currency basis (and 22% cc ahead if the Neds acquisition is adjusted to a proforma basis). The market remains competitive and challenging following the implementation of POCT in the majority of states and a significant tightening in the regulatory framework following the introduction of the National Consumer Protection Framework in May 2019. As a result, market overrounds have increased and above the line marketing spend has reduced, leading to reduced volumes across the market, particularly in racing. However, a disciplined marketing and bonusing strategy, and the benefits of 'best-of-both' sharing between Ladbrokes and Neds, continues to drive profitable growth ahead of the market.

In Italy, combined NGR growth across the three major brands (Eurobet, bwin and Gioco Digitale) was 21% cc, which was stronger than the market, consolidating GVC's position as the number 1 online operator in Italy. Growth benefitted from strong acquisition rates ahead of the advertising restrictions, increased value of the older loyal customer base and bonus spend optimisation. Post the implementation of advertising restrictions, the Italian brands performed well, benefitting from strong operational management and the retail presence of Eurobet keeping the brand top of mind. During the year the GVC gaming platform was integrated into the Eurobet.it online platform providing access to the Group's wide range of leading gaming content.

Meanwhile, Brazil maintained strong growth which was further boosted by the Copa America tournament in June and July.

Partypoker NGR was 8% cc ahead of last year, slowing in the second half due to a tough prior year comparator and the impact of ecology changes that were made during H1 to improve profitability. The rollout of a new partypoker mobile app began during the final quarter and is expected to strengthen acquisition capability in 2020.

In Georgia, the superior gaming product suite, new sports feeds providing over 8,000 additional markets daily, and access to Group marketing capabilities, drove Crystalbet NGR 65% cc ahead in H2, leaving the business in a market leading position in slots.

New sports product development highlights in the first half included a refresh of the Coral sports app, the launch of an improved version of the bwin.com and bwin.es desktop sports platforms and increased bet-in-play markets across all brands. In gaming, Playtech content was launched in Spain, Georgia and Italy, alongside the rollout of Playtech live casino to certain legacy GVC brands.

Online contribution margin was ahead of expectations at 40.9% (0.9pp ahead of guidance) with the marketing rate 0.9pp ahead of guidance, which was helped by early delivery of planned synergies as marketing teams were brought together. Contribution margin was 1.7pp lower than last year as the adverse impact of Australian POCT and product fees, increases in Italian online taxes announced in December 2018 and the increase in UK RGD from 15% to 21% on 1 April 2019, combined with a change in mix to more regulated territories, was only partially offset by a relative reduction in marketing spend as well as the reclassification of certain costs which are now reflected in overheads rather than in cost of sales as they have been brought inhouse.

Operating costs (before rent) were 10% higher than last year (or 8% excluding the reclassification from cost of sales), driven by the acquisitions of Crystalbet and Neds (+3pp) and underlying inflation of 5%. Pre IFRS 16, rent and associated costs were £12.9m, compared with £11.4m in the prior year.

Pre IFRS 16 underlying depreciation and amortisation of £105.2m was 28% higher than last year primarily due to the impact of the prior year IFRS 3 fair value exercise, amortisation on integration capex costs incurred as we bring the businesses together and the acceleration of the amortisation on certain assets rendered redundant following migration to the GVC technology platform.

The disposal of the Group's 50% interest in Sportium to Cirsa S.A. was completed during the final quarter of the year. Sportium Online JV income was £0.8m in 2019.

OUTLOOK

The online gaming market continues to evolve at a rapid pace, in particular regulation. This is creating opportunities as well as challenges. We continue to target double digit online revenue growth in the medium term, which we expect to deliver through a combination of underlying market growth and continuing to gain share in key territories and M&A activity. We expect to further expand internationally, entering new markets through a combination of organic (licence applications) and non-organic (acquisitions and strategic partnerships) expansion.

BUSINESS REVIEW UK RETAIL

UK RETAIL

	Reported results[1]				Proforma results[2]			
Year ended 31 December	2019 £m	Pre IFRS 16 2019 £m	2018 £m	Change %	Pre IFRS 16 2019 £m	2018 £m	Change %	CC[3] %
OTC wagers	3,182.7	3,182.7	2,372.2	34%	3,182.7	3,084.5	3%	n/a
OTC margin	17.9%	17.9%	17.8%	0.1pp	17.9%	17.9%	–	n/a
Sports NGR/Revenue	565.9	565.9	417.7	35%	565.9	547.3	3%	n/a
Machines NGR/Revenue	561.9	561.9	597.2	(6%)	561.9	780.7	(28%)	n/a
Total NGR/Revenue	1,127.8	1,127.8	1,014.9	11%	1,127.8	1,328.0	(15%)	n/a
Gross profit	817.7	817.7	725.7	13%	817.7	952.2	(14%)	
Contribution	812.6	812.6	723.1	12%	812.6	948.3	(14%)	
Contribution margin	*72.1%*	*72.1%*	*71.2%*	*0.9pp*	*72.1%*	*71.4%*	*0.7pp*	
Operating costs	(585.1)	(585.1)	(463.7)	(26%)	(585.1)	(607.9)	4%	
Underlying EBITDAR[4]	227.5	227.5	259.4	(12%)	227.5	340.4	(33%)	
Rent and associated costs	(19.6)	(81.7)	(66.0)	70%	(81.7)	(88.7)	8%	
Underlying EBITDA[4]	207.9	145.8	193.4	7%	145.8	251.7	(42%)	
Share based payments	(1.0)	(1.0)	(0.1)	(900%)	(1.0)	(0.3)	(233%)	
Underlying depreciation and amortisation	(72.7)	(37.6)	(32.4)	(124%)	(37.6)	(40.2)	6%	
Share of JV income	–	–	–	–	–	–	–	
Underlying operating profit[5]	134.2	107.2	160.9	(17%)	107.2	211.2	(49%)	

Reported Results[1]

On a reported basis, revenue of £1,127.8m was 11% ahead of last year, underlying EBITDAR[4] of £227.5m was 12% behind and underlying EBITDA[4] of £207.9m was 7% ahead, reflecting the prior year period only containing nine months of trading of the Ladbrokes Coral Group post acquisition on 28 March 2018, the impact of IFRS 16 and the impact of the Triennial Review on machines revenue. Underlying operating profit[5] of £134.2m was 17% behind last year and operating profit after charging separately disclosed items of £135.0m was £24.6m ahead.

Proforma Results[2]

The cut in maximum B2 stakes to £2 following the UK Government's Triennial Review was implemented on 1 April 2019, resulting in a material change to the division's performance in the remainder of the period. Post the implementation, the performance of the UK Retail business has been stronger than initially anticipated, with our leading sports-betting offering driving higher levels of substitution from displaced B2 spend into OTC and SSBTs. Overall the impact of the Triennial Review is estimated to have reduced UK Retail EBITDA by £118.0m in 2019, and we expect it to remain broadly at that level as further lost revenue from the annualisation of the new measures is offset by cost mitigation and competitor closures. Triennial Review shop closures in the year totalled 245, with a further c200 closing during the first quarter of 2020. Closures will now return to a business as usual level of 2-3%p.a. including during 2020.

Total UK Retail NGR was 15% behind last year and 12% on a LFL[6] basis. Underlying EBITDAR[4] of £227.5m was 33% behind and pre IFRS 16 underlying EBITDA[4] of £145.8m was 42% behind. After adjusting for the estimated impact of the Triennial Review[8], pre IFRS 16 underlying EBITDA[4] was 5% ahead. Pre IFRS 16 underlying operating profit[5] of £107.2m was 49% behind.

OTC wagers were 3% ahead of last year and on a LFL[6] basis were 7% ahead (+12% in Q4). OTC wagers benefitted from part substitution of displaced B2 revenue into sports-betting and earlier than anticipated industry closures, with the FIFA World Cup[7] in the prior period a 1pp headwind to wagering growth. OTC gross win margin of 17.9% was in line with last year, as strong football results offset softer margins in greyhounds and horse racing.

BUSINESS REVIEW
UK RETAIL CONTINUED

LFL[6] SSBT wagering was 46% ahead of last year. The new deal with BGT will result in 9,000 new cabinets being rolled out across the estate, concluding in 2020 and taking the density per shop up towards five.

Machines NGR was 28% behind last year and 26% behind on a LFL[6] basis. The excellent implementation of our Triennial Review mitigation plans by UK Retail colleagues and continued investment in our 'Slots first' strategy, meant that the impact of the cut to maximum B2 stakes to £2, implemented on 1 April 2019, was better than initial expectations.

Operating costs (before rent) were 4% lower than last year, as a result of shops closures and cost mitigation actions following the Triennial Review.

Compared to our original Triennial impact guidance, we now estimate a £30m outperformance for UK Retail in 2019, reducing the impact in 2019 to £118.0m.

Pre IFRS 16 rent and associated costs were £81.7m, compared to £88.7m in the prior year, reflecting the smaller estate size and a number of rent reductions achieved as a response to the Triennial Review (2019 average shops: 3,341; 2018: 3,524).

Pre IFRS 16 underlying depreciation and amortisation of £37.6m was 6% lower than last year following shop closures.

At 31 December 2019, there were a total of 3,233 shops in the estate (2018: 3,475). During the period 245 shops were closed as a consequence of the Triennial Review.

OUTLOOK

Following the cut in maximum B2 stakes to £2, both retained machines revenue and revenues substituted into OTC and SSBTs were higher than initially anticipated, driven by an effective Triennial Response plan featuring high levels of staff interaction with customers and a range of new products and customer offers.

We have also benefitted from earlier than anticipated mitigation from competitor closures and cost savings. We therefore anticipate a further £15m improvement to the guided 2020 Triennial Review impact (£40m total improvement including £25m of upgrades announced at our Capital Markets Day presentation and the Interims in 2019), reducing the guided 2020 impact to c.£125m. Guidance for 2021 is £5m better than previously communicated and 2022 remains unchanged as the timing benefits of mitigation in 2020 unwind.

The UK Retail division is highly cash generative and post Triennial Review impacts will deliver over £100m of free cash-flow per annum. This represents a c.14% Return on Invested Capital[9], even before considering the benefits to Online through brand awareness and customer acquisition. The presence of Ladbrokes and Coral shops in most high streets helps reinforce brand recognition and the Grid and Connect omnichannel offerings are a material competitive advantage, driving online growth through in-shop sign-ups to the Ladbrokes and Coral online offerings, and the subsequent servicing of those customers through the use of a seamless customer wallet. Combined with the investment in machines cabinets, new B3 content, SSBTs and OTC product and our new proprietary EPOS system, the UK Retail business is very well placed to take market share as the industry transitions to a post-Triennial Review environment.

BUSINESS REVIEW EUROPEAN RETAIL

EUROPEAN RETAIL

	Reported results[1]				Proforma results[2]			
Year ended 31 December	2019 £m	Pre IFRS 16 2019 £m	2018 £m	Change %	Pre IFRS 16 2019 £m	2018 £m	Change %	CC[3] %
OTC wagers	1,659.9	1,659.9	1,216.4	36%	1,659.9	1,571.4	6%	6%
OTC margin	17.4%	17.4%	17.3%	0.1pp	17.4%	17.7%	(0.3pp)	(0.3pp)
Sports NGR/Revenue	218.2	218.2	158.6	38%	218.2	210.2	4%	4%
Other OTC NGR/Revenue	69.3	69.3	51.1	36%	69.3	66.0	5%	6%
Machines NGR/Revenue	2.3	2.3	2.0	15%	2.3	2.6	(12%)	(9%)
Total NGR/Revenue	289.8	289.8	211.7	37%	289.8	278.8	4%	5%
Gross profit	143.6	143.6	109.9	31%	143.6	145.7	(1%)	
Contribution	138.0	138.0	103.4	33%	138.0	138.0	–	
Contribution margin	*47.6%*	*47.6%*	*48.8%*	*(1.2pp)*	*47.6%*	*49.5%*	*(1.9pp)*	
Operating costs	(70.8)	(70.8)	(47.7)	(48%)	(70.8)	(63.9)	(11%)	
Underlying EBITDAR[4]	67.2	67.2	55.7	21%	67.2	74.1	(9%)	
Rent and associated costs	(0.8)	(9.4)	(6.6)	88%	(9.4)	(8.7)	(8%)	
Underlying EBITDA[4]	66.4	57.8	49.1	35%	57.8	65.4	(12%)	
Share based payments	(0.3)	(0.3)	(0.1)	(200%)	(0.3)	(0.1)	(200%)	
Underlying depreciation and amortisation	(29.0)	(22.3)	(14.0)	(107%)	(22.3)	(18.3)	(22%)	
Share of JV income	1.0	1.0	2.7	(63%)	1.0	2.6	(62%)	
Underlying operating profit[5]	38.1	36.2	37.7	1%	36.2	49.6	(27%)	

Reported Results[1]

On a reported basis, revenue of £289.8m was 37% ahead of last year, underlying EBITDAR[4] of £67.2m was 21% ahead and underlying EBITDA[4] of £66.4m was 35% ahead, reflecting the prior year period only containing nine months of trading of the Ladbrokes Coral Group post acquisition on 28 March 2018 and the impact of IFRS 16. Underlying operating profit[5] of £38.1m was 1% ahead of 2018, and operating profit after charging separately disclosed items was £16.0m, £14.7m lower than 2018.

Proforma Results[2]

European Retail NGR of £289.8m was 4% ahead of last year (+5% cc), delivering growth in every year since the Ladbrokes and Coral merger. However, underlying EBITDAR[4] of £67.2m was 9% behind, primarily as a result of one-off costs in the current year and the impact of incremental tax in Italy and the Republic of Ireland. Pre IFRS 16 underlying EBITDA[4] of £57.8m was 12% behind and pre IFRS 16 underlying operating profit[5] of £36.2m was 27% behind.

Sports NGR was 4% ahead with OTC wagers 6% ahead as a result of strong growth in football wagers in Eurobet Italy (+9% cc) and Ladbrokes Belgium (+19% cc) despite the FIFA World Cup comparative. OTC sports gross win margin of 17.4% was 0.3pp down primarily driven by football gross win margins in Belgium, which were 2.8pp behind last year. Sports NGR was 7% ahead after adjusting for the FIFA World Cup[7]. Other OTC growth of 5% was primarily due to growth in Virtual in Eurobet Italy (+17% cc) driven by the roll-out of a range of new products, partially offset by a 6% decline in Belgium due to disruption to the Virtual product offering in H2.

Eurobet Retail, which represents over half of the segment, grew NGR at 9%, +5pp ahead of the Italian Retail market (excluding VLT/AWP machines).

Contribution margin of 47.6% decreased 1.9pp, as a result of incremental taxes in Italy and the Republic of Ireland more than offsetting marketing savings following the advertising restrictions coming into force in Italy.

Operating costs (pre rent) were 11% higher due to the full year effect of the 26 shops acquired in Belgium during 2018, one off costs associated with the disruption to our Virtual product in Belgium and additional costs in Italy as we integrate the management of our Italian brands.

Pre IFRS 16 rent and associated costs were £9.4m in the year, compared to £8.7m in the prior year.

Pre IFRS 16 underlying depreciation and amortisation of £22.3m was £4.0m higher than last year largely due to investment in Italy.

As at 31 December 2019 there were a total of 1,730 outlets/shops: Italy 883 (2018: 851), Belgium shops 311, outlets 397 (2018: shops 321, outlets 364) and Ireland 139 (2018: 141).

The disposal of the Group's 50% interest in Sportium to Cirsa S.A. was completed during the final quarter of the period. Sportium Retail JV income was £1.0m in 2019.

OUTLOOK

Our Italian business has gone from strength to strength and the benefits of the omnichannel approach are expected to drive further growth in what is Europe's largest gaming market. In Belgium, we are migrating Ladbrokes.be to an inhouse platform and introducing significant new content, whilst in retail we see further opportunities to expand the network. Opportunities to leverage the Group's omnichannel experience are also being evaluated in new territories.

BUSINESS REVIEW
OTHER

OTHER

Year ended 31 December	Reported results[1] 2019 £m	Pre IFRS 16 2019 £m	2018 £m	Change %	Proforma results[2] Pre IFRS 16 2019 £m	2018 £m	Change %	CC[3] %
NGR/Revenue	70.4	70.4	43.8	61%	70.4	53.1	33%	32%
Gross profit	49.1	49.1	33.7	46%	49.1	41.5	18%	
Contribution	45.4	45.4	29.5	54%	45.4	37.1	22%	
Operating costs	(46.0)	(46.0)	(27.2)	(69%)	(46.0)	(34.0)	(35%)	
Underlying EBITDAR[4]	(0.6)	(0.6)	2.3	(126%)	(0.6)	3.1	(119%)	
Rent and associated costs	(0.1)	(0.4)	–	–	(0.4)	–	–	
Underlying EBITDA[4]	(0.7)	(1.0)	2.3	(130%)	(1.0)	3.1	(132%)	
Share based payments	(0.1)	(0.1)	–	–	(0.1)	–	–	
Underlying depreciation and amortisation	(1.1)	(0.8)	(0.4)	(175%)	(0.8)	(0.6)	(33%)	
Share of JV income	1.5	1.5	4.9	(69%)	1.5	5.1	(71%)	
Underlying operating profit[5]	(0.4)	(0.4)	6.8	(106%)	(0.4)	7.6	(105%)	

Reported Results[1]

On a reported basis, NGR of £70.4m was 61% up on the prior period reflecting the prior period only containing nine months trading of Ladbrokes Coral post acquisition and only a few months of trading from Sigma and Argon, two small financials businesses acquired in 2018 to complement the existing Intertrader business. Underlying EBITDAR[4] loss was £0.6m, down from £2.3m of profit last year, and underlying EBITDA[4] loss was £0.7m (2018: £2.3m profit). Underlying operating loss[5] of £0.4m was £7.2m behind 2018 and operating loss after charging separately disclosed items of £3.0m was £9.8m behind.

Proforma Results[2]

The prior year acquisitions of Sigma and Argon, helped drive a 33% increase in NGR to £70.4m, and a 35% increase in operating costs to £46.0m. Underlying EBITDAR[4] loss of £0.6m was £3.7m behind last year, and is largely a result of a number of additional costs associated with changes in regulation in our financial businesses. Underlying EBITDA[4] loss of £1.0m was £4.1m behind. The operating loss was £8.0m behind last year, largely due to the aforementioned reduction in EBITDA and a one-off profit in our JV during 2018.

BUSINESS REVIEW CORPORATE

CORPORATE

	Reported results[1]				Proforma results[2]		
Year ended 31 December	2019 £m	Pre IFRS 16 2019 £m	2018 £m	Change %	Pre IFRS 16 2019 £m	2018 £m	Change %
Underlying EBITDAR[4]	(46.4)	(46.4)	(47.2)	2%	(46.4)	(50.4)	8%
Rent and associated costs	–	–	(0.2)	100%	–	(0.2)	100%
Underlying EBITDA[4]	(46.4)	(46.4)	(47.4)	2%	(46.4)	(50.6)	8%
Share based payments	(5.8)	(5.8)	(8.1)	28%	(5.8)	(8.5)	32%
Underlying depreciation and amortisation	(0.4)	(0.4)	(0.2)	(100%)	(0.4)	(0.4)	–
Share of JV income	(12.5)	(12.5)	–	–	(12.5)	–	–
Underlying operating profit[5]	(65.1)	(65.1)	(55.7)	(17%)	(65.1)	(59.5)	(9%)

Reported Results[1]

On a reported basis, Corporate costs[4] of £46.4m were 2% lower than last year, and after share based payments, depreciation and amortisation and share of JV losses, were £65.1m, an increase of 17%, reflecting the prior year period only containing costs for nine months of Ladbrokes Coral results post acquisition and the £12.5m loss in the new US JV, Roar Digital in 2019. After charging separately disclosed items, the operating loss of £162.4m was £214.2m behind 2018.

Proforma Results[2]

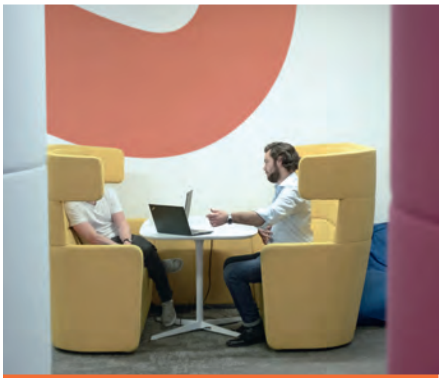
Corporate costs[4] of £46.4m were 8% lower than last year as a result of the delivery of cost synergies arising from the acquisition of the Ladbrokes Coral Group. During the year the Group also recorded a £12.5m loss on its share of the results of the US JV (2018: £nil).

1. 2019 and 2018 reported results are audited and reflect the acquisition of the Ladbrokes Coral Group plc on 28 March 2018. The pre IFRS 16 2019 reported results are unaudited and reflect the 2019 audited results adjusted to remove the impact of IFRS 16.
2. The Group's proforma results for 2019 are unaudited and equal the pre IFRS 16 2019 reported results. The Group's proforma results for 2018 are unaudited and presented as if the current Group, post the acquisition of Ladbrokes Coral Group plc, had existed since 1 Jan 2018. The results of Crystalbet and Neds are included from the dates of acquisition (11 April 2018 and 28 November 2018 respectively).
3. Growth on a constant currency basis is calculated by translating both current and prior year performance at the 2019 exchange rates.
4. Stated pre separately disclosed items and share based payments.
5. Stated pre separately disclosed items.
6. UK Retail numbers are quoted on a LFL basis. During 2019 there was an average of 3,341 shops in the estate, compared to an average of 3,524 in 2018.
7. FIFA World Cup post substitution.
8. After rebasing the prior year for the adverse EBITDA impact of incremental taxes (UK RGD, Irish and Italian taxes and Australian POCT) of £56.7m, and adjusting the current year for the estimated £118.0m adverse impact of the Triennial Review on UK Retail.
9. Cash return defined as unlevered Cashflow attributable to the UK Retail business as a percentage of the implied valuation at the time of the Ladbrokes Coral Group acquisition after adjusting for the impact of the Triennial Review.

CORPORATE SOCIAL RESPONSIBILITY
SETTING THE CONTEXT

"WE KNOW THAT WITHOUT EARNING AND MAINTAINING THE TRUST OF REGULATORS, CUSTOMERS, INVESTORS, INTEREST GROUPS AND OTHERS, WE CANNOT CREATE LONG-TERM VALUE BUSINESS."

VIRGINIA McDOWELL
CHAIR OF CSR COMMITTEE



RET INVESTMENT

10X

We have unilaterally committed to increasing our investment into research,education and treatment of problem gambling behaviours 10-fold by 2022.

This is the second Annual Report to be published following GVC's acquisition of Ladbrokes Coral. As a global leader in sports-betting and gaming, with over 24,000 employees across five continents, GVC recognises the unique responsibilities we have towards society, particularly as our industry is held to ever higher social and environmental standards by regulators, investors and citizens alike.

Following the outcome of the Triennial Review, our sector has faced, and will continue to face, a tightened regulatory environment, including, in the UK alone, new 'know your customer' requirements, an increased Remote Gaming Duty and a ban on credit cards to place bets. 2019 also saw the introduction of a £2 maximum stake on fixed odds betting terminals (FOBTs) in the UK, which will result in the closure of around 450 betting shops by the end of Q1 2020. This number is substantially lower that our initial expectation of up to 900 closures thanks to a detailed mitigation plan that enabled us to manage the change process and minimise job losses.

The UK Gambling Commission has made no secret of its expectation that the betting and gambling industry must step up its game and we welcome the challenge to improve standards. In 2019, it handed out close to £14m in penalties against its licensees, including a significant £5.9m package of penalties imposed on GVC for "systemic failings" in its anti-money laundering ("AML") and social responsibility obligations. The penalty relates to historic failings in the Ladbrokes Coral Group between November 2014 and October 2017, during which the company "failed to put in place effective safeguards to prevent consumers suffering gambling harm and against money laundering." Of the £5.9m settlement, £4.8m will be paid towards causes helping to deliver the National Strategy to Reduce Gambling Harms, with the balance of £1.1m being paid to affected parties.

Since 2016, GVC has transformed its AML and safer gambling processes, more than quadrupling compliance and safer gambling headcount, more than trebling player source of funds checks and responsible gambling customer interactions, and committing to a ten-fold increase in donations towards research, education and treatment ("RET") of problem gambling. In the words of our CEO, Kenny Alexander: "These historical failings were unacceptable and since the acquisition, I have overseen a systematic review of the enlarged Group's player protection procedures and the individuals responsible for these problems have exited the business. I am confident that we now have in place a robust and industry leading approach to player protection."

We know that without earning and maintaining the trust of regulators, customers, investors, interest groups and others, we cannot create long-term value. We are on a mission to build and extend a responsibility-first culture into every corner of our business, from the shop-floor to the executive suite; something our sector has failed to do convincingly in the past.

Following extensive independent reviews of the Group's environmental, social and governance ("ESG") policies and practices, we remain constituents of the FTSE4Good and Dow Jones Sustainability Index, the latter as the only European betting company.

This section highlights our Fair Play activities and performance in 2019, along with objectives for the future. In this limited disclosure, we focus on the Safer Gambling pillar of our Fair Play strategy as well as mandatory reporting items such as greenhouse gas emissions. It complements our stand-alone ESG Report, published simultaneously, which covers the remaining priority areas of our Fair Play strategy, including additional performance data.

FAIR PLAY
OUR CSR STRATEGY

FAIR PLAY

GROWING A GLOBAL SOCIALLY RESPONSIBLE AND SUSTAINABLE BETTING AND GAMING BUSINESS

SAFER GAMBLING

UNDERSTANDING OUR IMPACT AND MINIMISING HARM

REWARDING LEISURE EXPERIENCE

For more information see pages 45 to 47

RESPONSIBLE EMPLOYER

RESPONDING TO IMBALANCE

PROVIDING QUALITY EMPLOYMENT

For more information see pages 48 to 49

RESPONSIBLE COMMUNITIES AND MARKETS

RESPONDING TO SOCIETAL NEEDS

POSITIVE ECONOMIC FOOTPRINT

For more information see page 52

BUILT ON RESPONSIBLE BUSINESS OPERATIONS

ETHICS	COMPLIANCE	H & S	SECURITY
ENVIRONMENT	DATA PROTECTION	AML/FRAUD	SUPPLIERS

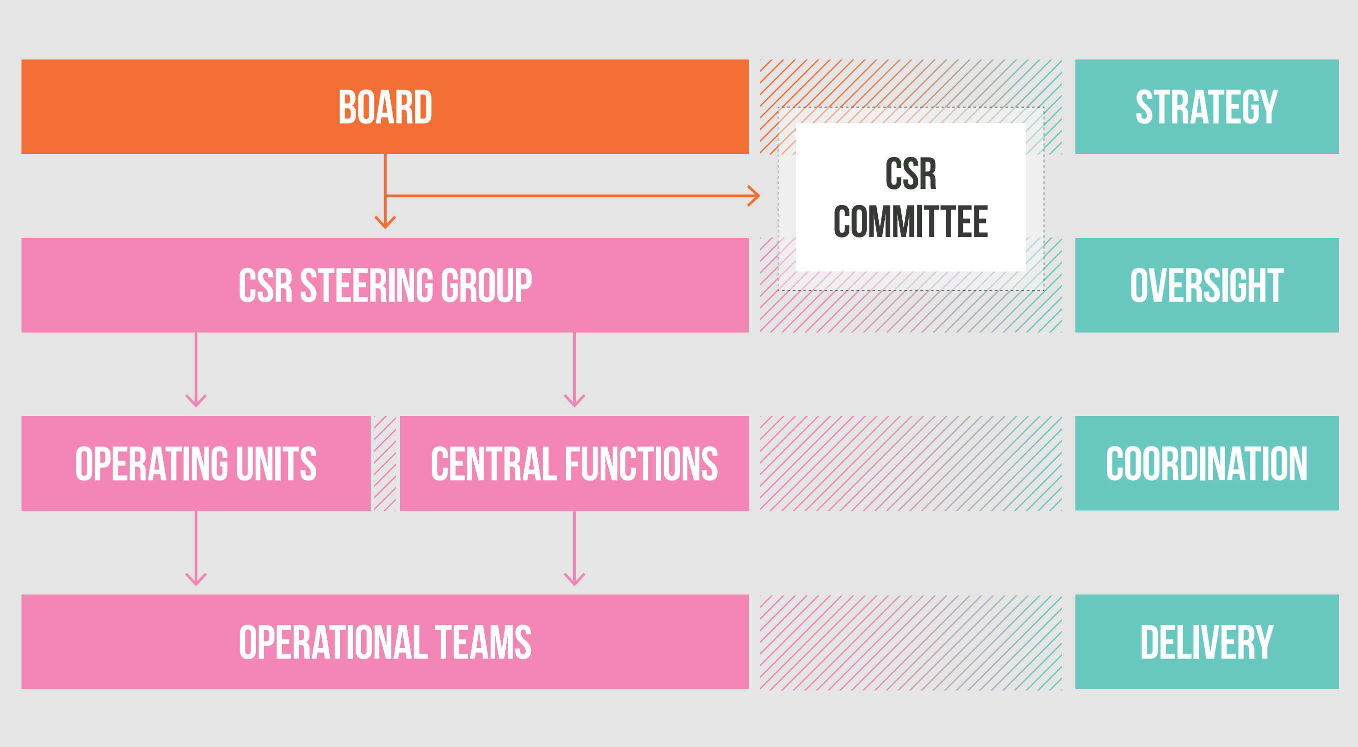
We launched Fair Play – GVC's global responsible business strategy – in October 2018. Following a year of internal and external consultation, the emerging strategy sets out our priorities and activities across three important pillars:

- **Safer Gambling** – leading the industry in providing safe environments for customers to enjoy their gambling experience;
- **Responsible Employer** – becoming a destination employer where all colleagues can thrive; and
- **Responsible Communities & Markets** – ensuring we leave a positive footprint in the communities and markets we serve.

Each pillar comes with its own objectives, activities and policies, and together, we believe they add up to something greater than the sum of their parts. The three pillars are supported by our Responsible Business Operations, providing the day-to-day foundation on which we run our business. Aside from guiding our responsible business activities, Fair Play also acts as the framework for our responsible business disclosures.

RESPONSIBLE BUSINESS GOVERNANCE

RESPONSIBLE BUSINESS GOVERNANCE STRUCTURE



"WE BELIEVE THE KEY TO ESTABLISHING A SAFER ENVIRONMENT FOR CUSTOMERS TO ENJOY THE SERVICES WE PROVIDE IS BY WORKING CONSTRUCTIVELY WITH NATIONAL REGULATORS, INDUSTRY PEERS AND THIRD SECTOR BODIES."

JAY DOSSETTER
HEAD OF CSR

The governance of responsible business at GVC reflects the high emphasis we place on managing our non-financial risks effectively and efficiently. Launched in 2018, the current governance structure is now fully bedded in and has proved fit for purpose in managing the increased scale, complexity and expectations of the Group.

- The **Board CSR Committee** covers regulatory compliance, anti-money laundering ("AML") and anti-bribery and corruption ("ABC"), responsible gaming, health and safety, environmental impact, data protection and diversity in the workplace. Chaired by Virginia McDowell, the Committee has five members and provides guidance for the business on all aspects of CSR strategy, agree on targets and monitors our performance across the Company.
- The **CSR Steering Group** consists of functional leaders from across the business, including Investor Relations, HR, Legal, Health, Safety and Security, Operations and Communications. Convened by our Head of CSR, the Group oversees implementation of the CSR strategy.
- Sitting below the CSR Steering Group, the relevant **Operating Units** and **Central Functions** are tasked with coordinating all GVC's major CSR initiatives and processes, which in turn are delivered on a day-to-day basis by **Operational Teams** across all countries of operation.

In addition, a small team of **CSR Advisers** sits at the corporate centre, which includes our external consultants Carnstone Partners Ltd. Together they advise the Board CSR Committee and other internal bodies, assist the operational units and review our environmental and social performance data.

Externally, we keep abreast of developments in the responsible investment market and engage actively with ESG requests from our investors and key ESG rating agencies. In 2019, GVC was admitted to both the FTSE4Good and Dow Jones Sustainability Indices. We will continue to engage with these and other ESG indices going forward, as capital markets increasingly reconsider risk and asset values based on a broader set of parameters.

GVC has a policy of not making political contributions, neither directly nor through our charitable foundations; in practice this means we would never support political parties or organisations associated with political parties, be it in kind or through cash donations.

SAFER GAMBLING

Arguably, our most important responsible business pillar is Safer Gambling. We believe the key to establishing a safer environment for customers to enjoy the services we provide is by working constructively with national regulators, industry peers and third sector bodies.

We are fully aligned with the UK Gambling Commission's principal objectives to ensure that gambling is:

- Crime-free;
- Fair and conducted in an open way; and
- Protecting children and other vulnerable persons.

We extend these objectives to all our operations while developing approaches and solutions that are locally relevant.

CHANGING FOR THE BETTOR

Launched in January 2019, 'Changing for the Bettor' remains the most ambitious and far-reaching safer gambling strategy within our industry. The vision behind the strategy is to establish GVC as the most trusted and enjoyable betting operator in the world.

'Changing for the Bettor' comprises seven key pillars for action, each of which has substantive projects and outcomes attached to it. As we mark its first anniversary, the updates below illustrate key progress against the priority areas:

- Understand the problem
- Educate stakeholders
- Advertise responsibly
- Make it easy to stay safe
- Help people in need
- Design for safety
- Change ourselves for the bettor

CHANGING FOR THE BETTOR

IT ALL STARTS WITH OUR SEVEN PRINCIPLES FOR SAFER GAMBLING:

UNDERSTAND THE PROBLEM

EDUCATE STAKEHOLDERS

ADVERTISE RESPONSIBLY

MAKE IT EASY TO STAY SAFE

HELP PEOPLE IN NEED

DESIGN FOR SAFETY

CHANGE OURSELVES FOR THE BETTOR

> SAFER GAMBLING IS CORE TO THE WAY WE WORK EVERY DAY. BECAUSE AT GVC, SAFER GAMBLING IS EVERYONE'S BUSINESS.

SAFER GAMBLING CONTINUED

1. UNDERSTANDING THE PROBLEM AND BEST SOLUTIONS

We have committed $5.5m to a five-year partnership with the Division on Addiction, Cambridge Health Alliance – a Harvard Medical School teaching hospital – to better understand and reduce the potential for problem gambling behaviour. Now in its second year, the partnership has crystallised into the following activity streams:

- Patterns of normal internet gambling behaviour;
- Behavioural markers of harm, evaluating the effectiveness of algorithms deployed by GVC;
- Safer Gambling limits and the affordability of online gambling;
- Adopting an evidence-based approach to product safety; and
- Review of responsible gambling training and its effectiveness.

In November 2019, we hosted a research symposium with our project partners at the British Academy, outlining the scope and ambition of the research to an invited audience of academics, researchers and industry peers. Presenters provided research updates on topics including the effectiveness of responsible gambling intervention messaging, the impact of operators' responsible gaming tools and how the industry can better detect at-risk behaviours. All the research is carried out under 'open science' practices, which ensure the work is transparent and protected from outside influences.

2. EDUCATING OUR KEY STAKEHOLDERS

This strand of 'Changing for the Bettor' includes two flagship initiatives:

- The national roll-out of GamCare's Youth Outreach Programme. We made a £0.5m contribution towards expanding this initiative across Great Britain. The programme aims to raise awareness of problem gambling and educate young people, and the professionals working with them, about the risks associated with gambling, helping young people to make safer choices around gambling when they come of age. To date over 16,000 young people aged 12-18 have been engaged through free, interactive workshops as well as free training provided to over 5,500 professionals in cities including London, Birmingham, Bristol, Manchester, Liverpool and Hull.
- A major state school awareness and intervention programme with EPIC Risk Management. The ambition is to deliver Gambling Awareness and Protection ("GAP") Seminars to school children, across UK state schools and sixth form colleges over a two-year period, equipping participants to make more informed decisions around gambling. During 2019, EPIC piloted the programme with over 11,000 students across 62 schools, and an independent evaluation was undertaken by the University Campus of Football Business ("UCFB"). The evaluation found that the GAP seminar format and content were widely endorsed and effective in engaging the young audience, with 9 in 10 participants reporting their intentions not to gamble at all or to gamble less.

3. PROMOTING RESPONSIBLE ATTITUDES

GVC has led the industry bringing about the introduction of a 'whistle-to-whistle' ban on sports-betting broadcast advertising in the UK. This came into effect in August 2019. The Group also unilaterally ended all UK football shirt sponsorship and perimeter board advertising and has encouraged others in the industry to follow suit.

We donated our shirt sponsorship rights for both Charlton Athletic and Sunderland AFC to our charity partner, Children with Cancer UK, while sponsorship assets in the Scottish Professional Football League and with a number of high-profile English clubs for the 2019/20 season were given over to support GambleAware's 'Bet Regret' campaign. In practice, this meant the 'Bet Regret' logo replaced Ladbrokes' and other GVC brands' across interview backdrops and advertising boards.

Furthermore, during Responsible Gambling Week, responsible gambling messages dominated our websites, social media channels and print advertising, with all our retail colleagues wearing safer gambling t-shirts.

RESPONSIBLE GAMBLING WEEK

SAFER GAMBLING PERFORMANCE

	2019	2018	2017
Cash and in-kind contributions towards responsible gambling charities	**£3,607,889**	£2,506,000	£2,334,777
Customer interactions regarding problem gambling	**1,072,416**	1,124,079	302,609
Customer complaints	**22,543**	13,503	19,690
Customer complaints which specifically relate to a gambling transaction	**2,388**	2,771	4,668
Self-exclusions made	**294,946**	334,765	164,178
Safe and Secure visits	**7,772**	7,066	n/a
Burglaries and burglary attempts	**99**	127	95
Shop robberies and robbery attempts	**109**	163	222
Street robberies	**1**	9	14

4. EMPOWERING CUSTOMERS

During 2019, we rolled out 'markers of harm' across our UK facing businesses, with the aim of proactively spotting problematic play among our customers. This, in turn, allows us to provide effective and tailored interactions with those players most at risk.

To help those customers experiencing harmful gambling, we now offer the Gamban software free of charge. Gamban is an app that blocks access to thousands of gambling websites and suppresses gambling-related marketing. Difficult to uninstall, it also offers access to useful safer gambling resources and on-demand technical support. 1,570 GVC customers made use of the Gamban software since we offered it as an option in April 2019.

Announced early in 2020, GVC has been appointed by UKGC to co-lead a working group focusing on the use of incentives to help ensure bonuses, hospitality and gifts in particular around VIP programmes are offered in a manner consistent with making gambling fairer, safer and crime free. This forms part of a wider effort by UKGC to tackle challenges associated with game and product design and advertising technology.

Alongside these initiatives, we have continued trialling other player protection methods and tools, including curfew buttons online. Our internal analysis indicates that half of GVC's active customer base used one or more RG tools in 2019, including 9 in 10 new customers. Compared with 2018, there has been a 200% increase in the number of RG interactions, mainly driven by changes in how we measure markers of harm for intervention.

200%

Compared with 2018, there has been a 200% increase in the number of RG interactions, mainly driven by changes in how we measure markers of harm for intervention.

5. FUND TREATMENT FOR THOSE IN NEED

Having already doubled our investment into research, education and treatment ("RET") of gambling-related harm in 2019 to 0.2% of UK GGR in 2019 (c.£4m), we led the industry as the first operator to commit to a 10-fold increase by 2022 (equivalent to £20m per year at current rates). We were delighted when four other major UK operators followed this lead in July 2019, pledging a similar increase.

To add longevity, independence and professionalism to our RET investments, we have launched the GVC Global Foundation, which will coordinate and support GVC's donations and CSR objectives around the world. In addition to being the vehicle for RET donations, it will also support:

- Grass roots, women's and disability sport;
- Men's health, with a particular focus on mental health; and
- Projects with a clear link to the local community in GVC's major office locations.

Major recipients of GVC donations towards RG in 2019 included GamCare, the US National Council on Problem Gambling, Gordon Moody, Leon House/Cognacity and Digital Therapy Solutions, and other national gaming addiction and support charities in Austria, the Spielsuchthilfe Gemeinnuetziger Verein, and in Spain, FEREJ.

Together with our four largest peers in the UK, we have collectively committed to contributing £100m in instalments between 2020 and 2023 and 1% of revenues thereafter to safer gambling initiatives. The industry is working to establish a new independent charity, Action Against Gambling Harm, to take responsibility for distributing this investment.

£20M BY 2022

Committed to research, education and treatment (RET) of gambling-related harm.

6. CHAMPION RESPONSIBLE PRODUCT DESIGN

We will work with leading experts to design a code of conduct for product design, both within our business and for external suppliers. We are currently part of the industry working group under the Betting and Gaming Council to produce an effective industry code for product design. This is an area where to be effective as a company, we need commitment and buy-in from the wider industry. Our aim is to introduce new player protections in product design and customer engagement, making it easier for people to gamble safely.

7. DRIVE CULTURAL CHANGE WITHIN OUR BUSINESS

We are determined to change the mindset of our industry, starting with our own company. To ensure responsibility underpins all aspects of our business, we have introduced campaigns and training to make safer gambling integral to how everyone thinks and acts at GVC.

As part of our Employee Engagement plan, we focus on four aspects of building a safer gambling culture:

- Building knowledge;
- Raising awareness;
- Driving behavioural change; and
- Collecting ideas from employees.

In November, we launched a 12-month campaign that builds awareness, understanding and ultimately drives behaviour change through the seven pillars of 'Changing for the Bettor'. GVC colleagues will be engaged through regular competitions, tailored communication and polls, tied into big events during the year including RG Week, Wimbledon, the Superbowl and Euro 2020. We are excited about crowd-sourcing ideas from colleagues to improve our safer gambling performance, inviting more colleagues into this critical discussion and creating ownership in the process.

Additionally we have increased mandatory training for all colleagues, including VIP and customer service teams and engaged the services of EPIC Risk Management to help us more effectively communicate with at-risk customers.

RESPONSIBLE EMPLOYER

ENABLING A REWARDING AND INCLUSIVE ENVIRONMENT

GVC is a people-driven business in a highly dynamic sector. As our international operations grow, we recognise the need to identify, retain and develop talent from many backgrounds to meet our customers' needs and stay at the forefront of innovation.

Across our business as a whole, 50% of our employees are female, but this drops down to 23% at the Senior Manager level. This represents an improvement of 33% since 2017, but we recognise we still have work to do. At Board level, the share of females has increased to 30%, following the appointment of Jette Nygaard-Andersen as a Non-executive Director in 2019. Gender remains one of the key areas of consideration for the Nominations Committee and the Board, together with a candidate's experience, knowledge and skills.

We launched our international diversity and inclusion (D&I) strategy in 2018, Everyone's in the Game, which set out a three-year roadmap towards a more inclusive business. Over the three years, initiatives and interventions will take place across four focus areas: recruitment, process & policy, people development and awareness & education. In the first wave of activities, we focused on gender equality, launching an internal women's network, training 250 leaders in understanding unconscious bias and setting up Horizon, a leadership programme for the top 100 females in our business. In 2019, we built on this foundation by introducing a new mentoring programme, return to work initiatives, and interventions encouraging more women into digital and technology roles. We also invested in a new virtual learning platform that enables us to create more engaging online content as it relates to training and development. The first learning module launched on the platform is unconscious bias, with more to come.

"WE BUILT ON THIS FOUNDATION BY INTRODUCING A NEW MENTORING PROGRAMME, RETURN TO WORK INITIATIVES, AND INTERVENTIONS ENCOURAGING MORE WOMEN INTO DIGITAL AND TECHNOLOGY ROLES."

SHAY SEGEV
CHIEF OPERATING OFFICER

We also broadened our focus to encompass wider diversity characteristics such as ethnicity, sexual orientation and disability, appointing executive level sponsors to champion different strands of diversity and working with third parties such as Stonewall. We completed the first global all employee engagement survey, Your Voice Survey, which provided helpful pointers as to where we can improve our diversity performance.

GVC remains a flexible employer. In 2019, over 60% of our UK colleagues chose to work part time, to accommodate childcare arrangements, studying or other personal responsibilities. At the start of 2019, we began the roll-out of enhanced maternity and parental leave provisions, which have now been bedded in.

In a fast-moving sector, ongoing learning and development is key. We calculated the average number of learning and development ("L&D") hours per fulltime employee to be 22.9 hours during the year. This compares favourably to a sector media of 18.1 hours, i.e. an additional 20% compared with other FTSE 250 companies. From the benchmarking exercise, we learned that as a company we need to invest further in automation, making it easier to book and manage training resources, as well as L&D headcount. This is something we plan to address in 2020.

This year we are reporting publicly against the new UK reporting requirements on CEO pay ratios for the first time. The median UK employee (50th percentile) to CEO pay ratio in 2019 was 229 times, which reflects an improvement compared with 2018, following the adoption of a new remuneration policy in 2017. With the high proportion of UK employees working in retail roles, we recognise that the ratio may appear imbalanced but it is in line with many other retail organisations.

250

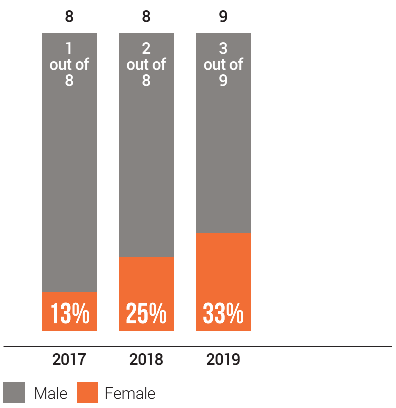
Leaders trained in understanding unconscious bias and setting up Horizon, a females in leadership programme.

60%

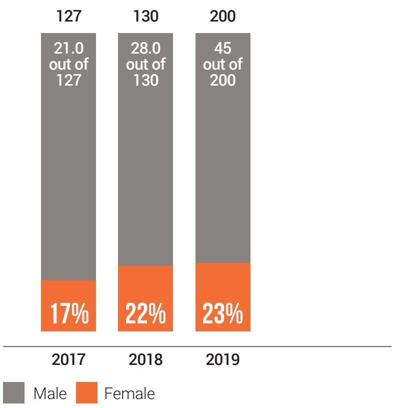
Of our UK colleagues chose to work part time, to accommodate childcare arrangements, studying or other personal responsibilities, during 2019.

GENDER DIVERSITY – FEMALES AS % OF EMPLOYEES

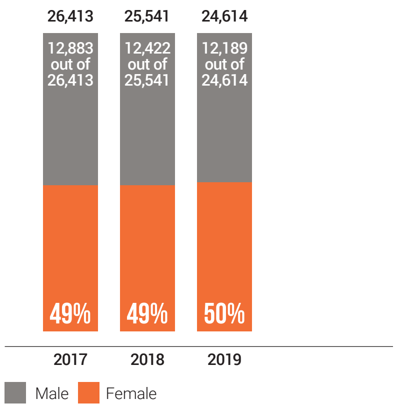
GROUP BOARD



SENIOR MANAGERS



ALL EMPLOYEES



33%

Increased share of females at Board level.

+35%

Increase in senior female managers throughout the Group since 2017.

24,000+

Employees, our people are our greatest asset. We aim to be a destination employer for talented and passionate people.

RESPONSIBLE EMPLOYER PERFORMANCE

	2019	2018	2017
Employees worldwide	24,614	25,541	26,413
Female employees	12,189	12,422	12,883
%	50%	49%	49%
Part-time employees	11,269	10,497	10,657
%	47%	42%	46%
Employee Engagement Index	57%	53%	57%
Median hourly pay difference between male and female colleagues (Gender Pay Gap)	4%	3%	3%
Mean Hourly pay difference between male and female colleagues (Gender Pay Gap)	18%	17%	16%
Median bonus pay difference between male and female colleagues	36%	25%	25%
Mean bonus pay difference between male and female colleagues	83%	85%	75%

RESPONSIBLE BUSINESS OPERATIONS

ENVIRONMENT

2019 was a watershed year for climate change. With climate change impacts no longer a distant threat on the horizon, limiting global warming to no more than 1.5 C is now one of the biggest challenges facing humanity. We acknowledge the role we play in reducing our greenhouse gas ("GHG") emissions and minimising our environmental footprint. While our carbon footprint is by far the most significant environmental impact across the Group, we also look at the wider environmental picture, monitoring and reducing water use and waste across our major offices and retail estate.

Having established the carbon footprint baseline for the combined Group in 2018, we introduced a reduction target of 15% per employee by the end of 2021. Our energy and carbon data for 2019 shows that we are on track to meet – or exceed – our 2021 target, having achieved a carbon saving of 0.19 tonnes per employee. This is a 10% reduction since 2018. The reductions achieved so far are primarily due to our rolling programme of shop refurbishments in the UK, the merging of GVC and Ladbrokes Coral offices, as well as the decarbonisation of the electricity grid in our key markets. As of January 2020, all electricity consumed by our stadia and shops in the UK will come from renewable sources, following in the footsteps of our Irish retail estate.

We have used the integration of the Ladbrokes Coral businesses into GVC to identify opportunities for reducing our carbon footprint, including starting work to merge our external data centre providers, to unlock cost and carbon savings. In 2019, through consolidation, we reduced the number of externally operated datacentres from 6 to 5.

To keep the momentum going, we have appointed 120 Green Ambassadors across GVC to help identify ways in which we can minimise our negative impacts on the environment. Furthermore, we have appointed the Carbon Trust to deliver training to our colleagues in procurement on how to reduce emissions in our supply chain. The Carbon Trust will also validate our carbon data to ensure our processes and reporting are robust and credible. Finally, to benchmark our carbon management performance against peers and create transparency for investors, we will be disclosing against CDP's (formerly known as the Carbon Disclosure Project) Climate Change questionnaire in 2020.

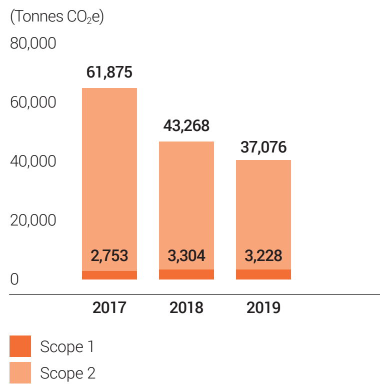
CYBERSECURITY AND DATA PROTECTION

It is essential that we safeguard our customer and corporate information, managing cybersecurity and data protection risks. Our privacy and data programme is underpinned by a multi-layered governance framework and close collaboration between the privacy, information security, IT and operations, compliance, HR, regulatory, legal and business teams. To ensure proper accountability and oversight, the Chief Privacy Officer ("CPO") – who is also GVC's dedicated Data Protection Officer – regularly submits reports to the Board CSR Committee. Starting from 2020, the CPO will hold responsibility for a dedicated privacy budget, following a significant increase in resourcing and team-size. For example, we have recruited a team of privacy analysts to embed privacy-by-design capabilities across GVC through early and consistent engagement in product development, marketing and technology design processes. The privacy team has also started working more closely with colleagues in communication and information security, as well as other stakeholders, to optimise GVC's breach response, with an Executive Committee and Board level cyberattack simulation to stress-test our processes scheduled for 2020.

"AS OF JANUARY 2020, ALL ELECTRICITY CONSUMED BY OUR STADIA AND SHOPS IN THE UK WILL COME FROM RENEWABLE SOURCES, FOLLOWING IN THE FOOTSTEPS OF OUR IRISH RETAIL ESTATE."

COLIN GRAY
ENVIRONMENT MANAGER

SCOPE 1 AND 2 EMISSIONS



120

We have appointed 120 Green Ambassadors across GVC to help identify ways in which we can minimise our negative impacts on the environment.

Human behaviour can be the biggest threat to maintaining data privacy and cybersecurity. A core objective of our programme is to create awareness and deliver training to colleagues to raise GVC's 'data IQ', which we continued to do in 2019. More than 23,000 GVC colleagues received online GDPR training during the year, with an additional 300 customer-facing colleagues receiving face-to-face training. Fundamental to these efforts is our newly developed Group Data Protection Policy, designed to ensure all employees understand how to treat and protect personal data. The policy applies to all GVC employees globally, as well as agency staff and contractors.

HEALTH, SAFETY AND SECURITY

Health, Safety and Security ("HSS") remain core priorities for us. We continue to encourage a positive health and safety culture throughout the business and to maintain a safe environment for our customers and colleagues. To that effect, we approach HSS risks proactively, using a fully integrated policy and management framework that allows us to identify risks early and take action accordingly.

Mental health is the leading cause of sickness absence in the UK, with one in four adults experiencing at least one diagnosable mental health problem in any given year.

Yet only one in 10 employees feel able to tell their line manager about mental health issues. Equipped with these facts, we launched wellbeing as a major theme in 2019, developing a three-year strategy and plan, 'Think well, Live well, Work well'. In its inaugural year, key objectives included:

- Developing wellbeing awareness, making information, tools and support easily accessible to all colleagues;
- Supporting and training line managers, ensuring regular conversations about wellbeing;
- Developing mental health awareness among all colleagues, reducing stigma around mental health issues;
- Providing targeted support for those who are struggling, offering appropriate workplace adjustments; and
- Providing preventive tools to support colleagues to thrive, improving engagement and performance.

Among the key achievements in 2019, we launched the 'Think Well' virtual space, providing easy access to tools and resources to support mental health; delivered classroom-based resilience training to 150 Area Managers and e-learning to over 12,000 colleagues; and launched a mental health tool developed by Mind, the mental health charity, with over 8,000 colleagues using it to date.

2020 will see us bedding in the mental health programme – Think Well – further and also developing and implementing the second strand of the strategy – Live Well – which is about physical health and wellbeing.

SUPPLY CHAIN

We take the issues of modern slavery and human trafficking very seriously and prohibit all forms of slavery, both in our own operations and within our extended supply chains. Our approach is guided and reinforced by our Code of Conduct, and Environmental, Social, and Ethical Purchasing Policies which are communicated to all employees and explicitly referenced in our terms of engagement for all suppliers and business partners.

At the end of 2018, GVC introduced a combined new supplier protocol which includes specific requirements that any third-party must have compliant anti-modern slavery policies in place. Using the Walk Free Foundation Global Slavery Index, any supplier in a high-risk country will be subject to an enhanced social and environmental risk check carried out by our procurement team.

Our plans for 2020 include training and development of guidelines for colleagues with procurement responsibilities to improve their understanding of social and environmental supply chain risks and how to deal with those risks effectively.

RESPONSIBLE BUSINESS OPERATIONS PERFORMANCE

	2019 Group total[1]	2018 Group total[1]	2017 Group total[1]
Whistleblowing incidents reported and investigated	**34**	2	25
Employee accidents	**179**	297	140
Employee reportable incidents	**8**	12	0
Public accidents[2]	**31**	287	235
Public reportable incidents	**0**	3	0
Energy (kWh)[3]	**150,734,978**	155,771,722	184,901,000
GHG emissions (tonnes CO_2e)[2,3,4]	**40,305**	46,572	64,628
GHG efficiency (tonnes CO_2e per employee)	**1.64**	1.8	2.4
Water use (cubic metres)[5]	**485,266**	434,475	569,980
Waste (tonnes)[6]	**6,560**	13,811	8,587

1. Proforma figures for both GVC and Ladbrokes Coral combined businesses for the relevant calendar year.
2. The methodology used for 2019 has been updated to reflect work-related injuries only, i.e. accidents caused by a fault/defect in the working environment or processes GVC has in place. Data reported in previous years included non-work-related injuries.
3. Emissions from our global operations include those arising from our businesses in Australia, Austria, Belgium, Bulgaria, Gibraltar, India, Ireland, Israel, Italy, Philippines, Spain, UK, Uruguay. This makes up over 99% of our overall headcount. Figures shown are prorated to 100% coverage.
4. Based on UK Defra/BEIS greenhouse gas reporting; conversion factors 2018; except for overseas electricity conversion factors which are based on IEA/OECD CO_2 emissions from fuel Combustion 2019. Includes Scope 1: Direct emissions from the combustion of fuel, and Scope 2: Indirect emissions from the purchase of electricity. Excluding fugitive emissions from refrigerants, which represent less than 2% of GHG emissions from our business operations.
5. Water data is sourced from our operations in Austria, Bulgaria, Gibraltar, India, Ireland, Israel, Philippines, UK, Uruguay. This makes up 96% of our overall headcount. These figures are not prorated to 100% coverage.
6. Waste data is sourced from our operations in Austria, Belgium, Bulgaria, Gibraltar, India, Ireland, Philippines, UK, Uruguay. This makes up 92% of our overall headcount. These figures are not prorated to 100% coverage.

-17%

In 2019, through consolidation, we reduced the number of externally operated datacentres from 6 to 5.

RESPONSIBLE COMMUNITIES AND MARKETS

CONTRIBUTING TO THE ECONOMY BY PAYING TAXES AND LEVIES

Employing more than 24,000 people across 7,000 retail outlets and offices in 20 countries, our economic footprint is significant. During 2019 we paid £984m in taxes and levies across our countries of operation. This comes in addition to the £655.6m we paid in wages and salaries.

£927M

Paid in taxes and levies in 20 countries during 2019.

RESPONSIBLE COMMUNITIES AND MARKETS

	2019 Group total[1]	2018 Group Total[1]	2017 Group Total[1]
Proforma net gaming revenue (NGR)	**£3,655.1m**	£3,571.4m	£3,288m
Proforma underlying EBITDA	**£761.1m**	£755.3m	£666.5m
Taxes paid[2]	**£927m**	£949m	£797m
Wages and salaries[3]	**£671.2m**	£627.1m	£678.5m

1. Proforma figures for both GVC and Ladbrokes Coral combined businesses for the relevant calendar year.
2. Includes corporation tax, business rates, foreign tax, Machine Games Duty ("MGD"), Amusement Machine Licence Duty ("AMLD"), employers, National Insurance Contributions ("NIC"), VAT, and other duties and levies.
3. Including pension contributions and share based payment costs.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE REPORT

"OUR AMBITION IS TO BE THE SAFEST AND MOST TRUSTED OPERATOR IN THE WORLD."

VIRGINIA MCDOWELL
CHAIR OF THE CSR COMMITTEE

THE ROLE OF THE COMMITTEE

The purpose of the Committee is to oversee that the Company adopts the appropriate policies and processes to properly manage stakeholder engagement. The role and responsibilities of the Committee are set out in its formal terms of reference. A copy of which can be viewed on the Group's website www.gvc-plc.com.

COMMITTEE MEMBERSHIP AND ATTENDANCE

The Committee meets at least three times a year and may meet at other times as agreed by the Chair or at the request of a Committee member. The table below shows the Committee's membership and attendance at meetings for the year ended 31 December 2019.

Member	Position	Meetings	Attendance
Virginia McDowell	Chair	6	6
Peter Isola[1]	Member	5	5
Jane Anscombe	Member	6	6
Stephen Morana	Member	6	6

1. Appointed on 27 February 2019 and therefore attended 5/5 meetings eligible for.

The terms of reference require a majority of the Committee members to be independent Directors.

The Company Secretary attends all Committee meetings to record the minutes and provide advice to the Directors. The Head of CSR and Directors of Responsible Gaming, AML, International and UK Compliance with the Group HR Director are normally invited to attend each meeting and the Chief Privacy Officer and Group Health, Safety, Security and Environment ("HSSE") Director may be invited to attend from time to time to participate in discussions about data protection and HSSE matters respectively.

COMMITTEE ACTIVITIES DURING 2019

The activities of the Committee during the year focused on the three principal pillars of: Responsible Employer, Responsible Communities and Safer Gambling. Further details of the activities of the Committee can be read in the 2019 Corporate Social Responsibility Report.

VIRGINIA MCDOWELL
Chair of the CSR Committee
5 March 2020

ENGAGING WITH STAKEHOLDERS

As an Isle of Man incorporated company, GVC is not subject to the reporting obligations under section 172 Companies Act 2006 (UK). Nevertheless, the Board recognises the importance of effective governance and intends to operate in line with the UK reporting regulations. The information below should be read in conjunction with the rest of the Strategic Report.

Section 172 of the Companies Act 2006 imposes a general duty on Directors to act in a way that they consider, in good faith, to most likely promote the success of the company for the benefit of shareholders as a whole. The Directors in setting policies and strategies continue to have regard to the interests of the Company's employees, shareholders, investors, suppliers, customers, regulators, including the impact of its activities on the community and on the Company's reputation. These factors underpin the way in which the Directors discharge their duties and the Board is cognizant of the need to foster strong relationships with all stakeholders to help the Company deliver its strategy in line with its long-term values and operate the business in a sustainable way.

ENGAGEMENT WITH STAKEHOLDERS

The Board understands the importance of effective management with all of its stakeholders. Depending on the nature of the issue in question, the relevance of each stakeholder group may differ and not every decision the Board makes will necessarily result in a positive outcome for all stakeholders.

The Board at each meeting ensures that the process of considering its stakeholders is embedded in papers it receives to enable it to discharge its duties. The Board monitors the progress and delivery of strategic initiatives through metrics reported in meetings. In addition, the Remuneration Committee assesses the overall performance of the Company, including progress against its responsible gambling and Environmental, Social and Governance ("ESG") strategy to support decision making on remuneration outcomes.

To ensure that the Company continues to operate in line with good corporate practice, Directors as part of their induction will receive training on the scope and application of section 172 to ensure that they are aware of how in its decision making consider its stakeholders.

ENGAGEMENT WITH UK EMPLOYEES

Interests of our employees include training, development and prospects; diversity and inclusion; fair pay and benefits; health and safety and working conditions. The Chief Executive Officer and the senior management team are actively involved in the engagement of employees through leadership townhalls and in 2019, held a global event for all employees under the banner GVC One. Senior management also engage through the intranet with all staff emails and newsletter-style updates, employee questionnaires and workforce communications. The Board also receives regular updates from the Group HR Director, including feedback received through townhalls.

ENGAGEMENT WITH THE COMMUNITY

Our community interest range from sustainability, environment, recycling and waste management and the Company engages through the publication of its CSR report and employee-matched funding for charity policy. The Company created the GVC Global Foundation to better co-ordinate its international ESG initiatives and provide oversight to the distribution of donations to good causes in support of the Group's broader ESG objectives. The Board has the overall oversight of corporate responsibility plan and reporting and the involvement in corporate affairs strategy and with delegation to the CSR Committee. The CSR Committee also works with external consultants which assist the operational units and review the environmental and social performance data.

STAKEHOLDER ANALYSIS

Our analysis below details our stakeholder groups, their material issues and how the Company and Board in its duties engage with them.

The CSR Committee on behalf of the Board regularly reviews its principal stakeholders and how it engages with them. The Strategic and CSR Reports details the Company's principal stakeholders and engagement and includes examples as below:

- Educating our key stakeholders with the introduction of two flagship initiatives – GamCare's Youth Outreach programme and an intervention campaign with EPIC Risk Management. This programme aims to raise awareness of youth problem gambling and educate young people, and the professionals working with them, about the risks associated with gambling, helping young people to make safer choices around gambling.
- The promotion of responsible attitudes by ending all broadcast advertising for sports betting and the introduction of Responsible Gambling Week.

ENGAGEMENT WITH CUSTOMERS

Our customers interests range from product availability, ethical behaviour, service, pricing and promoting responsible attitudes to gambling. The Company as part of its commitment to responsible and safer gambling engages through initiatives like Responsible Gambling Week, where responsible gambling messages dominated our websites and social media channels and with all retail colleagues wearing safer gambling t-shirts.
In addition, the Company offers the Gamban software which blocks access to thousands of gambling websites and supresses gambling-related marketing.

ENGAGEMENT WITH INVESTORS AND SHAREHOLDERS

The Company's investors and shareholders expect a comprehensive view of the financial and sustainable performance of the business, strong share price and the consideration of ESG. The Company in its engagement undertakes regular meetings with investors through roadshows, publication of the annual report, press releases and stock exchange announcements. The Board engages through its results announcement meeting, the SID and regular reports on investor and analyst feedback.

ENGAGEMENT WITH SUPPLIERS

The Company works responsibly with its suppliers and regularly reviews its Customer and creditor payment policy and the Modern Slavery Statement sets outs the steps taken to prevent modern slavery in our business and various supply chains. Our supplier interests range from fair trading, payment terms, success of the business and long-term partnerships and the Company engages with suppliers by direct engagement, supplier conferences and corporate responsibility and ethics reporting. The Board in its duties receives regular reporting on retail performance and modern slavery.

ENGAGEMENT WITH REGULATORS

As a global operator and the largest online betting and gaming company, GVC engages with a wide variety of stakeholders including regulators, investors, trade associations and customers which we see as a core part of ensuring that we lead on the cutting edge of technology and product offering while upholding all licensing objectives across multiple jurisdictions. One of the key relationships we maintain is with our regulators liaising on an open and frequent basis to ensure that all our regulators are engaged in our operating practices and that we can help policymakers shape our industry environment to best serve our stakeholder group whilst operating in a legal and fair way.

Who we engage with?	What are their expectations?	How we engage?
Governments and regulators		
▪ UK Department of Culture, Media and Sport; ▪ The British Gambling Commission; ▪ Governments and regulators in territories where we hold gaming licences; and ▪ Domestic and International Trade Associations.	▪ Providing an enjoyable and safe leisure experience; ▪ Making sure we operate legally and in a fair manner; ▪ Minimising harm and maximising player protection; ▪ Ensuring that we protect the young and the vulnerable; and ▪ Reducing crime and unlawful behaviour.	▪ Ongoing dialogue with regulators, domestic and international trade associations and local authorities; ▪ Liaison programme with MPs, Ministers and government officials in multiple global jurisdictions; ▪ Numerous face-to-face meetings bilaterally or as part of industry meetings; ▪ British Gambling Commission attended a GVC Board meeting (CSR focused) in 2019; ▪ Quarterly meetings, at a minimum, between the UK Gambling Commission and the UK Compliance Director; ▪ Detailing governance, risk management and safer gambling strategies through submission to the British Gambling Commission Annual Assurance Statement process; ▪ Invited to lead the industry on behalf of the UK Betting and Gaming Council in the creation of an Industry Code for Incentivisation of High Value Customers; ▪ Partnerships with the GB Health & Safety Executive; ▪ Hosting a Safer Gambling Research Symposium with international thought leaders, researchers and academics; ▪ Formal meetings with our regulators in Gibraltar, Jersey (CI) and our other global regulated jurisdictions; ▪ Engage with the Department of Justice in Ireland as it implements new AML requirements; ▪ Respond to formal regulatory consultations including most recently on the use of credit cards for gambling in the UK; ▪ Participate in events organised by our regulatory authorities such as the 'RegTech e-gambling international workshop' in Spain and the 'Licensing information session' in Germany; and ▪ Suspicious activity disclosed to relevant national bodies.

REPORT OF THE CHIEF FINANCIAL OFFICER

"REPORTED NGR AND REVENUE WERE 23% AHEAD OF 2018 AS A RESULT OF A FULL TWELVE MONTHS OF TRADING OF LADBROKES CORAL IN 2019 AND CONTINUED GROWTH IN ONLINE."

ROB WOOD
CHIEF FINANCIAL OFFICER

NGR AND REVENUE

Reported NGR and revenue were 23% ahead of 2018 as a result of a full twelve months of trading of Ladbrokes Coral in 2019 (only nine months post acquisition in 2018) and underlying growth in all areas of the business except UK Retail machines where revenues have declined following the implementation of the £2 limit on B2 machines stakes. On a proforma basis, Group NGR and revenue were 2% ahead (+3% cc) with growth in Online of 13% (+14% cc), European Retail of 4% (+5% cc) and UK Retail OTC of 7% LFL partially offset by the aforementioned machines revenue decline of -26% LFL. Further details are provided in the Business Review section.

UNDERLYING OPERATING PROFIT[5]

Group reported underlying operating profit[5] of £520.0m (2018: £520.8m) was marginally behind 2018 with growth in Online and European Retail offset by declines elsewhere. Online operating profit increased 11% year on year with the inclusion of twelve months of Ladbrokes Coral trading and underlying revenue growth more than offsetting the regulatory headwinds previously discussed. European Retail operating profit increased by 1% versus 2018, however, this was driven by the benefit of including twelve months of trading for the acquired Ladbrokes Coral businesses with proforma underlying operating profit 27% behind as discussed in the business review. Operating profit in UK Retail was 17% behind 2018 due to the impact of the £2 limit on B2 machines stakes partially offset by the impact of IFRS 16 and the prior year only including nine months of trading. On a proforma basis, UK Retail operating profit was 49% behind 2018. Other and Corporate operating profit combined to be £16.6m behind 2018, principally driven by the impact of including twelve months of Ladbrokes Coral, additional costs in our financial businesses, the prior year containing a one-off profit in one of our JV's and the £12.5m loss in the US JV in 2019. See the Business Review for more details.

On a proforma basis, depreciation and amortisation was £24.6m higher than 2018 as a result of the impact of the IFRS 3 fair value exercise and integration investment in 2018. The current year charge also includes £6.9m of accelerated amortisation on assets which will no longer be used post the GVC platform migration, this will not repeat in 2020.

FINANCING COSTS

Net finance income of £15.8m (2018: £86.2m charge) was £102.0m favourable to 2018. Excluding foreign exchange gains of £101.9m (2018: £23.4m loss), net finance costs of £86.1m were £23.3m higher than the prior year. The year on year increase was driven by the Group incurring twelve months of interest charges on the debt raised to acquire Ladbrokes Coral versus only nine months in the prior year and the impact of IFRS 16, partially offset by savings resulting from the refinancing during H2.

	Reported results[1]			Proforma results[2]			
Year ended 31 December	**2019 £m**	2018 £m	Change %	**Pre IFRS16 2019 £m**	2018 £m	Change %	CC[3] %
NGR	**3,655.1**	2,979.5	23%	**3,655.1**	3,571.4	2%	3%
Revenue	**3,600.5**	2,935.2	23%	**3,600.5**	3,523.6	2%	3%
Gross profit	**2,378.2**	2,004.2	19%	**2,378.2**	2,404.4	(1%)	
Contribution	**1,883.2**	1,598.8	18%	**1,883.2**	1,939.8	(3%)	
Underlying EBITDAR[4]	**782.7**	723.7	8%	**782.7**	864.3	(9%)	
Underlying EBITDA[4]	**761.1**	640.8	19%	**678.3**	755.3	(10%)	
Share based payments	**(12.7)**	(10.7)	(19%)	**(12.7)**	(11.7)	(9%)	
Underlying depreciation and amortisation	**(219.2)**	(117.7)	(86%)	**(166.3)**	(141.7)	(17%)	
Share of JV income	**(9.2)**	8.4	(210%)	**(9.2)**	8.2	(212%)	
Underlying operating profit[5]	**520.0**	520.8	–	**490.1**	610.1	(20%)	
Net finance income/(costs)	**15.8**	(86.2)	118%				
Profit before tax pre separately disclosed items	**535.8**	434.6	23%				
Separately disclosed items:							
Amortisation of acquired intangibles	**(376.2)**	(322.5)	(17%)				
Impairment	**(245.0)**	(41.3)	(493%)				
Other	**(88.8)**	(88.5)	1%				
Loss before tax	**(174.2)**	(18.9)	(822%)				
Tax	**33.5**	(37.5)	189%				
Loss after tax	**(140.7)**	(56.4)	(149%)				

SEPARATELY DISCLOSED ITEMS

Separately disclosed items before tax for the period amount to a £710.0m charge (2018: £453.5m) and includes £376.2m for the amortisation of acquired intangibles (2018: £322.5m), £44.9m of costs associated with the integration of the GVC and Ladbrokes Coral businesses (2018: £14.5m), £8.7m of costs associated with restructuring in UK Retail following the £2 B2 machines stakes restriction (2018: £2.3m), corporate transaction costs of £3.1m (2018: £64.4m including the Ladbrokes Coral acquisition), £3.4m of costs on onerous contracts including property closure costs following the triennial stakes restriction (2018: £9.2m) and £44.4m for the movement in the fair value of contingent consideration driven by the very strong performance in Crystalbet during the year (2018: £192.5m gain including the release from the potential CVR liability).

The Group has also separately disclosed income associated with the sale of assets and investments of £19.0m, most notably the sale of the Sportium JV (2018: £nil), and a net £11.6m release from provisions for tax litigation with £21.2m released from the Group's Greek tax provision offset by incremental taxes in Austria and a new UK income tax charge, effective from April 2019, from which we expect to be exempt after April 2020 once the new UK/Gibraltar double taxation agreement enters into force. The release from the Group's Greek tax provision of £21.2m follows the successful settlement of the liabilities for 2012 to 2014 and the Director's best estimate of the likely liability for the remaining years.

In addition to the items mentioned above, the Group also recorded a non-cash impairment charge of £245.0m against the Online division, £243.9m in goodwill and £1.1m in PP&E (2018: £41.3m primarily in UK Retail PP&E). The charge has arisen in the Group's Australian online CGU and follows the impact of unforeseen POCT in certain states/regions (e.g. New Zealand, and Tazmania), unexpected increases in product fees and lower pass through to customers in mitigation of POCT than originally anticipated at the time of the Ladbrokes Coral and Neds acquisitions. Whilst the Australian business continues to outperform its market with 2019 revenue growth of 22% cc (on a proforma basis), the cost headwinds have reduced the value in use of the business resulting in the impairment charge. Following the impact of these headwinds which were felt throughout 2019, the Australian business is now anticipating a more stable 2020 and current performance is in line with internal expectations.

Whilst the impairment charge has reduced the value at which the legacy Ladbrokes Coral businesses are carried, the Directors note that the headroom on the IAS 36 impairment reviews of the other legacy Ladbrokes Coral CGU's has increased significantly, with the aggregate value in use, including Australia, greater than it was in 2018.

	2019 £m	2018 £m
Amortisation of acquired intangibles	**(376.2)**	(322.5)
Impairment loss	**(245.0)**	(41.3)
Integration costs	**(44.9)**	(14.5)
Triennial restructuring costs	**(8.7)**	(2.3)
Corporate transaction costs	**(3.1)**	(64.4)
Tax litigation/one-off legislation	**11.6**	(186.8)
Legal and onerous contract provisions	**(3.4)**	(9.2)
Movement in fair value of contingent consideration	**(44.4)**	192.5
Issue cost write-off	**(14.1)**	–
Profit on disposal of joint ventures and property, plant and equipment	**19.0**	–
Other one-off items	**(0.8)**	(5.0)
	(710.0)	(453.5)

PROFIT BEFORE TAX

Profit before tax and before separately disclosed items of £535.8m (2018: £434.6m) was £101.2m ahead of 2018, with the incremental three months of Ladbrokes Coral trading, underlying growth and

REPORT OF THE CHIEF FINANCIAL OFFICER CONTINUED

favourable FX movements, more than offsetting the £2 limit on B2 machines stakes headwinds and additional interest. After charging separately disclosed items, the Group recorded a pre-tax loss of £174.2m (2018: £18.9m).

TAXATION

The tax credit for the year ended 31 December 2019 of £33.5m (2018: charge of £37.5m) reflects a £46.4m charge on underlying trading (2018: £56.8m) and a £79.9m credit on separately disclosed items (2018: £19.3m credit). The underlying tax charge reflects a 9% (2018: 13%) effective tax rate.

DIVIDENDS

A second interim dividend of 17.6p per share has been declared, an increase of 10% on the prior year in line with the Group's current dividend policy of double digit dividend growth.

CASHFLOW

During the year, the Group had a net cash outflow of £21.3m (2018: £During the year, the Group had a net cash outflow of £21.3m (2018: £154.4m inflow). Free cashflow for the period was £395.2m (2018: £300.7m) with underlying EBITDA (post IFRS 16) of £761.1m (2018: £640.8m) offset by capital expenditure of £164.1m, including £2.4m of payments in relation to the 2020 annual Italian licences whilst we await the tender process (2018: £194.7m), investment in the US of £3.8m (2018: £20.5m), net finance lease payments (including IFRS 16) of £77.7m, £68.9m of interest (2018: £55.5m) including £16.8m on finance leases and £37.5m in corporate taxes (2018: £43.5m). Following the introduction of the £2 limit on B2 machines stakes there was also a net working capital outflow of £13.9m (2018: £24.8m) due to the reduction in the machines duty creditor.

During 2019, the Group paid an additional £74.7m of payments on account in relation to the 2010/11 Greek Tax Assessment (2018: £87.5m), in-line with expectations and £43.3m in settlements and fees against 2012-2017 (2018: £21.3m) Greek tax provision. As anticipated, a £30.0m (2018: £nil) payment was made in respect of the legacy Ladbrokes Coral marketing services agreement with Playtech. The Group also paid £45.1m (2018: £17.0m) in integration costs and £26.1m (2018: £92.9m including Ladbrokes Coral acquisition costs) in relation to other separately disclosed items.

The Group also paid £17.5m in respect of contingent consideration on historic acquisitions (2018: £nil), made net repayments on debt of £53.6m and paid £203.6m in dividends during the year including £8.1m to minority interests.

£1.5m was raised on equity issuances (2018: £26.2m). During the prior year the Group raised net proceeds on the issuance of debt of £701.1m and reinvested £522.6m in acquisitions.

CASHFLOW

Year ended 31 December	2019 £m	2018 £m
Underlying EBITDA[4]	**761.1**	640.8
Underlying working capital	**(13.9)**	(24.8)
Capital expenditure	**(164.1)**	(194.7)
Investment in US	**(3.8)**	(20.5)
Net payments against finance lease (incl. IFRS 16 leases)	**(77.7)**	(1.1)
Interest paid including interest on finance leases	**(68.9)**	(55.5)
Corporate taxes	**(37.5)**	(43.5)
Free Cashflow	**395.2**	300.7
Greek tax	**(118.0)**	(108.8)
Playtech payment	**(30.0)**	–
Integration costs	**(45.1)**	(17.0)
Other separately disclosed items	**(26.1)**	(92.9)
Acquisitions (net of cash acquired)	**–**	(522.6)
Contingent consideration	**(17.5)**	–
Disposal proceeds	**74.7**	1.0
Net movement on debt and associated instruments	**(53.6)**	701.1
Equity issue	**1.5**	26.2
Dividends received from associates	**1.2**	9.4
Dividends paid	**(203.6)**	(142.7)
Net Cashflow	**(21.3)**	154.4
Foreign exchange	**(10.5)**	(2.5)
Net cash generated	**(31.8)**	151.9
Cash and cash equivalents at beginning of period	**421.9**	270.0
Cash and cash equivalents at the end of period	**390.1**	421.9

NET DEBT AND LIQUIDITY

As at 31 December 2019, net debt post IFRS 16 was £2,169.8m, representing a net debt to proforma underlying EBITDA ratio of 2.9x. Pre IFRS 16, net debt was £1,822.7m, representing a net debt to proforma underlying EBITDA ratio of 2.7x.

	Par value £m	Issue costs/ Premium £m	Total £m
Bonds	(500.0)	(24.9)	**(524.9)**
Term loans	(1,579.7)	14.1	**(1,565.6)**
Interest accrual	(25.5)	–	**(25.5)**
	(2,105.2)	(10.8)	**(2,116.0)**
Cash			**390.1**
Accounting net debt			**(1,725.9)**
Cash held on behalf of customers			**(335.4)**
Fair value of swaps held against debt instruments			**47.4**
Short term investments/Deposits held			**129.1**
Balances held with payment service providers			**78.5**
Finance leases excluding those arising on IFRS 16			**(16.4)**
			(1,822.7)
Finance leases including those recognised as a result of IFRS 16			**(347.1)**
Adjusted net debt			**(2,169.8)**

INTERIM DIVIDEND TIMETABLE

5 March 2020	Dividend declared
12 March 2020	Ex-dividend date
13 March 2020	Record date
23 April 2020	Payment

GOING CONCERN

Having assessed the financial forecasts of the business, the principal risks and other matters discussed in connection with the long-term viability statement, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements as the Company will generate sufficient cash to meet its ongoing obligations for at least 12 months from the date of signing the financial statements.

1. (2019 and 2018 reported results are audited and reflect the acquisition of the Ladbrokes Coral Group plc on 28 March 2018. The pre IFRS 16 2019 reported results are unaudited and reflect the 2019 audited results adjusted to remove the impact of IFRS 16. The new financial reporting standard for leases, IFRS 16, applies to financial periods commencing on or after 1 January 2019 and therefore the 2019 reported results. For leases previously classified as operating leases, a right of use asset and lease liability will be recognised going forward. The Group has adopted the modified retrospective approach, meaning that comparative periods are not restated. The Group has elected to use the following practical expedients proposed by the standard:
   - The right of use asset for all leases is recognised at an amount equal to the liability plus prepaid lease payments immediately before the date of initial application;
   - The application of a single discount rate to a portfolio of leases with reasonably similar characteristics. The key differential considered in determining the discount rate will be the length of the lease;
   - The use of hindsight when determining the lease term, if the lease contains an option to extend or terminate the lease; and
   - On initial application, initial direct costs are excluded from the measurement of the right of use asset.
2. The Group's proforma results for 2019 are unaudited and equal the pre IFRS 16 2019 reported results. The Group's proforma results for 2018 are unaudited and presented as if the current Group, post the acquisition of Ladbrokes Coral Group plc, had existed since 1 Jan 2018. The results of Crystalbet and Neds are included from the dates of acquisition (11 April 2018 and 28 November 2018 respectively).
3. Growth on a constant currency basis is calculated by translating both current and prior year performance at the 2019 exchange rates.
4. Stated pre separately disclosed items and shared based payments.
5. Stated pre separately disclosed items.

ROB WOOD
Chief Financial Officer
5 March 2020

RISK GOVERNANCE AND RESPONSIBILITIES

THE BOARD

- Overall responsibility for risk management as an integral part of strategic planning.
- Formal review of risks twice yearly.
- Setting clear policies on acceptable levels of risk.
- Bi-annual assessment of the effectiveness of the Internal Controls System.

AUDIT COMMITTEE

- Responsible for assessing the scope and effectiveness of the systems established to identify, assess, manage and monitor risks.
- Reviews reports from Internal Audit and external audit (KPMG).
- Internal audit function has an annual audit programme that addresses most of the principal risks as well as other operational and business risks which include periodic monitoring of mitigating actions.

SENIOR EXECUTIVES

- Executive Directors and senior executives identify key risks and make recommendations on the overall approach to risk management.
- Reviews overall assessment of likely risks.
- Responsible for enforcing risk management as an integral part of the Group's internal control, planning and approval process.
- Each key risk is assigned Executive Committee member ownership.

RISK COMMITTEE

- Constitutes Group and divisional executives and senior managers.
- Responsible for maintaining the PLC risk register including periodic monitoring of the mitigating actions as well as the likelihood and consequence of each risk.
- Meets four times a year.
- Business units report into the Risk Committee.

RISK MANAGEMENT PROCESS AND METHODOLOGY

The effective understanding, acceptance and management of risk is fundamental to the Group achieving its strategic priorities. Over the course of the year, the Group has continued to enhance its risk management capabilities, improving its ability to identify, evaluate, monitor and manage its principal risks.

We have previously implemented an integrated and proactive approach to our risk management responsibilities, and continue to improve our ability to detect, understand and debate our risk. The Board maintains a consolidated view of key risks across all business segments and takes advice from the Group Risk Committee and Audit Committee on the Group's risk appetite and strategy as well as the effectiveness of our risk management processes. Whilst we recognise that we have limited control over certain risks faced by the Group, such as macroeconomic events and the complex regulatory environment, we continue to monitor developments in these areas closely whilst ensuring that the Group has appropriate response plans in place.

The Board recognises the benefits of ensuring its risk management processes are in line with the UK Corporate Governance Code and the expectations of listed companies. As part of this process we not only assess risk but also evaluate the level of risk the Group is willing to take. This process forms a key part of the Enterprise Risk Management ("ERM") Framework. The ERM Framework is the vehicle which defines and delivers risk management across the business and includes a risk scoring matrix to ensure a consistent approach to the identification, measurement and response to risk.

The Group Risk Committee, who are responsible for the ERM, meets formally four times each year and comprises operational and executive management. Whilst the Committee considers identified risks to the business, it focuses on the principal risks. For each risk identified, the impact, likelihood, consequence, risk owner (Executive Committee member) and operational lead are identified by the Risk Committee. The risk owner and operational lead are responsible for identifying the relevant mitigating controls and remedial actions required to manage risk. The Risk Committee opine on the adequacy of the businesses risk mitigation with Internal Audit testing the effectiveness of the controls identified.

The risk management approach is subject to continuous review and updates in order to reflect new and developing issues which might impact business strategy. Emerging or topical risks are examined to understand their significance to the business. Risks are identified and monitored through risk registers at the Group level and within key business units at department level, ensuring both a top down and bottom up approach.

The UK and Gibraltar left the EU on 31 January 2020. However, given the terms of the withdrawal agreement between the UK and the EU, there is no impact of Brexit for the Group in practice until the end of the transitional period on 31 December 2020.

The Group has already implemented the majority of its Brexit plans. In particular, the Group has located the servers which host the online gambling platform for EU customers in the Republic of Ireland, and has established subsidiaries in Malta which will provide our online gambling offering to customers in those EU countries which require operators to be established and licensed in an EU member state. Our online businesses continue to be headquartered in Gibraltar and these plans will have no significant impact on our employees there.

Finally, the Group has made certain practical contingency arrangements to help employees who live in Spain but work in Gibraltar should there be a significant increase in delays crossing Gibraltar's border with Spain.

How Risks are measured

As part of the risk management process, all risks identified are measured against a defined set of criteria, in particular:

- The potential impact/consequence to the Group should the risk materialise:
  - The impact of each risk is measured with reference to the financial implications (EBITDA and cash), its potential operational impact (including the security of our data), the effect on the reputation of our brands and whether or not it affects our commitment to health and safety. The impact is measured on a scale, where 1 is low, with limited damage to a minor stakeholder, and 5 being severe, which may have a substantial impact on the Group affecting many key stakeholders, including customers.
- The likelihood of the risk materialising:
  - The extent to which an event is likely to occur is scored from 1-5, 1 being remote i.e. very unlikely to occur and 5 being probable i.e. where it has the potential to occur or has already happened.

The product of both scores gives rise to the risk score that determines the relative importance of the individual risk.

PRINCIPAL RISKS

KEY: Risk increased Risk decreased Risk static New risk

THE PRINCIPAL RISKS AND UNCERTAINTIES, WHICH ARE CONSIDERED TO HAVE A MATERIAL IMPACT ON THE GROUP'S LONG-TERM PERFORMANCE AND ACHIEVEMENT OF STRATEGY, ARE SET OUT ON THE TABLE OPPOSITE.

The risks represent a snapshot at a point in time, and as the environment we operate in is constantly evolving, new risks may arise, the potential impact of known risks may increase or decrease, and our assessment of a risk may change. They do not include all those risks associated with Group's activities and are not set out in any order of priority.

This is not intended to be an exhaustive and extensive analysis of all risks which may affect the Group.

RISK 1
DATA BREACH AND CYBER SECURITY

Chief Technology Officer

Strategic risk category:
- Technology
- Legal and regulatory
- Reputational
- Financial

Impact
High

Likelihood
High

Risk increased

Principal Risk/Uncertainty

The Group operations depend on the fairness of its gaming engines, the processing of customer data (protected by strict data protection and privacy laws in all jurisdictions in which the Group operates) and the ability of customers to access its services on a 24x7 basis.

The Group is exposed to the risk that the integrity of gaming, confidentiality of data or availability of its services would be compromised through a cyberattack or a breach in data security, which would impact the trust of its customers and could result in prosecutions including financial penalties.

How we manage and mitigate the risk

The Group has a dedicated Cybersecurity function entrusted with protecting the security of its operations and to adapt to emerging threats. Operating under its ISO27001 Information Security Management System certification and harmonised security policies, the Cybersecurity controls are evaluated and applied where deemed relevant across the enlarged group.

A Data Privacy team, led by the Group's Chief Privacy Officer, was established during the year, tasked with aligning the enlarged Group's data privacy strategy and governance structure, providing regular updates to the Group's Corporate Social Responsibility Committee.

Strategic relevance

Crystallisation could lead to significant reputational and operational issues that limit the Group's ability to drive Online growth and deliver technology synergies.

RISK 2
LAWS, REGULATIONS, LICENSING AND REGULATORY COMPLIANCE

Group Director of Legal, Regulatory and Secretariat

Strategic risk category:
- Commercial
- Legal and Regulatory
- Reputational
- Financial

Impact
High

Likelihood
Medium

Risk static

Principal Risk/Uncertainty

Regulatory, legislative and fiscal regimes for betting and gaming in key markets around the world can change, sometimes at short notice.

Such changes could benefit or have an adverse effect on the Group and additional costs might be incurred in order to comply with any new laws or regulations in multiple jurisdictions.

How we manage and mitigate the risk

The Group closely monitors regulatory, legislative and fiscal developments in key markets allowing the Group to assess, adapt and takes the necessary action where appropriate.

Management take external advice, which incorporates risk evaluation of individual territories. It also engages in promoting licensing solutions that provide commercially viable opportunities for online gaming operators.

Regulatory updates are provided on a weekly basis to senior management with updates provided to the Board of Directors each month and discussed at every Board meeting.

Strategic relevance

Whilst changing regulatory and tax regimes offer opportunities to the Group as well as posing risks, a significant adverse change in jurisdictions in which the Group operates could have a significant impact on the Group's future profitability and cash generation.

RISK 3 TECHNOLOGY FAILURE

Chief Technology Officer

Strategic risk category:
- Technology
- Legal and Regulatory
- Reputational
- Financial

Impact
High

Likelihood
Low

Principal Risk/Uncertainty

The Group's operations are highly dependent on technology and advanced information systems, including third party supplied technology, and there is a risk that such technology or systems could fail.

In particular, any damage to, or failure of online systems and servers, electronic point of sale systems and electronic display systems could result in interruptions to financial controls and customer service systems.

How we manage and mitigate the risk

The Group's technology resilience levels continue to mature across all sites and various platforms, through lessons learnt from testing procedures and/or service outages.

In 2020, the Group plans a number of platform migrations which will continue to enhance stability and forms a fundamental facet of the Group's technology integration objectives for 2020 as in 2019.

Strategic relevance

Significant technology failings or product outage is likely to impact the Group's ability to attract and retain the customers required to deliver the Group's growth strategy.

RISK 4 TAXES

Chief Financial Officer and Director of Tax, Treasury and Insurance

Strategic risk category:
- Commercial
- Legal and Regulatory
- Financial

Impact
Medium

Likelihood
Medium

Principal Risk/Uncertainty

The Group is subject to a range of taxes, duties and levies in many of the countries where we have operations or in which our customers are located. The taxes imposed upon betting and gaming companies have changed over time, and the levels of taxation to which the Group is subject may change in the future.

The Group's geographical diversity and the nature of taxation of our industry lead to considerable complexity in our tax affairs. There may be areas of differing legal interpretation between the Group and tax authorities regarding the scope and scale of taxation.

How we manage and mitigate the risk

The Group's tax strategy is approved annually by the Board of Directors. Responsibility for the execution of the Group's tax strategy is delegated to the Chief Financial Officer who reports the Group's tax position to the Directors on a regular basis.

In order to mitigate tax risks that arise, the Group actively identifies, evaluates, manages and monitors its tax risks and the geographies in which it operates.

The Group has an appropriately qualified and resourced tax team to manage its tax affairs.

In addition, where there is significant uncertainty or complexity in relation to a tax risk, the Group may use the services of external, expert tax advisors.

Strategic relevance

Short notice, adverse changes in the tax regimes in the territories in which the Group operates may impact our brand reputation and future profitability.

RISK 5 INCREASED COST OF PRODUCT

Managing Director – Retail
Managing Director – Digital

Strategic risk category:
- Commercial
- Financial

Impact
Medium

Likelihood
Medium

Principal Risk/Uncertainty

The Group is subject to certain arrangements intended to support industries in which it operates. Examples are the horseracing and the voluntary greyhound racing levies, data and content supply, and the provision of marketing services. The combined cost of these 3rd Party Services is material and they collectively have a significant impact on the profitability for the business globally.

A number of the contracts that underpin the provision of 3rd Party Services are under negotiation at any one time. The pricing of these services is also subject to inflationary cost increases and can also be volatile based on the changeable business environment that many of our suppliers operate.

How we manage and mitigate the risk

Senior management engages regularly with the relevant trade associations and the principal bodies of sport and event industries with regard to sports rights payments, including the statutory horse racing levy, animal welfare and other issues.

Across the wider supplier base, a central procurement function and cost oversight processes exist to ensure that pricing is effectively controlled both at contract stage and on an ongoing basis.

Strategic relevance

Material increases in the cost of content may increase the operating costs at higher than anticipated levels impacting profits.

PRINCIPAL RISKS CONTINUED

KEY: Risk increased Risk decreased Risk static New risk

RISK 6
HEALTH, SAFETY & WELLBEING OF CUSTOMERS AND EMPLOYEES
Retail Managing Director and Group HR Director

Strategic risk category:
- Operational
- Reputational

Impact
Medium

Likelihood
Low

Principal Risk/Uncertainty
Failure to meet the requirements of the various domestic and international rules and regulations relating to the health and safety of our employees and customers (both retail and digital) could expose the company (and individual employees and Directors) to material civil, criminal and/or regulatory action with the associated financial and reputational consequences.

How we manage and mitigate the risk
GVC's Retail and digital businesses have numerous policies and procedures in place. Annual training and communication plans to all staff within these segments, as well as specific communications to staff across the wider Group continue to take place. The Group's Corporate Social Responsibility Committee also oversee all aspects of safer gambling, Health, Safety, Security and Environmental ("HSSE") practices.

Strategic relevance
Breaches in the Group's HSSE and safer gambling policies could lead to criminal, civil and or regulatory sanctions, along with significant reputational damage and negative implications on employee morale and customer goodwill.

RISK 7
TRADING, LIABILITY AND PRICING MANAGEMENT
Chief Operating Officer

Strategic risk category:
- Commercial
- Operational
- Strategic

Impact
Medium

Likelihood
Medium

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

How we manage and mitigate the risk
The Group has some of the leading expertise in trading liability management and the enlarged Group's trading team has developed the skills and systems to be able to offer a wide range of betting opportunities.

Events are priced in order to achieve an average return to the bookmaker over a large number of events and therefore, over the long term.

The Group's gross win percentage has remained fairly constant in recent years. Executive management monitor the gross win margin on a daily basis in order to ensure the long-term target is achieved.

Strategic relevance
A run of customer favourable results as a result of the mismanagement of the trading book could significantly impact the Group's profitability.

RISK 8
LOSS OF KEY LOCATIONS
Chief Operating Officer

Strategic risk category:
- Operational

Impact
Medium

Likelihood
Low

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

How we manage and mitigate the risk
Existing continuity plans and arrangements for off-site data storage, alternative system availability and remote working for key operational colleagues and senior management are subject to ongoing review.

Strategic relevance
Loss of a key location could impact the Group's ability to offer product to its customers impacting its ability to generate revenues.

RISK 9
SYNERGY DELIVERY/ FAILURE TO INTEGRATE

Chief Operating Officer and Chief Financial Officer

Strategic risk category:
- Operational
- Financial

Impact
Medium

Likelihood
Low

Principal Risk/Uncertainty
Challenges or difficulties to realising synergies/operational integration from the Ladbrokes Coral acquisition could potentially result in interruption to business operations, loss of customers & staff and influence the relationship with key suppliers.

The failure to achieve the cost synergies would have a material impact on the financial performance of the Group.

How we manage and mitigate the risk
Integration workstreams began during the course of 2018 and this remains a strategic focus of the Group moving forward into 2020.

The Group's budgeting process incorporates synergy delivery and the integration team capture and monitor progress across these workstreams.

Strategic relevance
Failure to achieve the Group's synergy/operational integration targets could significantly impact future growth forecasts and the Group's strategy to deploy the proprietary technology across all brands.

RISK 10
RECRUITMENT AND RETENTION OF KEY EMPLOYEES

Group HR Director

Strategic risk category:
- Operational

Impact
Medium

Likelihood
Low

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

How we manage and mitigate the risk
In 2019, the Group launched a new Employer Brand including a new careers website, enhanced onboarding processes and referral schemes.

Over 500 colleagues have completed a Management Development Programme and we are committed to further investment in Performance Management, Development, Reward and Recognition systems. As part of the merger, we are aligning terms and conditions wherever appropriate.

The Group has implemented "best practice employment standards frameworks" and "enabling a rewarding and inclusive environment" initiatives as part of our people plan to underpin our responsible employer strategy.

Strategic relevance
A pre-requisite to achieving all of the strategic priorities is ensuring we have the right people with the right skills, deployed within the right area of the business. Failing to recruit/retain the best people could significantly impact the Group achieving all of its strategic objectives.

VIABILITY STATEMENT

In accordance with provision 31 of the 2018 Corporate Governance Code, the Directors have assessed the prospects and viability of the GVC Holdings PLC Group over a longer period than the 12 months required by the "Going Concern" provision.

The Directors have concluded that three years was an appropriate period for assessment as this is aligned to the Group's strategic planning process and is considered to be the period for which reliable estimates can be made for variations in both industry and customer dynamics, regulatory change, technological advancements and the economic backdrop in the Gambling industry.

The objectives of the strategic planning process are to further develop the businesses understanding of the markets in which it operates, assess the risks and opportunities facing the business and develop a Group-wide strategy and associated financial forecasts.

The Directors have utilised these strategic forecasts, the 2020 Board approved budget and the current financial position of the Group to assess the potential impact on viability of certain severe, but plausible, "risk events" arising which represent the crystallisation of the Group's principal risks and uncertainties as identified on pages 62 to 65 of this Annual Report. The assessment conducted considered the Group's revenue, EBITDA, operating profits, cash flows, risk management and controls.

The financial impact of these risk events have been assessed both individually and in combination and include:

- The impact of a significant change in the Group's duty profile, including further changes in gaming taxes in key geographies
- Significant changes in the regulatory environment including gaming restrictions in key markets, further focus on AML legislation in the UK by the Gambling Commission and breaches in GDPR regulations
- Cyber security failings, and major disruption in supplier/customer contracts
- Downturn in trading as a result of a failure to retain key staff

The Directors have performed reverse stress tests to assess the level of liquidity and covenant headroom in the underlying forecasts as well as considering the potential impacts of Brexit in forming their view on viability.

Based on the results of this analysis and the mitigating actions available to the business, the Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year assessment period to December 2022.

The going concern statement is provided in the following column.

GOING CONCERN STATEMENT

Having assessed the financial forecasts of the business, the principal risks and other matters discussed in connection with the viability statement on this page, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements as the Company will generate sufficient cash to meet its ongoing obligations for at least 12 months from the date of signing the financial statements.

GOVERNANCE AT WORK

THE BOARD LOOKS TO ENCOURAGE A CULTURE OF STRONG GOVERNANCE ACROSS THE BUSINESS, AND CONTINUES TO ADOPT THE PRINCIPLES OF GOOD GOVERNANCE BY ADHERING TO THE REQUIREMENTS OF THE UK CORPORATE GOVERNANCE CODE.

The Board is collectively responsible to the Company's shareholders for creating and preserving the long-term success and performance of the business.

We will be reporting in compliance with the 2018 Corporate Governance Code.

CORPORATE GOVERNANCE REPORT
CHAIRMAN'S LETTER

"IN THIS, MY FIRST CHAIRMAN'S STATEMENT ON GVC'S CORPORATE GOVERNANCE, I WANTED TO SET OUT CLEARLY MY AIMS DURING MY FIRST YEAR. IT IS CLEAR THAT THE GROUP DOES MANY THINGS WELL."

J M BARRY GIBSON
CHAIRMAN

The business is out-performing its competitors and operationally has been successful in incorporating the UK's largest gambling operator, Ladbrokes Coral into the Group and delivering the forecast synergies. From a governance angle it is clear that shareholders expect a more informed and sympathetic approach to shareholder matters.

In relation to the controversial share sales last March, the Board subsequently agreed that going forward if any Director wants to transact in the Company's shares, they were required to give the rest of the Board at least 48 hours' notice. In addition, the Chair would have to get clearance to deal from the Senior Independent Director, so if the Chair and CEO were going to deal at the same time, they could not grant each other clearance. Since March 2019 eight Directors have acquired a total of more than 1 million shares, increasing the aggregate holding of the Board by more than 100%.

Jane Anscombe, the Remuneration Chair, reports separately in the Remuneration Report on pages 90 to 106 on the engagement with shareholders in 2019 about the Company's remuneration practices. At this year's AGM we are proposing an updated remuneration policy and I trust that shareholders will see that we have understood their concerns and taken the appropriate action. I will, however, maintain a watching brief and will engage with any shareholders should they continue to have concerns about the Company's remuneration arrangements.

There is a lot of change in the corporate governance landscape for this year, and the Board have embraced the recommendations of the FRC's updated 2018 Corporate Governance Code and reporting under Section 172 of the UK Companies Act. Engagement with our stakeholders, on the associated matters is key to enabling the Board to understand the way that the Company does business and its impact on others, which in turn better informs the Board's own decision-making. This is particularly the case with the debate about gambling's place in society and how the risks are effectively managed.

Further information about GVC's Code compliance is outlined in the Governance Report on pages 70 to 81. An explanation of who the Company's key stakeholders are, why they are important and how the Company engages with them is set out in our voluntary s172 statement set out on pages 54 to 55 of the Strategic Report.

I found the feedback from the extensive 2019 Board performance evaluation process (reported on in the Chair's letter accompanying the 2019 AGM notice) and this year's follow-up exercise, extremely informative and this will form the basis of my steps this year to make changes to the Board's workings. Key findings and recommendations from the evaluation process were:

- Allocate more time to developing and evaluating strategy and in particular a review of key strategic alternatives, with the Non-executive Directors having greater input into the development of the business strategy.
- Aim to have an in-depth strategy session ahead of the annual budget planning process, which will allow the Chairman to input.
- More Board discussion about the key risks affecting the business (as opposed to leaving it to the Audit Committee), in particular looking at the risks associated with regulation, reputation, people retention and technology.
- Building into the Board's itinerary more time for the Non-executive Directors to meet, with Non-executive Director-only sessions being scheduled.
- The new Chairman to implement more effective lines of communication with the Non-executive Directors than his predecessor.
- Provide the Non-executive Directors with greater exposure to and interaction with GVC's management.
- More Board meetings to be held each year and to be better structured and focused. Associated with this, is the need to improve the reports for Board meetings, with in some instances the sacrifice of some of the detail and a better use of executive summaries.

Over the coming months I plan to address with the Board all of these identified areas.

This year the Board will meet face to face at least six times and I will keep this under review to determine if this is sufficient going forward given the complexity of the business and the regulatory challenges it faces. Following the Company moving last month to be onshore in the UK for tax purposes, it should be easier to convene Board meetings and for the Non-executive Directors to interact outside of these formal meetings, which should improve working relationships amongst the Directors and make the Board more cohesive. It will also allow the Directors to be more visible amongst our 17,300 employees in the UK.

Whilst I have already met with some of GVC's largest investors, I intend in the Autumn to hold a corporate governance roadshow for our largest shareholders.

J M BARRY GIBSON
Chairman
5 March 2020

GOVERNANCE CODE

1. BOARD LEADERSHIP AND COMPANY PURPOSE

The Board is responsible for leading the business in the way which it believes is most likely to lead to long-term sustainable success.

This includes effective engagement with our stakeholders and colleagues.

For more information see **page 70**

2. DIVISION OF RESPONSIBILITIES

We ensure we have the right combination of executive and non-executive directors, who promote a culture of openness, without any individual or group of individuals dominating the decision making.

For more information see **page 74**

3. COMPOSITION, SUCCESSION AND EVALUATION

Our practices aim to ensure that we have a balanced board with the appropriate skills to govern the business, and an effective evaluation and succession plan.

The Nomination committee is appointed to act on behalf of the Board.

For more information see **page 76**

4. AUDIT, RISK AND INTERNAL CONTROL

The Board defines GVC's strategy, focusing on the need to avoid unnecessary or unacceptable risks. The Audit and risk committee is appointed to oversee this process on behalf of the Board.

For more information see **page 84**

5. REMUNERATION

Our remuneration policy is designed to support the strategy and promote long-term sustainable success by incentivising the relevant performance.

We are also mindful of the pay of our colleagues across the business.

For more information see **page 90**

LEADERSHIP EXPERIENCE ACROSS THE BOARD

J M BARRY GIBSON

NON-EXECUTIVE CHAIRMAN

Independent upon appointment to the Board as a Non-executive Director from 4 November 2019, and as Chair on the 27 February 2020. He is the Chair of HomeServe plc, Barry has extensive experience in the gambling sector, having previously been a Non-executive Director of William Hill plc and bwin.party digital entertainment plc, where he was the Senior Independent Director. He also has a long track record in the retail sector having previously been the Group Retailing Director at BAA plc, Group Chief Executive of Littlewoods plc, Non-executive Chair of Harding Brothers Holdings Ltd, and Non-Executive Director of both Somerfield plc and National Express plc.

- Nominations Committee (Chair)
- CSR Committee

Key Strengths:

- Corporate governance experience
- Sector and regulatory knowledge
- Marketing and retail

KENNY ALEXANDER

CHIEF EXECUTIVE OFFICER

Kenneth joined GVC as its Chief Executive Officer in March 2007. On the re-domiciliation of Gaming VC Holdings S.A. to the Isle of Man and its renaming as GVC Holdings PLC, he became a Director of GVC Holdings PLC in January 2010. He was formerly Finance Director, then Managing Director, of the European operations of Sportingbet plc, which he joined in 2000. He is a member of the Institute of Chartered Accountants of Scotland and previously worked for Grant Thornton UK LLP.

Key Strengths:

- Sector experience
- M&A
- Management

ROB WOOD

CHIEF FINANCIAL OFFICER

Appointed as a Director and Chief Financial Officer of the Company as of 5 March 2019. Rob has been with the Group for seven years, the majority of which was spent as Chief Financial Officer of the Ladbrokes Coral UK Retail business. Prior to GVC, Rob was Senior VP at Cerberus Capital, overseeing the PE firm's portfolio companies in Europe. Before Cerberus, Rob worked in Restructuring advisory at Rothschild and before that KPMG, where he qualified as a Chartered Accountant and he has a BSc degree in Mathematics and Management Studies from the University of Nottingham.

Key Strengths:

- Finance
- Sector experience, particularly retail
- Corporate restructuring

JANE ANSCOMBE

INDEPENDENT NON-EXECUTIVE DIRECTOR

Jane joined the GVC Board in June 2017. She has more than 30 years of experience in the gaming, leisure and entertainment sectors, primarily as an equity research analyst. She retired from equity research in spring 2017 having been a gaming and entertainment analyst at Edison Investment Research since its formation in 2003.

Prior to that she was an independent equity research analyst from 1999 to 2003, and before that a leisure sector analyst at Investec Henderson Crosthwaite from 1998 to 1999. Prior to this Jane served as the Director of Investor Relations at Carlton Communications plc from 1997 to 1998, having joined from The Rank Group plc where she was the Director of Investor Relations between 1993 and 1997. From 1981 to 1993, Jane was an equity research analyst at de Zoete & Bevan and then Barclays de Zoete Wedd, where she was a Director of BZW Research Ltd.

- Remuneration Committee (Chair)
- Nominations Committee
- CSR Committee

Key Strengths:

- Sector experience
- Investment
- Communications

PIERRE BOUCHUT

INDEPENDENT NON-EXECUTIVE DIRECTOR

Pierre Bouchut joined the GVC Board on 13 September 2018. Pierre has over 40 years of experience in senior management roles across finance, European retail and European property. He is a Non-Executive Director and chairman of the audit committee at Hammerson plc and Firmenich SA and a Director and Chairman of the Audit, Accounts and Risks Committee of Albioma SA. He is also a Non-Executive Director of GeoPost SA.

Previously Pierre was the chief operating officer for Europe and Indonesia at Koninklijke Ahold Delhaize N.V. (2016-2018), chief financial officer at Delhaize Group SA (2012-2016), Carrefour SA (2009-2012), Schneider Electric SA (2005-2009) and Casino (1995-2003), where he also served as the chief executive officer from 2003 to 2005. He has also been a Non-Executive Director of La Rinascente SPA and a Non-Executive member of the advisory boards of Qualium Investissement and Lombard Odier Asset Management (Switzerland) SA.

- Audit Committee (Chair)

Key Strengths:

- Finance
- Strategic financial management
- Leadership and management

PETER ISOLA

INDEPENDENT NON-EXECUTIVE DIRECTOR

Peter Isola joined the GVC Board in 2016 following the move to the Main Market of the London Stock Exchange as an expert in gaming law and regulation with experience advising numerous e-commerce clients. Peter Isola is the Senior Partner of ISOLAS, Gibraltar's longest established law firm. He is a Gibraltarian, domiciled in Gibraltar, and in 1982 was called to the Bar of England and Wales and also Gibraltar. Peter has worked in the gaming and financial services sector all of his professional life and is widely recognised and respected as a leading expert in gaming and regulation.

Peter is a former President of the Gibraltar Chamber of Commerce and advises the government of Gibraltar on a number of committees in both financial services and gaming. He is also a Director of a number of Gibraltar regulated firms in financial services, gaming and e-commerce including the Gibraltar International Bank and Broadband Gibraltar Limited. He was appointed a Commissioner to the Gibraltar Financial Services Commission in March 2017.

- CSR Committee

Key Strengths:

- Sector experience
- Legal and regulatory
- Financial services

STEPHEN MORANA

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Stephen Morana joined the GVC Board on 2 February 2016 and is widely recognised for his e-commerce expertise, particularly as a specialist in the online gaming sector having spent ten years as part of the management team at Betfair plc. Stephen joined Betfair in 2002, becoming Chief Financial Officer in 2006 and also served as Interim Chief Executive Officer in 2012. After Betfair, Stephen spent over three years at Zoopla Property Group Plc as Chief Financial Officer, where he helped them join the FTSE 250 in June 2014. Stephen joined the Board of GVC following the successful acquisition of bwin.party digital entertainment plc and the enlarged Group's move to the Main Market of the London Stock Exchange. Stephen was until recently a Non-Executive Director and Audit Committee Chairman of boohoo.com plc, the high growth fast fashion business. Stephen is a member of the Institute of Chartered Accountants in England and Wales and an alumnus of the executive management programme at INSEAD.

- Audit Committee
- Remuneration Committee
- Nominations Committee

Key Strengths:

- Commercial
- Sector experience, finance
- Online disruptor experience

VIRGINIA MCDOWELL

INDEPENDENT NON-EXECUTIVE DIRECTOR

Virginia joined GVC in June 2018. She has 35 years of experience working in the US gaming industry and is the current Vice Chairperson of Global Gaming Women, a non-profit organisation with a mission to support, inspire and influence the development of women in the gaming industry through education and mentoring. Virginia was the President and CEO of Isle of Capri Casinos, Inc. in the United States from 2011 until her retirement in 2016, and the president and COO of Isle of Capri from 2007 to 2011.

Prior to this she was the Chief Information Officer at Trump Entertainment Resorts from 2005 to 2007 and Senior Vice President of operations, sales and marketing at Argosy Gaming Company from 1997 until that business was acquired in 2005. From 1984 to 1996 Virginia was promoted through various roles in Tropicana Casino and Resort before departing as Vice President of business development in 1996.

- CSR Committee (Chair)
- Audit Committee
- Remuneration Committee

Key Strengths:

- Sector experience
- Information technology
- Marketing

JETTE NYGAARD-ANDERSEN

INDEPENDENT NON-EXECUTIVE DIRECTOR

Jette joined the GVC Board in December 2019. She has more than 20 years' experience in leadership and operational roles in media, entertainment and digital businesses in general, as well as building and operating direct-to-consumer and over-the-top streaming services across multiple European countries.

From 2003 until March 2019 she held several senior executive and non-executive roles at Modern Times Group AB, a listed international entertainment group with a strong presence in Scandinavia and Central Europe, serving on the executive committee from 2011. Jette currently serves on the board of Coloplast AS, a leading medical technology company listed on the Copenhagen Stock Exchange, where she also serves as a member of the remuneration and nomination committees. She also chairs the board of Astralis Group A/S, an international esports organisation, which is listed on the Nasdaq First North Growth Market.

- CSR Committee
- Remuneration Committee

Key Strengths:

- Operational
- Digital technology and entertainment
- Marketing

DIRECTORS THAT SERVED DURING THE YEAR UNDER REVIEW

LEE FELDMAN

Non-Executive Chair of the Board and of the Nominations Committee until he stepped down on 27 February 2020.

Lee joined the GVC Group in December 2004 and became Chairman in 2008. He is the Managing Partner of Twin Lakes Capital, a private equity firm focused on branded consumer products, media and business services. From 2008 to 2015, he was also the Chief Executive Officer of Aurora Brands: the owner of both MacKenzie-Childs and Jay Strongwater, the iconic American luxury home furnishings and personal accessories companies. He is also a member of the Board of Directors of of Guide Beauty LLC and Sergio Tacchini Operations, Inc. Prior to co-founding Twin Lakes, Lee was a partner in Softbank Capital Partners. He has a B.A. and J.D. from Columbia University.

Further detail regarding the defined roles and responsibilities of the Directors have been set out in the chart on the following page.

GOVERNANCE OVERVIEW

The Board recognises the importance of, and is committed to, ensuring that effective corporate governance procedures are in place that are appropriate for the Group's size and complexity. The Board reports against the requirements of the UK Corporate Governance Code 2018 (the "Code") issued by the Financial Reporting Council in July 2018. The Code is available online at www.frc.org.uk. The revised Code became effective for accounting periods beginning on or after 1 January 2019.

During 2019 the Company was compliant with nearly all the 2018 Code recommendations and steps were taken to implement appropriate changes to close the gaps with the remaining recommendations (aligning culture with the Company's strategy, values and purpose and appointing a Non-executive Director to be the workforce engagement representative), so at the year end the Company was only non-compliant with two aspects of the 2018 Code. The first was in relation to the Chairman's tenure being greater than nine years. This has been resolved with Barry Gibson, who was appointed to the Board on 4 November 2019, succeeding Lee Feldman as Chairman on 27 February 2020. The second gap related to adopting a formal position on the post-employment shareholdings of Executive Directors for both vested and unvested shares. This is addressed in the updated remuneration policy to be placed before shareholders for approval at the 2020 AGM and details of the updated policy can be found in the Remuneration Report.

The main highlights of the 2018 Code are:

- Greater emphasis on the role of the Board in assessing and aligning culture with purpose, values and strategy.
- Broader focus on diversity and emphasis on skills and experience within the Board.
- Enhanced board engagement with the workforce and focus on wider stakeholders in decision making.
- Proportionate executive remuneration that supports the long-term success of the business.

HOW IS THE BOARD ORGANISED AND DOES IT OVERSEE MANAGEMENT?

MANAGEMENT

CEO

- Runs the Company's business.
- Proposes and develops GVC's strategy and overall commercial objectives in conjunction with the Chairman.
- Responsible, with the senior executive team for implementing the decisions of the Board and its committees.
- Promotes and conducts affairs of GVC with the highest standards of integrity, probity and corporate governance.
- Manages the leadership team and promotes the strategic mission and goals to all employees.
- Engages with external stakeholders to explain the corporate goals and progress of the business strategy.

CFO

- Ensures future business decisions are grounded in solid financial criteria.
- Provides insight and analysis to support the CEO and senior executive team.
- Leads key initiatives in finance that support overall strategic goals.
- Funds, enables and executes the strategy set by the CEO.
- Develops and defines the overall strategy of the organisation.
- Presents the organisation's progress on strategic goals to external stakeholders.

CHAIRMAN

- **Oversees the effective running of the Board.**
- **Ensures that the Board as a whole plays a full and constructive part in the development and determination of GVC's strategy and overall commercial objectives.**
- **Acts as a guardian of the Board's decision-making.**
- **Promotes the highest standards of integrity, probity and corporate governance throughout the Company and particularly at Board level.**
- **Oversees the effective engagement with the Company's various stakeholders.**

OVERSIGHT

SID

- As well as performing the normal duties expected of a NED, the SID also:
- Is available to shareholders if they have concerns which contact through the Chairman, CFO or CEO has failed to resolve or for which contact is inappropriate.
- Leads the NEDs in evaluating performance of the Chairman, taking into account the views of Executive Directors.
- Maintains sufficient contact with shareholders to understand their issues and concerns.
- Performs such other tasks and responsibilities as may be contemplated by the code or best practice from time to time.

NED

- Constructively challenges and contributes to the development of strategy.
- Scrutinises the performance of management in meeting agreed goals and objectives and monitors the reporting of performance.
- Satisfies themselves that financial information is accurate and that both controls and the systems of risk management are robust and defensible.
- Is responsible for determining appropriate levels of remuneration of Executive Directors and has a prime role in succession planning, appointing and where necessary removing senior management.

STAKEHOLDER ENGAGEMENT

STAKEHOLDER AND ENGAGEMENT

The Board recognises the importance and benefits of engaging with stakeholders and engages with shareholders through investor meetings. We formed the CSR Committee in 2018, which is focused on overseeing the group's relationships with a wider portfolio of stakeholders.

A description of how the Company through the CSR Committee engages with stakeholders is detailed at the end of the CSR report.

For more information see
pages 54 and 55

WORKFORCE ENGAGEMENT AND DESIGNATED WORKFORCE DIRECTOR

We have a clear purpose 'To provide the best in class experience where people can enjoy gambling responsibly'. And, as part of our integration programme GVC ONE, we are working hard to promote a unified culture with a responsibility-first ethos across the business. See more on this on pages 16 and 17.

Virginia McDowell, was appointed as Designated Workforce Director in 2019. More information on this role can be found in the CSR section on pages 48 and 49.

SHAREHOLDER ENGAGEMENT

An Extraordinary General Meeting of the Company was held on 6 February 2020 to consider the proposal to relocate the Company's place of management and control and consequently its tax residence to the United Kingdom, and the adoption of new articles of association of the Company to facilitate this relocation. The Special Resolution dealing with this proposal was approved by 99.98% of the votes cast in favour, clearly indicating the Company has robust support from shareholders.

ANNUAL GENERAL MEETING ("AGM")

30/04/20

The AGM is an important part of effective communication with shareholders. A separate notice convening the AGM on 30 April 2020 will be despatched to shareholders more than 20 working days before the AGM. The AGM notice will describe each item of business which will be dealt with by its own separate resolution. The Chairs of the Audit, CSR, Nominations and Remuneration Committees will be available to answer questions at the meeting.

SIGNIFICANT SHAREHOLDER DISSENT

The Remuneration Committee has engaged with a broad selection of shareholders and proxy voting agencies prior to and following the 2019 AGM. Following the significant shareholder dissent against the 2018 Directors' Remuneration Report, the Company was required to seek views from shareholders as to the reasons behind their voting decision. The Remuneration Committee engaged with a broad selection of shareholders and the proxy voting agencies to understand their views. The Senior Independent Director also engaged with the Investor Forum during this process. There was an acknowledgement that the vote against the Remuneration Report was made in relation to legacy issues and the 2018 CEO salary increase and feedback received on the need to introduce a post cessation shareholding requirement in line with the UK Code.

Feedback received during the shareholder consultation exercise conducted at the end of 2019 has been incorporated into the proposed updated Remuneration Policy to be put forward for approval at the 2020 AGM. More information on this consultation process is contained in the Remuneration Report on page 91.

For more information see
page 91

AN EFFECTIVE STRUCTURE

THE BOARD

Roles and responsibilities

The Board is collectively responsible for the long-term success of the Company by setting the Group's strategic objectives, ensuring the maintenance of a robust system of internal controls and risk management and for reviewing the overall effectiveness of the systems in place.

The Board reviews the Company's purpose and principles and is required to satisfy itself that these are aligned with its culture. The Board oversees the setting of objectives which are aligned with the Group's high-level strategy and long-term vision and monitors progress with their delivery at meetings.

The duties of the Board are detailed in its formal Schedule of Matters Reserved and is available on the Company's website www.gvc-plc.com. The Schedule of Matters Reserved is reviewed annually, with the last review undertaken in December 2019.

The activities undertaken by the Board during the year are set out over the following pages.

Division of Responsibilities

GVC has established a clear division between the respective responsibilities of the Non-executive Chairman and the Chief Executive, and their respective roles are set out in writing and agreed by the Board. In addition, the Board has adopted a delegation of authority mandate which sets out the levels of authority for the Executive Directors and employees below Board level to follow when managing the Group's business day to day.

The Board is led by the Chairman, J M Barry Gibson, who succeeded Lee Feldman on 27 February 2020. The Chairman is responsible for the leadership and effectiveness of the Board. The Chairman promotes open, effective discussion and challenge at meetings and creates an environment in which all participants feel comfortable. The Chairman also meets separately with the Senior Independent Director, Non-executive Directors, separately with the CEO and with the Company's various stakeholders.

Under the recommendations of the 2018 Code, which applied to the Company with effect from 1 January 2019, the Chairman should not remain in post beyond nine years from the date of their first appointment to the Board. That period can, however, be extended for a limited time to facilitate effective succession. During 2019, Lee Feldman, who served on the Board since 2004 and as Chairman since 2008, continued to chair the Board, whilst the Board undertook a search, led by the Senior Independent Director, for a new Chairman. On 4 November 2019, the Company announced the appointment of Barry Gibson as an Independent Non-executive Director, who would become Chairman on 27 February 2020, following a short induction and handover period, with Lee Feldman stepping down as a Director on 27 February 2020.

The implementation and execution of the Group's strategy is managed by the Chief Executive, Kenny Alexander. Matters which have been delegated to the Chief Executive include the development of strategy and the overall commercial objectives. The Chief Executive is also responsible for the implementation of Board decisions; ensuring that the Group complies with all of its regulatory and legal obligations; and engagement with external stakeholders on the progress of the business strategy.

The Senior Independent Director, Stephen Morana, provides a sounding board for the Chairman and, if necessary, acts as an intermediary for the Non-executive Directors. He is also available to shareholders if they have concerns, which contact through the Chairman, CFO or CEO has failed to resolve. He also leads the annual appraisal of the Chairman.

The Non-executive Directors play a key role in contributing to the delivery of strong governance by constructively challenging the Executive Directors and senior management and monitoring the delivery of the Group strategy within the risk and control framework.

The Non-executive Directors are also critical to the development of succession planning and the appointment and removal of senior executives.

Committees of the Board

The Board has four main committees: Audit Committee, Corporate Social Responsibility Committee, Nominations Committee and Remuneration Committee to assist in its responsibilities. Details of the roles and responsibilities of the Committees are set out in the sections following this report. Although the Board's powers and authorities are delegated, the Board retains ultimate responsibility and authority for their exercise. Each Committee operates under terms of reference approved by the Board. The terms of reference are reviewed annually, with the last review taking place in December 2019, and can be found on the Company's website www.gvc-plc.com. An Executive Risk Committee has also been established with the primary purpose of assisting the Audit Committee and Board in the management of the risks for the Company and its subsidiaries and to oversee the operation of the Group's risk management framework. The Executive Risk Committee comprises of the Chief Financial Officer and other senior executive representatives from the Group's major functions.

Board Meetings

The Board meets formally on a regular basis and with additional ad hoc meetings scheduled in line with business needs. All members of the Board are expected to attend all meetings of the Board and relevant committees on which they serve.

The Board's agenda is set by the Chairman and deals with those matters reserved to the Board and can be categorised into a number of key areas including but not limited to the long-term business plan, strategy, budgets and forecasts, Group reorganisation, risk management and control framework and capital structure.

BOARD ATTENDANCE AND ACTIVITIES

The Board met formally face to face five times, with eight additional ad hoc meetings held in 2019 and Board sub-committees were constituted on a number of occasions in order to deal with matters arising in the ordinary course of business outside of the formal schedule of meetings. Each Board meeting follows a carefully tailored agenda agreed in advance by the Chairman, Chief Executive and Company Secretary and comprises of reports on current trading and financial performance from the Chief Executive and Chief Financial Officer, legal and regulatory updates, people and integration, strategic proposals and material transactions presented by key individuals from relevant business areas.

Details of the Directors' attendance at the scheduled meetings that occurred during the year can be found in the table below.

The following areas formed substantial areas of focus for the Board in the year:

- Annual governance review
- The employee survey and integration updates
- The responsible gambling commitments
- Gaming licence applications
- Regular reports from the Executive Directors
- Regular reports from the senior executive team on operations, business integration, product development, regulatory developments, litigation and investor relations

	Board (5/5)	Audit Committee (4/4)	Corporate Social Responsibility Committee (6/6)	Nominations Committee (3/3)	Remuneration Committee (4/4)
Lee Feldman[1]	5	–	6	3	–
Kenneth Alexander	5	–	–	–	–
Rob Wood[2]	4	–	–	–	–
Jane Anscombe	5	–	6	3	4
Pierre Bouchut	5	4	–	–	–
Barry Gibson[3]	1	–	–	–	–
Peter Isola[4]	5	–	5	–	–
Virginia McDowell	5	4	6	–	4
Stephen Morana	5	4	6	3	4
Jette Nygaard-Andersen[5]	1	–	–	–	–
Paul Bowtell[6]	1	–	–	–	–

1. Stepped down from the Board on 27 February 2020.
2. Appointed to the Board on 5 March 2019.
3. Appointed to the Board, Nominations Committee on 4 November 2019 and the CSR Committee on 25 February 2020.
4. Appointed to the Corporate Social Responsibility Committee on 27 February 2019.
5. Appointed to the Board on 11 December 2019, and the Remuneration and CSR Committees on 25 February 2020.
6. Resigned from the Board on 5 March 2019.

A BALANCED BOARD

Board Composition

The Board continues to focus on maintaining a well-balanced membership with the right mix of individuals who can apply their diverse business knowledge and experiences to the oversight and guidance to the delivery of the Group's strategy in the jurisdictions in which it operates. As at the date of this report the Board is comprised of the Chairman, two Executive Directors and six Independent Non-executive Directors.

On 5 March 2019, Rob Wood was appointed Chief Financial Officer, succeeding Paul Bowtell. As previously disclosed, after serving on the Board of GVC for 15 years and as Chairman for 11 years, Lee Feldman stepped down from the Board on 27 February 2020. The Nominations Committee, led by the Senior Independent Director and with the Chairman abstaining, ran the process to identify candidates appropriate for the role of Chairman, supported by the independent recruitment firm, Russell Reynolds. Several short-listed external candidates were interviewed for the position and, the process led to the Board announcing the appointment of Barry Gibson as an Independent Non-Executive Director on 4 November 2019, with him stepping up as Chairman on 27 February 2020. Jette Nygaard-Andersen was appointed as Independent Non-executive Director on 11 December 2019. The biographies of all the Directors are detailed on pages 70 to 71 and highlight the strength and depth of skills and experience they bring to the Board.

Board Commitment, Balance and Independence

Each Non-executive Director ("NED") must be able to devote sufficient time to the role in order to discharge his or her responsibilities effectively and the Board is satisfied that the Chairman and each of the NEDs devotes sufficient time to their duties. The terms and conditions of appointment of each of the NEDs are available for inspection during normal business hours at the Company's registered office and at the AGM for 15 minutes before and after the meeting.

The Board is aware of the other commitments and interests of its Directors, and changes to these commitments and interests are reported to and, where appropriate, agreed by the rest of the Board. The Group believes it has effective procedures in place to monitor and deal with potential conflicts of interest.

Excluding the Chairman, of the remaining eight Directors, six are independent NEDs. The Nominations Committee, having considered the matter carefully, is of the opinion that all the current NEDs remain independent.

The composition of all Board committees complies with the 2018 Code recommendations.

Board Experience

A broad range of skills with a wide range of industry experience:

- Accountancy
- Business development
- Consumer branding
- E-commerce
- Entertainment
- Equity research
- Finance
- Government and industry
- Strategy
- Marketing
- Legal and regulatory
- Retail
- Technology
- Travel and leisure
- Online gambling
- US Gaming

Director Induction, Training and Development

The Chairman is assisted by the Company Secretary in providing all new directors with a comprehensive induction programme on joining the Board. The induction programme provides new Directors with an understanding of the Group, its businesses and the markets and regulatory environments in which it operates. This includes meeting with senior executives and their direct reports. The process also provides an overview of the responsibilities for NEDs and the Company's governance practises. Barry Gibson and Jette Nygaard-Andersen received tailored inductions following their appointment.

The Chairman has overall responsibility for ensuring that Directors receive suitable training to enable them to carry out their duties. Training is also provided by way of reports and presentations prepared for each Board meeting, as well as meetings with Group employees and external advisers.

The Directors have access to independent professional advice at the Group's expense, as well as the advice and services of the Company Secretary, who advises the Board on regulatory and corporate governance matters.

Board Evaluation and Effectiveness

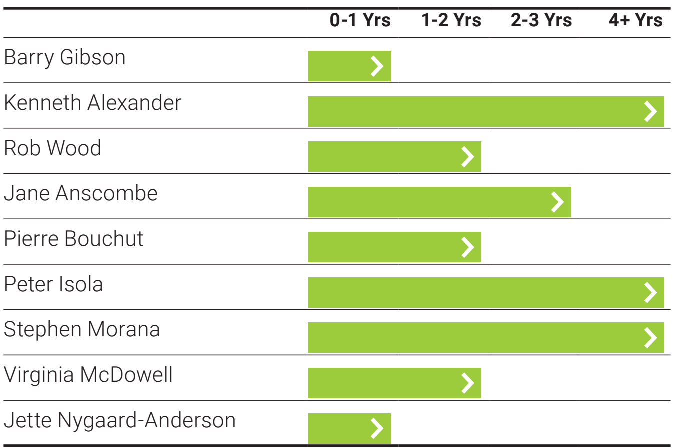
In 2019 an extensive Board performance evaluation process was conducted, facilitated by the independent corporate governance firm, Lintstock Limited. This included interviews with each Director by Lintstock personnel and the results were reported on in the Chairman's letter in the 2019 Annual General Meeting notice. This formed the basis of a follow-up questionnaire process again facilitated by Lintstock Limited in the first two months of 2020. The results of this evaluation are reported on in the Chairman's statement on pages 68 to 69.

Board Diversity

As an international company, diversity is an integral part of GVC's culture, with the Board reflecting this. Information about the diversity of the Board, including its consideration of diversity in its succession plans and in developing senior management can be found in the Nominations Committee report. Following the appointment to the Board of Jette Nygaard-Andersen on 11 December 2019 a third of the Board is now female and so is in line with the recommendation of the Hampton-Alexander Review.

DIVERSITY OF THE BOARD

Board Tenure



STRATEGY AWAY DAY

The Board held a strategy event with the senior executive team in the US in October. At this event the Board reviewed progress against the Group's North American strategic plan, set the market, operational and employee strategies in the context of ongoing risks and challenges and, on the basis of the former, agreed a three-year financial plan.

For more information see **pages 06 to 11**

"THE BOARD CONTINUES TO FOCUS ON MAINTAINING A WELL-BALANCED MEMBERSHIP WITH THE RIGHT MIX OF INDIVIDUALS WHO CAN APPLY THEIR DIVERSE BUSINESS KNOWLEDGE AND EXPERIENCES TO THE OVERSIGHT AND GUIDANCE TO THE DELIVERY OF THE GROUP'S STRATEGY IN THE JURISDICTIONS IN WHICH IT OPERATES."

BARRY GIBSON
NON-EXECUTIVE CHAIRMAN

FAIR, BALANCED AND UNDERSTANDABLE

"THE BOARD RECOGNISES THE IMPORTANCE AND BENEFITS OF ENGAGING WITH STAKEHOLDERS. IT ENGAGES WITH SHAREHOLDERS THROUGH INVESTOR MEETINGS AND THE CSR COMMITTEE, WHICH WAS FORMED IN 2018 WITH A FOCUS ON OVERSEEING THE GROUP'S RELATIONSHIPS WITH A WIDER PORTFOLIO OF STAKEHOLDERS."

J M BARRY GIBSON
NON-EXECUTIVE CHAIRMAN

In accordance with the principles of the 2018 UK Corporate Governance Code, we have assessed the processes and procedures in place to ensure that the information presented in the Annual Report is fair, balanced and understandable. We describe these processes and procedures on page 74.

On the advice of the Audit Committee, the Board considered that the Annual Report, as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE ANNUAL FINANCIAL REPORT

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the strategic report includes a fair view of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole together with a description of the principal risks and uncertainties that they face.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has delegated responsibility for the annual review of the Group's internal control systems to the Audit Committee, assisted by the Executive Group Risk Committee (responsible for the Group's risk management framework). Further details of the review and monitoring procedures can be found within the Audit Committee report on page 84.

In satisfying the requirements to ensure that the Group has adequate risk management and internal control systems, the Audit Committee has monitored the Group's internal control systems on an ongoing basis and reviewed the annual effectiveness assessment of the Group's risk management and internal control systems.

GOING CONCERN

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in this Annual Report in the sections preceding this governance report. The financial position of the Group, its cashflow, liquidity position and borrowings are set out in the aforementioned section. In addition, notes to the financial statements on pages 129 to 174 include the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of financial instruments and hedging activities; and its exposures to credit risk and liquidity risk. The Group has considerable financial resources together with a large number of customers and long-term contracts with a number of corporate customers and suppliers across different geographic areas and industries. As a consequence, the Directors believe the Group is well placed to manage its business risks successfully in the context of the current economic outlook. After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS as adopted by the EU) as applicable to an Isle of Man company and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework as applicable to an Isle of Man company. 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 Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent Company financial statements, state whether applicable UK accounting standards, including FRS 101 Reduced Disclosure Framework, have been followed, subject to any material departures disclosed and explained in the parent Company financial statements;
- assess 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 they either intend to liquidate the Group or the parent Company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Isle of Man Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report and a corporate governance statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

NOMINATIONS COMMITTEE REPORT

"ON BEHALF OF THE BOARD, I AM PLEASED TO PRESENT THE COMMITTEE'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2019."

J M BARRY GIBSON
CHAIR OF THE NOMINATIONS COMMITTEE

As announced, the former Chair of the Board and of the Nominations Committee, Lee Feldman, stepped down from the Board and the Committee on 27 February 2020. I was appointed to the Nominations Committee on 4 November 2019 and became Chair of this Committee and of the Board on 27 February 2020.

During the year, the Committee undertook a number of activities, including the search for a Chair successor led by the Senior Independent Director, the results of which led to my appointment. The Committee's work also included bringing in additional skills and knowledge and resulted in the appointment of Jette Nygaard-Andersen as an Independent Non-executive Director on 11 December 2019.

THE ROLE OF THE COMMITTEE

The key responsibilities of the Committee are to assist the Board in identifying and nominating candidates for the Board and overseeing the succession planning for Non-executive Directors and senior management. This involves regularly reassessing the structure, size, composition of the Board and recommending any suggested changes to the Board; evaluating the balance and skills, knowledge and experience of the Board and identifying the capabilities required for a specific appointment.

The role and responsibilities of the Committee are set out in its formal terms of reference. A copy of which can be viewed on the Group's website www.gvc-plc.com.

Committee membership and attendance

The Committee meets at least twice a year and may meet at other times as agreed by the Chair or at the request of a Committee member. The table below shows the Committee's membership and attendance at meetings for the year ended 31 December 2019. The details of their experience and qualifications are shown in the Directors' biographies.

Member	Position	Meetings	Attendance (3)
Lee Feldman[1]	Chair	3	2
Jane Anscombe	Member	3	3
Stephen Morana	Member	3	3
Barry Gibson[2]	Member	–	–

1. Lee Feldman did not participate in meetings to do with his succession; resigned from the Committee on 27 February 2020.
2. Barry Gibson was appointed to the Committee on 4 November 2019.

All appointments to the Committee are made by the Board on the recommendation of the Nominations Committee, in consultation with the Committee Chair.

The Committee comprises of a majority of independent Non-executive Directors with the exception of the Committee Chair.

Appointments to the Committee are for a period of up to three years, which may be extended for two further periods of three years provided the majority of the Committee members remain independent.

The Chief Executive Officer and Group HR Director are invited to attend meetings where this may assist the Committee in fulfilling its responsibilities and, most notably in relation to executive appointments and succession planning. The Company Secretary acts as the Secretary for the Nominations Committee.

Independence

The Committee is responsible for considering the independence of all Non-executive Directors by evaluating their character and judgement, in line with the 2018 UK Corporate Governance Code. During 2019, the Nominations Committee reviewed the independence of the Board and concluded that each Non-executive Director remained independent and continues to have sufficient time to discharge their responsibilities to the Company.

How the Committee spent its time in 2019

Following on from the work undertaken in 2018, the Nominations Committee led the process for the appointment of the successor Chairman, the appointment of a new Independent Non-executive Director and succession planning for senior executives. Russell Reynolds, an external search consultant was engaged to facilitate the search and selection process for the successor Chairman and Independent Non-executive Director.

The search for the new Chairman was led by the Senior Independent Director, Stephen Morana. The Committee prepared a detailed specification for both roles specifying the skills, knowledge, experience and attributes required.

The Committee as a whole was involved in the shortlisting and interviewing of candidates and once the preferred candidates had been identified, the other Board members were included and met with the candidates.

The Committee considered potential nominees identified and examined a 'long list' of candidates in consultation with Russell Reynolds, assessing each against the role specification. The Committee members then agreed a shortlist of the candidates most closely matching the specification for each role and invited them for interview. Other Board members were included in the process by receiving updates on the Committee's work and having the opportunity to meet the shortlisted candidates.

The criteria for the new Chair included significant gambling sector experience, a demonstrable track record of success on a range of high-profile public company boards, and a deep understanding of the evolving corporate governance landscape. After an extensive search, the Committee agreed that I stood out as exceeding all of those criteria and a short statement by the Senior Independent Director on the Chair recruitment process is set out below.

The Committee identified that the Board's skill set and experience could be strengthened by focusing on candidates with technology and marketing backgrounds and noted the recommendation of the Hampton-Alexander Review on gender and the Parker Review on ethnic diversity. It is part of the Committee's policy when making new appointments to consider the importance of diversity on the Board, including gender and ethnicity. This is considered in conjunction with experience and qualifications.

As a consequence, the Committee recommended the appointment of Jette Nygaard-Andersen to the Board. Jette brings her expertise of digital next generation online/mobile experience and has wide-ranging knowledge of consumer-facing businesses in the entertainment, media and technology sectors. The Board accepted the recommendation and Jette was appointed to the Board as an Independent Non-executive Director on 11 December 2019.

The 2018 Corporate Governance Code places greater emphasis on succession planning and as a result the Nominations Committee has built on its existing processes to enhance its focus on succession planning. This has not just been done at a Board level, but includes the top 100 management executives in the GVC business, where there is a focus on developing the talent and career opportunities of the future leaders of the business. Given the size and complexity of GVC's business, it is essential to have robust contingency plans in place for the management team to ensure the long-term stability and success of the organisation. The Committee continued to focus on succession planning arrangements for each Group Executive member, including talent development below Group Executive level.

Diversity

As an international company, diversity is an integral part of GVC's culture and although the Board does not have a formal written Board diversity policy, the Committee recognises the importance of diversity and inclusion in the boardroom and throughout the organisation. We continue to recruit based on merit while remaining committed to diversity of gender, social and ethnic backgrounds when seeking to fill vacant Board positions and for roles in the Group more generally. This commitment is demonstrated by the composition of the Board, which comprises three women, two of whom are Committee Chairs. I am therefore pleased to report that with the appointment to the Board of Jette Nygaard-Andersen on 11 December 2019, a third of our Board members are women and the Board continues to support Lord Davies' and the Hampton-Alexander voluntary targets.

The Board is also committed to increasing the percentage of women in senior positions in the Company, and whilst there has been an increase in senior female hires, there is a recognition of the further work to be done to achieve that. In order to achieve this aim, the Board continues to support the delivery of talent and leadership programmes within the wider organisations with initiatives such as the Horizon Women in Leadership Programme which aims to support and empower female leaders.

J M BARRY GIBSON

Chair of the Nominations Committee
5 March 2020

STATEMENT FROM THE SENIOR INDEPENDENT DIRECTOR ON THE CHAIRMAN SUCCESSION PROCESS

In 2019 I led the process to recruit a new Chairman of the Board. As part of this process I met with The Investor Forum. This body helps facilitate a constructive dialogue between companies and their investors and represents a number of our largest shareholders. The Board found The Investor Forum's input helpful and insightful. Russell Reynolds, the independent executive search firm assisted with the process of identifying appropriate candidates and I liaised with the other Non-executive Directors and the CEO as we reviewed the initial candidate list and identified which individuals to meet.

All the Non-executive Directors and the CEO interviewed the short-listed candidates and feedback shared, before a recommendation was put to the Board. There were a number of strong candidates, but Barry Gibson stood out because of his knowledge of and passion for the gambling industry and his experience chairing the Homeserve Board, where he has worked successfully over a long period of time with their CEO who founded the business. After a short handover process Barry took over the chair from Lee Feldman on 27 February 2020. On behalf of the Board I would like to thank Lee for his support through this transition to his successor and for overseeing GVC becoming one of the world's largest sports-betting and gaming companies – a record he can be rightly proud of.

AUDIT COMMITTEE REPORT

"I AM PLEASED TO PRESENT THE COMMITTEE'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2019. DURING THE YEAR THE COMMITTEE CONTINUED TO WORK CLOSELY WITH THE EXECUTIVE RISK COMMITTEE AND THE GROUP'S INTERNAL AND EXTERNAL AUDITORS TO ENSURE THAT THE GROUP WAS IN COMPLIANCE WITH THE REQUIREMENTS SET OUT IN THE 2018 CORPORATE GOVERNANCE CODE."

PIERRE BOUCHUT
CHAIR OF THE AUDIT COMMITTEE

MAIN RESPONSIBILITIES OF THE COMMITTEE

- Monitors the integrity of GVC Holdings PLC's financial statements and any formal announcements relating to the Company's financial performance and reviews, and where necessary challenges, the significant financial reporting issues and judgements in relation to the half-year and annual financial statements before these are submitted to the Board for final approval;
- Makes recommendations to the Board concerning any proposed, new or amended accounting policies;
- Oversees the relationship with the Group's external auditor including reviewing the annual external audit plan and audit findings;
- Recommends the audit fee to the Board and sets the Group's policy on the provision of non-audit services by the external auditor;
- Reviews and monitors the external auditor's independence and objectivity, and the effectiveness of the audit process;
- Monitors and reviews the internal audit programme and its effectiveness;
- Monitors and reviews GVC's systems for internal control, financial reporting and risk management;
- Reviews internal audit reports covering the various areas and activities of the business and ensures the business responds to the recommendations made; and
- Assesses and reports on the Group's viability in line with the Code requirements, prior to being submitted to the Board for approval.

The Code requires that the Audit Committee must operate effectively and efficiently and that its members have a balance of skills and experience to deliver its responsibilities. The Committee are comfortable that it currently has the relevant level of skills and experience to discharge its responsibilities.

MEMBERS

The Committee is composed entirely of Independent Non-executive Directors. Details of their experience are shown in the Directors' biographies:

- Pierre Bouchut (Chairman)
- Stephen Morana
- Virginia McDowell

Pierre Bouchut is regarded as the Audit Committee member with recent and relevant financial experience.

Composition and Constitution

The Audit Committee oversees the Group's financial reporting and internal controls and provides a formal reporting link with the external auditors. The Committee's Terms of Reference, which are reviewed annually, are available on the Company's website. The Audit Committee comprises three members, all of whom are Independent Non-executive Directors. Appointments to the Committee are made by the Board at the recommendation of the Nominations Committee, which consults with the Chair of the Audit Committee. The Board has satisfied itself that the Committee's membership includes at least one Director with recent and relevant financial experience and have competence in accounting and/or auditing and that all members are financially literate and have experience of corporate financial matters. All Directors on joining the Board are given specific sector training to ensure competence relevant to the business, in addition to the other skills they bring to the Board and Committees.

The Committee meets at least four times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required. Other Directors, including the Chief Financial Officer attend the Audit Committee meetings by invitation. The Committee also met for private discussions with the external auditor, whose representatives attend all Committee meetings together with the Director of Internal Audit.

The table below shows the attendance of the Committee members at meetings for the year ended 31 December 2019:

Member	Meetings entitled to attend	Meetings actually attended
Pierre Bouchut (Chair)	4	4
Stephen Morana	4	4
Virginia McDowell	4	4

AUDIT COMMITTEE REPORT CONTINUED

RESPONSIBILITY FOR THE GVC FINANCIAL STATEMENTS

The Board is ultimately responsible for presenting a fair, balanced and understandable assessment of GVC's position and prospects, which extends to the half-year and annual financial statements.

DELEGATION

GVC's finance department, led by the CFO, prepares the financial statements.

The Director of Investor Relations coordinates with the CEO, CFO and Chair on the preparation of any statements on GVC's position, performance, business model and strategy.

The Company Secretary with the Chair of the Board and the Chairmen of the various Board Committees, prepares the corporate governance statements and all Board committee reports.

EXTERNAL REVIEW

GVC's external auditor audits the annual financial accounts and review the half-year accounts together with any business or corporate governance commentary. A report to the Audit Committee is prepared.

COMMITTEE'S REVIEW

The Audit Committee reviews the draft financial statements and accompanying statements and meets with the external auditors to review their report. The Audit Committee proposes amendments and makes recommendations to the Board and also approves the Audit Committee's Report.

For the Annual Report the Remuneration Committee and Nominations Committee review the Directors' Remuneration Report and Nominations Committee Report respectively, propose changes and make recommendations to the Board.

BOARD REVIEW

The Board reviews the financial statements, accompanying reports and recommendations from its committees and makes changes to the disclosure where appropriate.

AUDITOR REPORTING TO THE BOARD

The external auditor carries out final report and signs-off the audit report (Annual Report) or review report (half-year results).

AUDIT/BOARD APPROVAL AND PUBLISH

The Board approves the year-end financial statements and disclosures and the half-year report and these are then released to the stock exchange and published on GVC's corporate website.

In respect of the financial statements and accompanying reports for the year ended 31 December 2019, the Company has followed the process detailed above. In doing so the Directors confirm that they have reviewed the complete 2019 Annual Report and considered that taken as a whole, the report is fair, balanced and understandable and provides the information necessary for GVC's shareholders to assess the Company's performance, business model and strategy.

ACCOUNTING AND KEY AREAS OF JUDGEMENT

Throughout the course of the year, the Audit Committee determined the following areas of the financial statements were of significant interest. These issues were discussed with management and the external auditors to ensure that the required level of disclosure has been provided and that appropriate rigour has been applied where any judgement may be exercised.

MATTER CONSIDERED	ACTION
Separately disclosed items and proforma information	
The Group separately discloses certain items in order to allow a clearer understanding of the underlying trading performance of the business. In 2019, the Group has recorded a net charge in respect of items which have been separately disclosed of £630.1m in the Income Statement.	As part of their assessment that the treatment of separately disclosed items in the financial statements is appropriate, the Committee have considered each of the items disclosed and challenged, where necessary, the treatment adopted by management. The Committee has also considered the conclusions reached by KPMG as part of its audit in this area and are satisfied with the disclosure adopted.
In addition, given the financial statements in 2018 only include the nine months of trading post acquisition for the acquired Ladbrokes Coral business and are stated pre IFRS 16, proforma financial information has been provided within the Annual Report and Accounts to assist in the articulation of the underlying business performance.	Management's use of proforma information in explaining the underlying business performance has also been considered by the Committee, as have KPMG's views on the use of proforma information and non-GAAP measures. The Committee has also considered the prominence given to non-GAAP measures compared to statutory measures and is satisfied with the balance of the disclosure provided.
Carrying value of long-lived assets and depreciable lives	
The Group has significant value in enduring and indefinite life assets such as UK brands and goodwill which need to be reviewed for impairment. In 2019, the Group has recognised a non-cash impairment charge against the goodwill carried on the Australian business.	The carrying value of all enduring and indefinite life assets are tested for impairment annually. In reaching their conclusion that the treatment adopted is appropriate, the Committee have reviewed the forecasts, key assumptions and methodology adopted by management in determining the impairment charges required in the 2019 financial statements. As part of this process and in reaching their conclusion that the current charges and disclosure are appropriate, the Committee have also reviewed KPMG's audit findings.
Contingent consideration	
Included within the Group Balance Sheet as at 31 December 2019 is contingent consideration of £134.0m, which has been calculated based on potential future profitability of previous acquisitions.	The Committee have reviewed the process and judgements taken by management in determining the likely pay-out under the contingent consideration agreements as well as the findings of the KPMG audit and are satisfied that the liabilities recognised are appropriate given the circumstances.
Provision for historical tax claims	
The Group has recognised a receivable of £116.0m in respect of amounts paid on account for Greek tax in relation to the 2010/11 Assessment. In recording this receivable, management have exercised judgement over the likelihood of recovering these amounts.	The Committee have assessed the advice taken by management and the conclusions reached over the likelihood of success of the appeal and considered the analysis and conclusions reached by KPMG as part of their audit work. Whilst there is inherent uncertainty in the outcome of any appeal, the Committee consider the judgement taken by management is appropriate.

AUDIT COMMITTEE REPORT CONTINUED

External auditors

During the year ended 31 December 2019, KPMG LLP was appointed under an engagement letter to act as auditor to enable the Company to meet its obligations to prepare financial statements in accordance with the Listing Rules. The 2019 financial year-end is KPMG LLP's second financial reporting period as the Group's external auditor, following the external audit tender process in 2018, with Mike Harper as the lead audit partner.

A resolution will be proposed at the 2020 AGM to re-appoint KPMG LLP as the external auditors.

Policy on external audit tender

The UK Corporate Governance Code recommends that FTSE 350 companies put their external audit out to tender at least once every ten years. The EU Audit Regulation, effective across all Member States from the 17 June 2016, enforces mandatory audit firm rotation after a period of maximum tenure, set at 20 years.

GVC last ran a competitive audit tender process in 2018 following the acquisition of Ladbrokes Coral, with KPMG LLP appointed as external auditors. The Audit Committee, and the Board intend on putting the external audit out to tender at least once every ten years, in line with the guidance provided by the Financial Reporting Council, the EU Regulation and the Statutory Audit Services Order. The Audit Committee continues to follow an Auditor Rotation and Tendering Policy (which was first adopted in 2017).

Effectiveness of the external audit process

The Audit Committee is committed to ensuring that the external audit process remains effective on a continuing basis. In particular, throughout the year the Audit Committee paid specific attention to the following areas:

- Reviewing that safeguards put in place by the incumbent auditor against independence threats are sufficient and comprehensive;
- Ensuring that the quality and transparency of communications with the external auditors are timely, clear, concise and relevant and that any suggestions for improvements or changes are constructive;
- Exercising professional scepticism, including but not limited to, looking at contrary evidence, the reliability of evidence, the appropriateness and accuracy of management responses to queries, considering potential fraud and the need for additional procedures and the willingness of the auditor to challenge management assumptions; and
- Considering if the quality of the audit engagement team is sufficient and appropriate – including the continuity of appropriate industry, sector and technical expertise (including new areas of activity by the client and changes in regulation or professional standards) and whether it has exercised sufficient objectivity to mitigate any independence and familiarity threats.

Feedback is provided to the external auditor at every instance by the Audit Committee and through one-to-one discussions between the Chair of the Audit Committee and the audit firm partner.

Non-audit services provided by the external auditor

The Audit Committee has established a policy regarding the appointment of external auditors to perform non-audit services for the Group and keeps this under continual review, receiving a report at each Audit Committee meeting. This policy dictates that in the Company's financial year, the total fees for non-audit services provided by the external auditors, excluding non-audit fees for due diligence for acquisitions and other specific matters noted below, should not exceed 70% of the average of the total fees for audit services they provided in the preceding three-year period. In the year ended 31 December 2019, the total non-audit fees as a percentage of the audit fees paid to the external auditors was 21%.

In addition to their statutory duties, KPMG LLP is also employed where, as a result of their position as auditors or for their specific expertise, they either must, or the Audit Committee accepts they are best placed to, perform the work in question. This is primarily work in relation to matters such as shareholder circulars, Group borrowings, regulatory filings and certain business acquisitions and disposals. In such circumstances the Audit Committee will separately review the specific service requirements and consider any impact on objectivity and independence of the auditors and any appropriate safeguards to this. As such the Audit Committee believes it appropriate for these non-audit services to be excluded from the 70% cap set out above. In the year ended 31 December 2019 no fees were paid to the external auditors in respect of due diligence for acquisitions.

Internal audit and its effectiveness

The Board delegates responsibility for reviewing the effectiveness of the Group's systems of internal control to the Audit Committee. This covers all material controls including financial, operational and compliance controls and risk management systems.

The Group's Internal Audit function forms the primary source of internal assurance via the delivery of the Internal Audit Plan, which is structured to align with the Group's strategic priorities and key risks and is developed by Internal Audit with input from management and the Audit Committee.

Its mission is to provide independent, objective assurance and consulting services designed to add and protect value by improving the Group's operations. Internal Audit assists the Group to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Through its work, Internal Audit provides assurance to the Board, through the Audit Committee, that effective and efficient control processes are in place to identify and manage business risks that may prevent the business from achieving its objectives. The scope of this work includes:

- Providing assurance to the Board and executive management that effective systems and controls are in place and are being operated to manage all significant risks within the financial and business systems operated within the Group;
- Assisting the business in fulfilling its corporate governance responsibilities;
- Supporting operational management by providing best practice advice on internal controls, including practical recommendations to mitigate control weaknesses identified during the review process;
- Promoting effective control at reasonable cost and assisting management generally in the pursuit of value for money (e.g. by providing practical recommendations to improve the efficiency of the financial and business processes operated by the business); and
- Carrying out ad-hoc investigations based on any allegations made through the Whistleblowing Policy or as requested or directed by the Audit Committee and/or executive management.

Recommendations arising from Internal Audit reviews are communicated to the relevant business area for implementation of appropriate corrective measures, with results reported to the Audit Committee.

The work completed by Internal Audit during the year focused on key areas of the Group (disclosed on pages 60 to 65 under principal risks), which included:

- Reviews of Anti-money Laundering and Social Responsibility processes across various business units
- Operating review of the online partypoker and Australian businesses
- Review of key investment projects including the new till system for UK Retail
- Compliance review of the InterTrader business
- Review of the UK Stadia businesses including health and safety management, animal welfare management and licensing compliance
- Review of training and staff development processes across the Group
- Ongoing review of GDPR compliance

In addition to the above, the Group formed a Regulatory Assurance function formed in 2018 and reporting into the Group Director of Internal Audit. The Regulatory Assurance team has been set up to ensure that there are regular, ongoing monitoring programmes across regulatory processes, such as anti-money laundering, responsible gambling and Retail licence obligations.

Other regulated activities in scope include marketing compliance and affiliate management. A periodic review of key compliance activities aims to maintain ongoing oversight of controls on behalf of internal and external stakeholders.

The Board, with the support of the Audit Committee, has completed its annual review of the effectiveness of the internal system of control, and whilst they are satisfied that it is robust there are areas which could be improved and these have been incorporated into the 2019 Audit Plan. The areas which will be subject to ongoing focus in 2020 are:

- System access controls;
- Harmonisation and standardisation of the control environment in the combined business; and
- Ongoing compliance assurance over key regulations including gambling and responsibility requirements, anti-money laundering, marketing and GDPR.

The Directors acknowledge that, whilst GVC's system of internal control can reduce the probability of business risks impeding the Company in achieving its objectives, it cannot eliminate these risks and can therefore provide only reasonable, not absolute, assurance against material misstatement or loss. The Directors also acknowledge that the business continues to face several risks as a direct result of the integration of its various operations. This means that in 2020 there will be continued focus on areas of the business affected by integration where changes in systems, personnel or processes could lead to weaknesses in internal controls during the ongoing transitional period.

Whistleblowing policy

The Group has a formal "whistleblowing" procedure by which employees can, in confidence, raise concerns about possible improprieties in financial or other matters. This procedure is set out in the Group's Code of Conduct, which was re-launched across the enlarged Group during 2018.

The Company seeks the highest ethical standards in carrying out its various business activities and corrupt practices of any sort will not be tolerated. The Company is committed to tackling malpractice and it is the personal responsibility of every employee of the Group to manage and reduce the risk of malpractice in their business.

The Company actively encourages individuals, where they believe that malpractice has taken place, to make protected disclosures either internally to the Audit Committee or externally through the outsourced service provider, Expolink. Employees will be protected where they have reasonable grounds to believe that their employer, another worker or a third party has committed serious malpractice and make a disclosure in good faith.

The Group has a written policy available to all employees on the Group's intranet and approved by the Audit Committee, which sets out the type of disclosure which is protected and also specifies to whom disclosures should be made and the process that will be followed.

The Audit Committee is satisfied that robust and appropriate arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.

PIERRE BOUCHUT
Chair of the Audit committee
5 March 2020

DIRECTORS' REMUNERATION REPORT

ANNUAL STATEMENT FROM THE REMUNERATION COMMITTEE CHAIR

"2019 WAS ANOTHER HIGHLY SUCCESSFUL YEAR FOR GVC. I BELIEVE THAT OUR REMUNERATION STRUCTURES HAVE LED TO PAY WHICH HAS BEEN ALIGNED WITH THE EXCELLENT STRATEGIC AND OPERATIONAL PERFORMANCE DELIVERED BY OUR SENIOR MANAGEMENT TEAM."

JANE ANSCOMBE
CHAIR OF THE REMUNERATION COMMITTEE

2019 GROUP PERFORMANCE

It was another year of strong performance for GVC. We continued to deliver double-digit growth in online NGR while successfully managing the impact of the Triennial Review on our retail business from April 2019. This was the first full year of ownership of Ladbrokes Coral and the integration is proceeding to plan. Our results materially exceeded initial expectations, despite substantial regulatory change in many of our markets, and we continued to grow our market share in our core online territories. This is testament to the clear strategy and operational excellence of our Executive Directors and senior management team.

Key 2019 performance highlights include:

- Group Net Gaming Revenue up 2% to £3,655m[1];
- Underlying EBITDA[1,2] down 10% at £678m but 14% ahead after adjusting for the Triennial Review and incremental Online taxes;
- Adjusted diluted EPS[2] of 62.3p (2018: 76.3p);
- Dividends increased by 10% to 35.2p per share in respect of 2019, in line with our double-digit dividend growth policy;
- Total shareholder return in 2019 of 39%;
- Roar Digital (our US joint venture with MGM Resorts) made good progress, and was live in six states at the end of 2019;
- A large number of new responsible gambling and other ESG initiatives launched (see the separate Corporate Social Responsibility section).

1. 2018 comparative is proforma as if Ladbrokes Coral had been owned for the whole of 2018.
2. Pre IFRS 16. See the CFO review.

As the Chair of the Remuneration Committee, I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2019.

This year we will be asking shareholders to vote on two remuneration resolutions at our 2020 AGM:

- Our Remuneration Policy (Policy), which outlines the remuneration framework which will apply to our Executive Directors, Non-executive Directors and the Chairman of the Board following approval; and
- Our Annual Report on Remuneration, which summarises remuneration outcomes for 2019 and explains how we intend to apply the Remuneration Policy in 2020.

As an Isle of Man incorporated company, GVC is not subject to the remuneration reporting regulations which apply to UK-incorporated companies. Nevertheless, the Committee recognises the importance of effective corporate governance and is firmly committed to UK best practice. We will therefore continue to operate in line with the UK remuneration reporting regulations and, accordingly, will be submitting the resolutions above for separate advisory shareholder votes.

NEW REMUNERATION POLICY

During 2019, the Committee performed a detailed review of our Policy ahead of its renewal in 2020. As part of this we consulted extensively with shareholders and their representative bodies to listen to and reflect on their views on remuneration at GVC. I would like to thank shareholders for their constructive input during this process, which was fed back to and discussed by the Committee and Board and which was helpful in shaping the review of our Policy.

The consultation also took place in the context of the disappointing vote that we received on our 2018 Directors' Remuneration Report ("DRR") at the 2019 AGM. What we heard supported our initial view that the vote primarily reflected concern around the outcome of legacy arrangements (established before our current Policy was put in place), together with the decision taken to address the competitiveness of our CEO's salary, albeit that this was revised prior to the AGM.

I am pleased to report that the majority of views we heard during the consultation process were supportive of our existing Policy. This was reinforced by the outcome of our own internal review, which highlighted that the Policy continues to be appropriate for supporting and driving progress towards GVC's strategic goals, and that there was no pressing rationale for change.

As a result, the Committee determined that only minor changes are required to the Policy for 2020. The framework of our Annual Bonus and Long-Term Incentive Plan ("LTIP") is simple, easily understood and transparent for participants and shareholders, and aligned with key corporate goals and ultimately the experience of our shareholders.

We are already well-positioned against many of the provisions of the revised UK Corporate Governance Code (Code). The changes we are making to the Policy are primarily to ensure that we remain fully aligned with developing best practice. In particular we are proposing to:

- Introduce post-employment shareholding requirements, such that Executive Directors must hold their full guideline (or actual holding if lower) for two years from the date of departure. This is fully aligned with the Investment Association guidance in this area.
- Reduce the amount of Annual Bonus payable for target performance from 60% of maximum to 50% of maximum.
- Extend our malus and clawback provisions to ensure that the trigger events align with the Code guidance.

These changes will complement the governance provisions of the current Policy such as:

- no separate Executive Director pensions;
- above market shareholding guidelines;
- unfettered discretion to adjust formulaic outcomes; and
- bonus deferral and holding periods

to ensure that we remain aligned with the expectations of our shareholders.

REMUNERATION OUTCOMES FOR 2019

Our key financial performance indicator, underlying EBITDA was £678m which was well ahead of consensus of £630m at the start of the year. This achievement was helped by excellent execution of triennial mitigation plans in UK Retail which resulted in better results than originally anticipated (in 2018 we had forecast the implementation of £2 FOBT stakes would cut our Retail EBITDA by £135m). The overall result exceeded the stretch target under the Annual Bonus of £663m. Our Net Debt performance was also strong; adjusted Net Debt (pre IFRS 16) ended the year at £1,823m, below the 2018 figure of £1,897m despite Ladbrokes Coral integration costs and Greek tax payments. Even after excluding favourable foreign exchange and disposal proceeds, the result exceeded the stretch target of £1,997m.

As a result of this excellent performance, the annual bonus paid out at 100% of maximum. The Committee assessed whether this outcome could be justified based on the overall performance of GVC – including share price performance, progress against our responsible gambling and ESG strategy, and the quality of underlying earnings – and was satisfied that this was the case. Further details are provided on pages 105 to 106.

Our performance over the 2017–19 LTIP period was also very strong. Organic growth was augmented by M&A, increasing the scale and breadth of our activities and materially increasing the proportion of our business derived from fully regulated or taxed markets. To ensure that performance against the EPS condition was being measured on a like-for-like performance, we adjusted the targets to reflect material acquisitions and disposals made during the period. This included the addition of the expected accretive contribution from Ladbrokes Coral (acquired in March 2018), and the removal of the contribution from our former Turkish business (disposed in December 2017). The Committee was comfortable that both of these adjustments were fair and appropriate. The exceptional performance of the underlying GVC business, coupled with the outperformance of Ladbrokes Coral, meant that cumulative EPS exceeded the adjusted stretch target.

For additional comfort, the Committee considered performance on two other bases against the original targets: reported EPS and standalone GVC performance. In both cases, performance significantly exceeded the relevant target range, which gave reassurance that full vesting under this measure was appropriate and fairly reflected GVC's overall performance. Coupled with the relative TSR element (50% of the total) vesting at 82.3% of maximum, there was an overall vesting outcome of 91.1% of maximum for the 2017 LTIP award. Further details are provided on pages 106 to 107.

Use of discretion

When considering the allocation of the 2019 LTIP grant to the CEO, Kenneth Alexander, in March 2019 the Committee took into account the shareholder experience of preceding months including the impact on the share price of a sale of shares by the CEO and Chairman. The Committee applied downward discretion to reduce the CEO's LTIP award by 27% compared to what he would have received had the normal share price at grant been applied.

DIRECTORS' REMUNERATION REPORT CONTINUED

During 2018 the CEO's salary had been increased from £750,000 to £950,000 to reflect the substantial increase in the complexities and responsibility of the role post the acquisition of Ladbrokes Coral. In May 2019, in light of shareholder and proxy advisor feedback, and after consulting with the Chairman of the Board and myself, the CEO volunteered to reduce his annual salary to £800,000, with effect from 1 June 2019.

BOARD CHANGES

As announced on 4 November 2019, Lee Feldman stepped down as Chairman of the Board, after 11 years in the role, and left the Company on 27 February 2020.

During his tenure, Lee played an instrumental role in GVC's transformation from an AIM listed business with a market capitalisation of around £31m in 2008, to a Main Market, premium listed company. Lee left the business with it continuing to perform strongly and has provided a seamless transition of the Chairmanship to his successor, Barry Gibson. He has also agreed to continue to serve on the Roar Digital, LLC board of directors, as one of GVC's representatives until 31 December 2020, retaining his knowledge in this critical market, and to waive any fee for these services. In addition, Lee has agreed to waive the contractual right which he had to a 12-month notice period under the terms of his appointment letter and any associated payments. As such there will be no further fees paid to Lee following his departure on 27 February 2020.

In December 2017, Lee received a one-off fee as part of a move to bring his remuneration arrangements into line with best practice. The fee was deferred into GVC shares, half of which are due to vest in December 2020, with a value at 31 December 2019 of around £231k. The intention was that Lee would remain as Chairman throughout this period, but subsequently the revised Code brought in new provisions around the length of tenure for board chairmen, with the result that Lee is standing down earlier than originally envisaged. Taking into account these circumstances, coupled with the continued strong performance, Lee agreeing to waive his notice period, and his service on the Roar Digital board for no compensation, the Committee will allow Lee to retain these shares as a good leaver, with them vesting and being released to him on 31 December 2020.

As set out on page 112, the Company appointed Barry Gibson to succeed Lee. He joined the Board in November 2019 on an annual fee of £450,000.

LOOKING AHEAD TO 2020

Directors' Salaries

The Committee has agreed that the CEO's salary for 2020 will be £816,000, a 2% increase. This is in line with the salary increase budget across our wider UK population.

Rob Wood was appointed to the CFO role on a salary of £400,000 in March 2019. This was significantly below the salary received by his predecessor (£656,000 of which £535,000 was eligible for incentive opportunity) and was also towards the lower end of typical market practice for companies of equivalent size to GVC. The Committee considered that this positioning was appropriate at the time, reflecting that it was Rob's first listed company role.

Since appointment, Rob has performed very strongly, has built an excellent reputation with our shareholders and has delivered a major debt refinancing. Reflecting on this, and taking into account relevant market practice, both within the wider market and among our peers, the Committee considered that it was appropriate to increase Rob's salary to £430,000 for 2020, to reflect his current performance and the skills that he brings to the role. The Committee may consider future above average increases for Rob over the next two to three years so that an appropriate market positioning can be achieved, dependent on Rob continuing to perform strongly in the role.

Incentives

As discussed above, our incentive structure remains fit for purpose, so we are not making any significant changes to the overall framework. We are making a small change to the way in which we implement the Policy, namely in the performance measures used under the LTIP.

Annual Bonus

During our review, we considered the possible inclusion of a performance measure to reflect our responsible gambling agenda and discussed this during our shareholder consultations. This is a core part of our strategy for sustainable growth, and the Committee and the Board fully supports the strong emphasis placed on this activity throughout GVC. However, we are conscious that incentive metrics should be robust, measurable and clearly articulated for management and shareholders. After careful consideration, the Committee determined that it was not the appropriate time to include a specific responsible gambling metric in the annual bonus. This decision will be kept under review for future years. However, the Committee will take into account actions by management in support of this agenda, as well as any significant negative events, when determining the appropriateness of formulaic bonus outcomes. We will also keep under review the potential to incorporate responsible gambling as a more formal metric.

The annual bonus targets will be published in next year's DRR, but I can confirm that the EBITDA element represents a material increase over the 2019 target levels.

Long-Term Incentive Plan

Our review indicated that the current measures were working well – EPS and relative TSR remain key metrics for understanding GVC's performance. However, there was clear appetite to increase the emphasis on how we are performing relative to our peers, while not losing sight of our overall performance against the wider stockmarket.

As a result, for the 2020 LTIP awards we are increasing the weighting of relative TSR from one-half to two-thirds, with measurement split equally between a broad group of FTSE companies (this year the FTSE 51 – 150) and a new bespoke group of sectoral peers. The remaining one-third will be based on cumulative EPS, as before.

Our demanding 2020 LTIP targets are published on pages 111 to 112. To achieve the stretch cumulative EPS element, management will need to deliver a three-year CAGR in EPS (pre IFRS 16) of 23%.

CONCLUSION

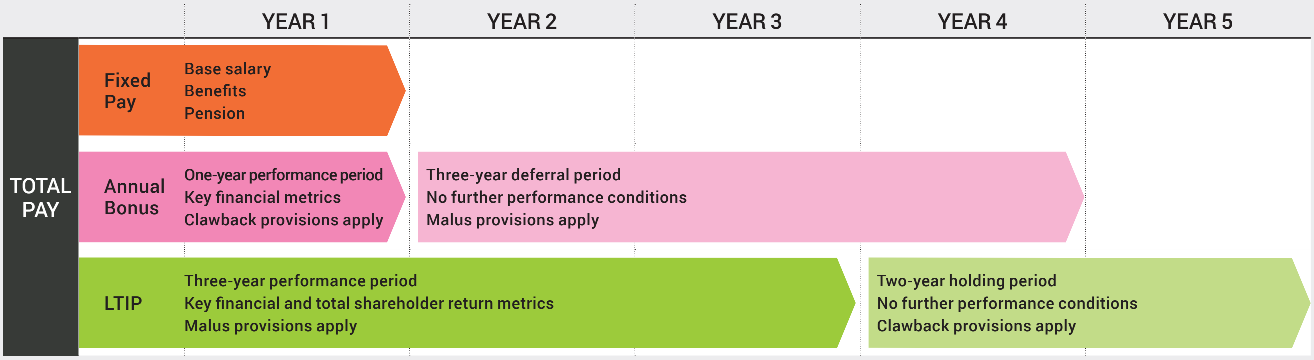
GVC continued to perform strongly during 2019, delivering robust underlying growth and outperforming its peers. We continued to pursue our strategy of building further scale, increasing international diversification and leveraging our proven proprietary technology, established brands and high quality people. As a Committee we have sought to make decisions which effectively drive and support this growth, while aligning with UK best practice remuneration and governance standards.

I hope that you find the report clear and informative, and that the Committee has your support for our Remuneration Policy and Annual Report on Remuneration at the forthcoming AGM.

JANE ANSCOMBE
Chair of the Remuneration Committee
5 March 2020

EXECUTIVE REMUNERATION AT GVC

The remuneration framework for Executive Directors at GVC is intended to incentivise them to execute on the Company's strategy and create long-term sustainable value for shareholders. It is simple, focused and aligned with key financial and strategic business goals.

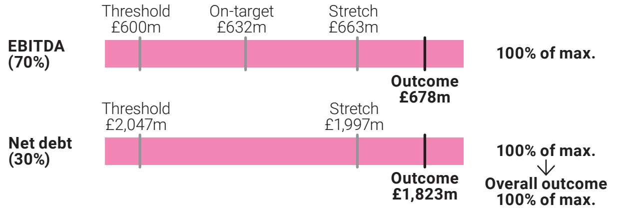


2019 – EXECUTIVE DIRECTORS' REMUNERATION

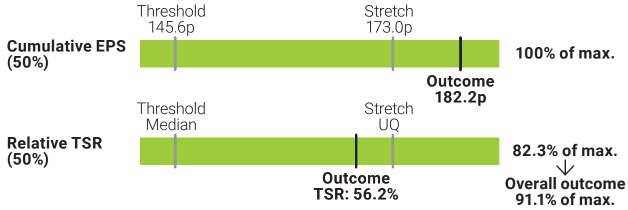
£000s	Base Salary	Benefits	Pension	Annual Bonus	LTIP	Total
Kenneth Alexander (CEO)	863	118	–	2,000	1,862	4,843
Rob Wood (CFO)	329	12	12	658	–	1,011
Paul Bowtell (ex-CFO)	117	13	–	–	–	130

2019 – INCENTIVE OUTCOMES

ANNUAL BONUS



2017–19 LTIP



2020 – EXECUTIVE DIRECTORS' REMUNERATION

	Fixed Pay	Annual Bonus	Long-Term Incentive Plan
Kenny Alexander (CEO)	Salary – £816,000 Benefits Pension – none	Max. opportunity – 250% of salary Target opportunity – 125% of salary	Max. opportunity – 300% of salary
Rob Wood (CFO)	Salary – £430,000 Benefits Pension – 4.5% of salary	Max. opportunity – 200% of salary Target opportunity – 100% of salary	Max. opportunity – 250% of salary
Performance measures	n/a	70% EBITDA 30% Net Debt	1/3rd cumulative EPS 1/3rd relative TSR against FTSE 51 – 150 1/3rd relative TSR against peer group
Framework	n/a	Half deferred into shares for three years. Malus and clawback provisions Full Committee discretion available	Two-year holding period Malus and clawback provisions Full Committee discretion available
Material changes from 2019	7.5% salary increase for the CFO, reflecting strong performance in new role CEO increase in line with workforce	On-target opportunity reduced from 60% of maximum to 50%	Increased emphasis on relative TSR from half to two-thirds Introduced peer group to complement broader FTSE index

DIRECTORS' REMUNERATION REPORT CONTINUED

REMUNERATION IN CONTEXT

COMMITTED TO GOOD GOVERNANCE

When determining executive remuneration policy, the Committee takes into account a wide range of factors including legal and regulatory requirements, associated guidance, and the views of shareholders and their representative bodies. Below is how the Committee addresses the following principles as set out in the 2018 UK Corporate Governance Code.

Clarity
- Our remuneration framework is structured to support the financial and strategic objectives of the Company, aligning the interests of our Executive Directors with those of shareholders.
- We are committed to transparent communication with all our stakeholders, including shareholders – page 55 sets out more details of how we engage with shareholders.

Simplicity
- We operate a simple, but effective remuneration framework.
- The annual bonus and LTIP reward performance against key measures of success for the business.
- There is clear line of sight for management and shareholders.

Risk
- Our incentives are structured to align with the Company's risk management framework.
- Three-year deferral under the annual bonus and the two-year holding period on LTIP awards create long-term alignment, as do our within- and post-employment shareholding guidelines.
- Both incentives also incorporate robust performance targets, malus and clawback provisions, and overarching Committee discretion to adjust formulaic outcomes.

Predictability
- The Remuneration Policy clearly sets out the possible future value of remuneration which Executive Directors could receive, including the impact of share price appreciation of 50%.

Proportionality
- There is clear alignment between the performance of the Company and the rewards available to Executive Directors.
- Incentive elements are closely aligned to our strategic goals, transparent and robustly assessed, with the Committee having full discretion to adjust outcomes to ensure they align with overall GVC performance.

Alignment to culture
- We are committed to effective stakeholder and colleague engagement, part of which is ensuring that the Committee sees all relevant data relating to pay and conditions in the wider workforce.
- Operating responsibly towards our customers is fundamental to the way in which GVC operates and remuneration outcomes are reviewed in the light of actions taken in support of our responsible gambling agenda.

LEADING ON CODE IMPLEMENTATION

Prior to implementation of the new UK Corporate Governance Code, we were already reasonably well positioned against many of the provisions. Since implementation, we have taken the opportunity for our new Policy to ensure that we are fully aligned with its provisions, as set out below:

- **Pensions** – We do not operate separate pension arrangements for our Executive Directors; they are entitled to participate in the all-employee scheme with the same contribution levels as other UK employees.
- **Annual Bonus** – We require half of any bonus to be deferred for three years. While not a Code provision, for 2020 onwards we have also reduced the on-target bonus opportunity from 60% of maximum to 50%.
- **Holding period** – There is a two-year post-vesting holding period on all LTIP awards for Executive Directors.
- **Shareholding guidelines** – We operate within- and post-employment shareholding guidelines, both of which are in the upper half of market practice; under the former the CEO is required to hold 400% of base salary (CFO 200%), while the latter are fully aligned with Investment Association guidance, with individuals required to hold their guideline in full for two years.
- **Malus and clawback** – We have added 'corporate failure' to the list of potential malus and clawback trigger events, maintaining full alignment with the Code guidance.
- **Discretion** – The Committee has unfettered discretion available under the annual bonus and LTIP to adjust formulaic pay outcomes to ensure that they align with GVC's overall performance.

UNDERSTANDING OUR EMPLOYEE CONTEXT

Our employees are vital to our business. At GVC, we believe in fairness throughout the Company. The Group operates a number of general principles applied to all levels:

- We will provide a competitive package compared to the relevant market for each colleague;
- We will ensure colleagues can share in the success of the business, where appropriate, through performance-based variable remuneration; and
- We aim for transparency and a fair cascade of remuneration throughout the Group.

Consideration of Colleague and Stakeholder Views

The Committee supports fairness and transparency of remuneration arrangements and the Policy has been designed to align with the remuneration philosophy and principles that underpin remuneration across the wider Group. To support this, the Committee receives regular updates on remuneration practices across the Group. For example, the Committee has received and discussed regular and substantial updates on the harmonisation of remuneration arrangements across GVC and Ladbrokes Coral since the acquisition.

When setting Executive Directors' remuneration, the Committee considers the remuneration of other senior managers and colleagues in the Group more generally to ensure that arrangements for Executive Directors are appropriate in this context. When determining salary increases for Executive Directors, the Committee considers the outcome of the wider pay review for the Group. In addition, pension arrangements for the Executive Directors are aligned with those for our wider workforce.

While the Committee has not expressly sought the views of employees, through the Board the Committee is kept updated as to employee views on remuneration more generally. Our first global employee survey was carried out in October 2019, and the results of this, including those on pay and benefits, were presented to the Board. We also have a number of employee forums within GVC. These play an important role in providing employees with a voice and allow them to provide the business with valuable insight and feedback on a range of topics, including remuneration. Looking forward, Virginia McDowell, who has been appointed as our Workforce Designated Director, will provide the Remuneration Committee with updates on employee views on remuneration.

CEO Pay Ratio (Audited)

In common with many companies we are publishing our CEO pay ratio for the first time this year. The first table below sets out the ratio at median, 25th and 75th percentile of the total remuneration received by the CEO compared to the total remuneration received by our UK employees, while the second provides further information on the total pay figure used for each quartile employee, and the salary component within this. Our CEO's 2019 pay was 229 times the median (50th percentile). This is reflective of our large retail workforce in the UK and we believe is not out of line with other retail organisations.

	Method	25th percentile	50th percentile	75th percentile
2019 CEO pay ratio	Option A	278	229	170

UK employees – pay element	25th percentile	50th percentile	75th percentile
– Salary	£14,956	£15,984	£26,095
– Total remuneration	£17,409	£21,120	£28,524

We would highlight the following in terms of the approach taken:

- 'Option A' was chosen as it is considered to be the most accurate way of identifying employees at P25, P50 and P75, and is aligned with investor expectations. Under this approach we calculate total remuneration for all of our UK employees and rank them accordingly on this basis.
- The lower quartile, median and upper quartile employees were calculated based on full-time equivalent data as at 31 December 2019.
- In reviewing the employee pay data, the Committee is comfortable that the P25, P50 and P75 individuals identified appropriately reflect the employee pay profile at those quartiles, and that the overall picture presented by the ratios is consistent with our pay, reward and progression policies for UK employees.

The Committee notes that GVC has in place a number of initiatives to ensure that the pay and conditions for our wider employee population are fair and reasonable and receives regular updates on reward practices throughout the Group.

We aim to provide a market competitive remuneration package in each of the countries in which we operate. This includes benefits appropriate to the local market and the ability for many colleagues to share in the success of GVC via annual incentive programmes. Structures are in place to support salary progression and regular market analysis, by geography and role function is carried out, with action taken as appropriate. Salaries are reviewed each year and for 2020 colleagues typically received a fixed percentage increase which was determined by market factors in the country in which they work. In addition, budget was available to allow salary adjustments to recognise significant contribution or provide alignment to market pay rates. We also recognise the importance of wellbeing for all our employees and in 2019 launched our Well Me programme. This initially concentrated on supporting mental health and we will build on this in 2020 with an increased focus on physical wellness.

DIRECTORS' REMUNERATION REPORT CONTINUED

Percentage Change in Remuneration of the CEO and All Employee

The following table sets out the percentage change in remuneration between 2018 and 2019 for the CEO and for UK-based GVC colleagues, which we believe represents the most appropriate comparator group for reward purposes.

Remuneration element	CEO % change[1]	All employee % change[3]
Salary	0.5%	4.2%
Taxable benefits[2]	19.2%	–3.6%
Annual bonus	12.5%	7.2%

1. The percentage changes for the CEO have been determined as the percentage change of each element as set out in the single figure table .
2. Information regarding the taxable benefits for the CEO are shown on page 105. The reduction in benefits for other employees is due to a reduction in the cost of our insured benefits.
3. Consistent with the 2018 Annual Report, the percentage changes for all employees have been determined based on the remuneration of colleagues employed by the Group's UK entities before the acquisition of Ladbrokes Coral plc.

Relative Importance of the Spend on Pay

The table below sets out the overall spend on pay for all employees compared with the returns distributed to shareholders.

Significant distributions	2019	2018	% change
Staff costs (£m)[1]	655.6	499.7	31.2%
Distributions to shareholders (£m)	195.5	138.8	40.9%

1. The increase in staff costs reflects the inclusion of Ladbrokes Coral employees for 2019 compared to nine months in 2018.

Gender Pay Gap Reporting

2019 is the second year in which we have published our Gender Pay Gap results. Our median hourly pay difference between male and female colleagues in the UK is 4.0%. This compares favourably with the UK median pay gap of 17.3% across all sectors (source: Office for National Statistics, October 2019). Our median bonus pay gap is 36.4%.

From further analyses it is clear that these gaps largely remain a function of lower numbers of women at our senior levels. We are committed to making GVC an inclusive place to work and we are continuing to invest in initiatives to create greater diversity at senior levels. Further information on these initiatives is provided in the Corporate Social Responsibility section. Our Gender Pay Gap report for the year ended 5 April 2019, together with contextual information and more detail on the initiatives we have underway to close our gender pay gap, can be viewed on our corporate website.

"WE ARE COMMITTED TO MAKING GVC AN INCLUSIVE PLACE TO WORK AND WE ARE CONTINUING TO INVEST IN INITIATIVES TO CREATE GREATER DIVERSITY AT SENIOR LEVELS."

KENNETH ALEXANDER
CHIEF EXECUTIVE OFFICER

DIRECTORS' REMUNERATION POLICY

The following section sets out our Directors' Remuneration Policy. This Policy will be submitted as an advisory vote to shareholders at the 2020 AGM and will apply to payments made on or after 30 April 2020.

As an Isle of Man incorporated company, GVC is not subject to the UK remuneration reporting regulations which apply to UK-incorporated companies. Nevertheless, the Committee recognises the importance of effective corporate governance and is firmly committed to UK best practice. The Remuneration Policy has therefore been prepared in accordance with the provisions of the UK's Companies Act 2006 (the Act) and Schedule 8 of the Large and Medium Sized Companies Groups (Accounts and Reports) (Amendment) Regulations 2013 (the Regulations), the Listing Rules of the UK Financial Conduct Authority and the UK Corporate Governance Code (the Code).

CHANGES FROM PREVIOUS POLICY

The significant changes from the previous policy are summarised below:

- Reduction in the level of Annual Bonus payable at target performance from 60% of maximum to 50% of maximum;
- Introduction of a post-employment shareholding requirement of 100% of the Executive Director's minimum shareholding requirement for two years after employment ends. Further details are set out in the Policy table;
- Provision of unfettered discretion to the Committee to adjust mechanical incentive plan outcomes, where the outcome is not considered appropriate;
- Extension of the malus and clawback provisions in line with the Code.

In designing the new Policy, the Committee followed a robust process which included discussions on the content of the Policy at two Remuneration Committee meetings. The Committee considered input from management and our independent advisors and sought the views of the Company's major shareholders.

Directors' Remuneration Policy

Element and strategic link	Operation	Maximum	Performance targets and recovery provisions
Salary To provide competitive fixed remuneration that will attract and retain appropriate talent. Reflects an individual's responsibilities, experience and role.	An Executive Director's basic salary is set on appointment and reviewed annually or when there is a change in position or responsibility. When determining an appropriate level of salary, the Committee considers: ■ remuneration practices within the group including salary budgets; ■ the general performance of the Group; ■ salaries paid by companies of a similar size and complexity and those operating in similar markets; ■ any change in scope, role and responsibilities; ■ the experience of the relevant director; and ■ the economic environment. Individuals who are recruited or promoted to the Board may, on occasion, have their salaries set lower than might otherwise be the case until they become established in their role. In such cases subsequent increases in salary may be higher than the average increase for employees more generally to recognise the individual's progress in the role.	There is no maximum level of salary increase. Nevertheless, salary increases for Executive Directors will ordinarily be in line with the typical level of increase across the wider workforce. The Company will set out in the section headed Implementation of Remuneration Policy, in the following financial year, the salaries for that year for each of the Executive Directors.	A broad assessment of individual and business performance is used as part of the salary review. No recovery provisions apply.

DIRECTORS' REMUNERATION REPORT CONTINUED

Element and strategic link	Operation	Maximum	Performance targets and recovery provisions
Benefits To provide competitive benefits and to attract and retain high calibre employees.	The Executive Directors receive benefits including, but not limited to, private health insurance, life insurance and car or travel and accommodation allowances. The Committee recognises the need to maintain suitable flexibility in the benefits provided to ensure it is able to support the objective of attracting and retaining personnel in order to deliver the Group strategy. Additional benefits such as relocation allowances on recruitment may therefore be offered.	The maximum is the cost of providing the relevant benefits set out adjacent.	No performance or recovery provisions apply.
Pension To provide an opportunity for retirement planning.	The Company does not currently have a separate pension arrangement for Executive Directors. It does however provide the opportunity for all employees, including the Executive Directors, to participate in a Company-provided pension in line with statutory requirements.	Maximum company contribution is currently 4.5% of salary. This may be reviewed if required to meet any changes in statutory requirements or contribution rates for other employees.	No performance or recovery provisions apply.

Element and strategic link	Operation	Maximum	Performance targets and recovery provisions
Annual and Deferred Bonus Plan (the "ABP") To incentivise the achievement of key financial and non-financial performance targets in line with corporate strategy over a one-year period.	Awards made annually based on the achievement of a combination of financial and non-financial performance measures. 50% of the bonus will be paid immediately following the end of the financial year. 50% of the bonus will be deferred into shares which will vest at the end of three years subject to continued employment. Dividend equivalents are payable on deferred shares.	Maximum annual incentive opportunity of 250% of salary for the CEO and 200% of salary for other Executive Directors. Threshold performance is equal to 25% of maximum opportunity. Target performance is equal to 50% of the maximum opportunity.	Performance measures and targets will be set by the Committee annually based on a range of financial and non-financial measures. The specific measures, targets and weightings may vary from year-to-year in order to align with the Company's strategy over each year. However, at least 50% of the bonus will be linked to financial measures. Operational and strategic objectives, where measurement is qualitative, will be limited to a maximum weighting of 30%. The Committee is of the opinion that given the commercial sensitivity arising in relation to the detailed financial targets used for the bonus, disclosing precise targets for the ABP in advance would not be in shareholder interests. Except in circumstances where elements remain commercially sensitive, targets, performance achieved, and awards made will be published at the end of the performance period so shareholders can fully assess the basis for any pay-outs under the ABP. The Committee retains full discretion to: ■ change the performance measures and targets and the weighting attached to these part-way through a performance year if there is a significant and material event which causes the Committee to believe the original measures, weightings and targets are no longer appropriate; ■ make downward or upward adjustments to the amount of bonus earned resulting from the application of the performance measures, if the Committee believes that the bonus outcomes are not appropriate. The use of and rationale for any application of discretion by the Committee will be fully disclosed in the following year's Remuneration Report. Malus and clawback provisions apply. See further details on page 100.

DIRECTORS' REMUNERATION REPORT CONTINUED

Element and strategic link	Operation	Maximum	Performance targets and recovery provisions
Long-Term Incentive Plan (the "LTIP") To incentivise the execution of the long-term business plan and the delivery of long-term sustainable value for shareholders.	Annual awards of performance shares in the form of conditional awards or nil-cost options. Awards vest three years from the date of grant subject to the achievement of performance measures. A two-year holding period will apply following the three-year vesting period for awards granted to the Executive Directors. Upon vesting, sufficient shares can be sold to pay tax. Participants may be entitled to dividends or dividend equivalents representing the dividends paid during the performance period on vested awards.	Maximum opportunity of 300% of base salary for the CEO and 250% of base salary for other Executive Directors. Threshold performance results in 25% of the award vesting. Below threshold performance results in zero vesting.	Awards vest based on performance against stretching targets, measured over a three-year performance period. The Committee will review and set weightings and targets before each grant to ensure they remain appropriate. The Committee may change the balance of the measures, or use different measures for subsequent awards, as appropriate. No material change will be made to the type of performance conditions without prior shareholder consultation. In exceptional circumstances the Committee retains the discretion to: ■ change the performance measures and targets and the weighting attached to these part-way through a performance period if there is a significant and material event which causes the Committee to believe the original measures, weightings and targets are no longer appropriate; ■ make downward or upward adjustments to the amount of LTIP award vesting resulting from the application of the performance measures, if the Committee believe that the vesting outcomes are not appropriate. The use and rationale for any application of discretion by the Committee will be fully disclosed in the following year's Remuneration Report. Malus and clawback provisions apply. See more details on page 100.

Element and strategic link	Operation	Maximum	Performance targets and recovery provisions
Shareholding Guidelines (within employment) To ensure that Executive Directors' interests are aligned with those of shareholders over a longer time horizon.	Formal shareholding requirements that encourage the Executive Directors to build up over a five-year period, and then subsequently hold, a shareholding equivalent to a percentage of base salary. Adherence to these guidelines is a condition of continued participation in the equity incentive arrangements. Executive Directors will be required to retain 50% of the post-tax number of vested shares from the Company incentive plans until the minimum shareholding requirement is met and maintained. The Committee retains discretion to increase the minimum shareholding requirement.	The shareholding guideline is equal to 400% of salary for the CEO and 200% of salary for other Executive Directors.	Not applicable
Shareholding Guidelines (post-employment) To ensure long-term alignment between the interests of the Executive Directors and those of shareholders through the operation of post-employment shareholding guidelines.	Executive Directors are normally required to maintain a shareholding for a period following cessation of service as a Director. At the current time, the Committee expects Executive Directors to maintain 100% of their guideline (or their actual holding if lower) for two years following departure. If the Executive Director has not yet achieved the within employment shareholding guideline at cessation, the post-employment guideline will be set at their actual level of shareholding at the point of cessation. Shares purchased by the Executive Directors out of their own funds will not count towards these guidelines.	Not applicable	Not applicable

DIRECTORS' REMUNERATION REPORT CONTINUED

Element and strategic link	Operation	Maximum	Performance targets and recovery provisions
Chairman and Non-executive Director fees To ensure we are able to attract high calibre individuals and compensate appropriately for their experience and knowledge.	Non-executive Directors are paid an annual fee and additional fees for chairmanship of committees. They may also be paid an additional fee for membership of committees although the Chairman would not receive any additional fees for membership of committees. Fees are reviewed annually based on equivalent roles in companies of a similar size and complexity and those operating in similar markets. The Company may provide the Chairman and Non-executive Directors with tax advice and will pay reasonable expenses incurred by them in carrying out their duties. The Company may settle any tax due in relation to these items. Non-executive Directors do not participate in any variable remuneration or benefits arrangements.	In general, the level of fee increase for the Non-executive Directors and the Chairman will be set taking account of any change in responsibility and increases for employees.	Not applicable

Discretion within the Directors' Remuneration Policy

The Committee has discretion in several areas of Policy as set out in this report. In particular the Committee has unfettered discretion under the terms of our incentive plans to adjusts upward or downward the mechanical outcome, where it considers that:

- the outcome does not reflect the underlying financial or non-financial performance of the participant or the Group over the relevant period;
- the outcome is not appropriate in the context of circumstances that were unexpected or unforeseen at the award date; and/or
- there exists any other reason why an adjustment is appropriate.

In all cases disclosure would be provided at the relevant time as to the Committee's rationale if this discretion was used.

The Committee may also exercise operational and administrative discretions under relevant plan rules as set out in those rules. In addition, for regulatory, exchange control, tax or administrative purposes, or to take account of a change in legislation, the Committee has the discretion to make minor amendments to the Policy without obtaining shareholder approval.

Malus and Clawback

Malus and clawback provisions apply to awards under the ABP and the LTIP. Trigger events will be:

- discovery of a material misstatement resulting in an adjustment in the audited consolidated accounts of the Company or the audited accounts of any Group Member; and/or
- assessment of any performance condition or target in respect of a payment was based on error, or inaccurate or misleading information; and/or the discovery that any information used to determine the payment was based on error, or inaccurate or misleading information; and/or
- action or conduct of a participant which, in the reasonable opinion of the Committee, amounts to fraud or gross misconduct; and/or
- events or behaviour of a participant have led to the censure of a Group Member by a regulatory authority or have had a significant detrimental impact on the reputation of any Group Member provided that the Committee is satisfied that the relevant participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to him; and/or
- a material corporate failure in any Group Member.

Malus will operate throughout the vesting periods. Clawback will apply for two years following the vesting of nil cost options or conditional awards.

The Committee believes that it has the necessary powers under the rules of the LTIP and ABP to enforce these provisions.

Application of Policy

As an Isle of Man incorporated company, GVC does not have the benefit of the statutory protections afforded by the UK Companies Act 2006 in relation to the remuneration reporting regime. Accordingly, if there any inconsistency between the Policy (as approved by shareholders) and any contractual entitlement or other right as a Director, the Company may be obliged to honour that existing entitlement or right.

Comparison with Other Employees

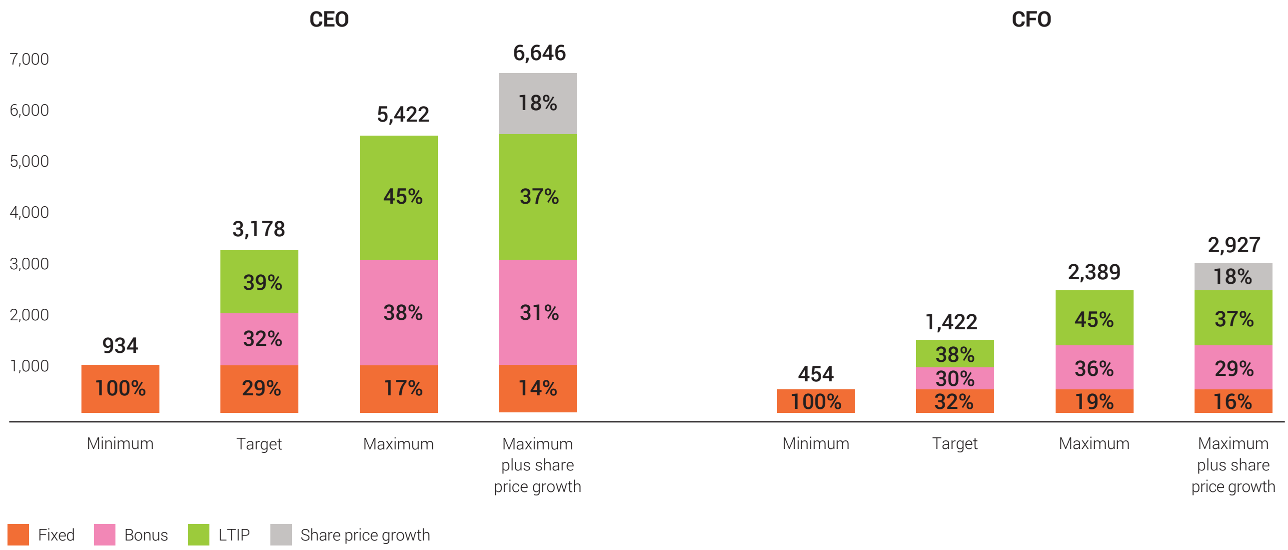
All employees receive base salary, benefits and the opportunity to contribute into a Group-provided pension where applicable. For employees below Board level, GVC operates discretionary bonus arrangements with opportunity levels linked to seniority and role. Performance measures under these arrangements are generally aligned with those for the Executive Directors, although there tends to be an increasing emphasis on business unit performance at more junior levels. The LTIP is extended to a small group of senior executives with performance measures and targets set in line with the Policy table above. To assist in the retention of senior talent, awards of Restricted Shares are made to a further select group of senior employees. To facilitate wider share ownership among our employees, we are considering the feasibility of introducing an all employee share plan; the scope of this will be dependent on tax and legal considerations in the countries in which we operate. Any differences in an individual's reward package is reflective of an individual's location, seniority and level of responsibility.

Further details of how the Committee considers remuneration arrangements for our Executive Directors in the context of pay and conditions for our wider employees is provided on page 93.

REWARD SCENARIOS

The charts below show an estimate of the remuneration that could be received by Executive Directors under the Policy set out in this report.

REMUNERATION (£'000)



Assumptions used in determining the level of pay-out under given scenarios are as follows:

Element	Minimum	On-Target	Maximum
Fixed Elements	■ Base salary for FY 2020 ■ Benefits and pension paid for FY 2019		
Annual Bonus Plan	Nil	50% of maximum pay-out: ■ CEO – 125% of salary ■ CFO – 100% of salary	100% of maximum pay-out: ■ CEO – 250% of salary ■ CFO – 200% of salary
LTIP	Nil	50% of maximum pay-out: ■ CEO – 150% of salary ■ CFO – 125% of salary	100% of maximum vesting: ■ CEO – 300% of salary ■ CFO – 250% of salary

The maximum plus share price growth column shows the additional value that could pay-out if the LTIP vests at maximum and share price increases by 50%.

DIRECTORS' REMUNERATION REPORT CONTINUED

Approach to Recruitment and Promotions

When setting the remuneration for a new Executive Director, the Committee will take into account the candidate's existing remuneration and the market rate for the role, and the need to pay no more than necessary to facilitate the recruitment. The remuneration package will generally be set in line with the remuneration policy for existing Executive Directors. Full details are set out below.

Remuneration element	Recruitment policy
Salary, Benefits and Pension	These will be set in line with the policy for existing Executive Directors. Where the new Executive Director is required to relocate, the Company may provide relocation support in accordance with its normal relocation package for other senior employees. The level of the relocation package will be assessed on a case by case basis but may include a housing allowance and school fees and reflect cost of living differences.
Annual Bonus	The appointed Executive Director will be eligible to earn a discretionary annual award in accordance with the rules and terms of the ABP. The maximum opportunity will be 250% of base salary.
Long-Term Incentives	The appointed Executive Director will be eligible for performance-based equity awards in accordance with the rules and terms of the LTIP. The maximum opportunity will be 300% of base salary.
Maximum Variable Remuneration	The maximum variable remuneration which may be granted is 550% of salary.
Buy-out Awards	Where the Committee determines that the individual circumstances of recruitment justifies the provision of a buy-out, the equivalent value of any incentives that will be forfeited on cessation of an Executive Director's previous employment will be calculated taking into account the following: ■ the proportion of the performance period completed on the date of the Executive Director's cessation of employment; ■ the performance conditions attached to the vesting of these incentives and the likelihood of them being satisfied; and ■ any other terms and condition having a material effect on their value (lapsed value). The Committee may then make a grant up to the value of the lapsed value, where possible, under the Company's incentive plans. To the extent that it is not possible or practical to provide the buy-out within the terms of the Company's existing incentive plans, a bespoke arrangement may be used.

Where an existing employee is promoted to the Board, the Policy set out above will apply from the date of promotion. Any existing remuneration arrangements which fall outside of the Policy would be honoured and form part of the ongoing remuneration of the employee. These would be disclosed to shareholders in the following year's Annual Report on Remuneration.

The Company's policy when setting fees for the appointment of new Non-executive Directors is to apply the policy which applies to current Non-executive Directors.

Service contracts and letters of appointment

The Company's policy is that Executive Directors have rolling contracts which are terminable by either party giving the other 12 months' notice. The Chairman and Non-executive Directors do not have service contracts but are engaged under letters of appointment. Non-executive Directors are appointed for an initial three-year term but are subject to annual re-election at the Company's AGM. All service contracts and letters of appointment are available for viewing at the Company's registered office and at the AGM.

Director	Date appointed	Arrangement	Notice period
K Alexander	19 April 2010	Service contract	12 months
R Wood	5 March 2019	Service contract	12 months
L Feldman	19 April 2010	Letter of appointment	12 months
B Gibson	4 November 2019	Letter of appointment	3 months
J Anscombe	20 June 2017	Letter of appointment	3 months
P Bouchut	13 September 2018	Letter of appointment	3 months
P Isola	2 February 2016	Letter of appointment	3 months
V McDowell	6 June 2018	Letter of appointment	3 months
S Morana	2 February 2016	Letter of appointment	3 months
J Nygaard-Andersen	11 December 2019	Letter of appointment	3 months

Subject to Board approval, Executive Directors are able to accept appropriate outside Non-executive Director appointments provided the aggregate commitment is compatible with their duties as Executive Directors. The Executive Directors concerned may retain fees paid for these services.

Payment for loss of office

When determining any loss of office payment for a departing Director, the Committee will always seek to minimise the cost to the Company while complying with the contractual terms and seeking to reflect the circumstances in place at the time. The Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment.

If a contract is to be terminated, the Committee will determine such mitigation as it considers fair and reasonable in each case. There is no agreement between the Company and its Executive Directors or employees, providing for compensation for loss of office or employment that occurs because of a takeover bid. Service contracts do not contain liquidated damages clauses.

When determining the treatment of Company incentive plans upon cessation of employment, the Committee will give regard to the rationale for the departure. An individual may be treated as a 'good leaver' for these purposes if they leave by way of the following circumstances – (i) death, (ii) injury, ill-health or disability, (iii) redundancy, (iv) retirement, (v) the employing company ceasing to be a Group company, (vi) transfer of employment to a company which is not a Group company, and/or (vii) any other circumstances as determined by the Board. Other leavers are defined as cessation of employment in any other circumstances.

A summary of the treatment of the various elements of remuneration is set out in the table below. In all cases where there is discretion available under the Policy, the Committee would consider exercising this ability only after taking into account the particular circumstances of the departure and any other relevant business rationale. The Committee will explain any discretion used to shareholders in the following Directors' Remuneration Report.

Incentive plan	Treatment on cessation of employment	Treatment on change of control
Salary, Benefits and Pension	■ These will be paid over the notice period. ■ The Company has discretion to make a lump sum payment in lieu of notice and to apply mitigation if considered appropriate. ■ The Company also has discretion to place an individual on garden leave for all or a portion of their notice period.	
Annual Bonus Plan	**Good leavers** ■ May be entitled to receive an annual bonus for the year of departure. ■ Performance conditions will typically be assessed at the end of the financial year, with the bonus being paid on the normal payment date. ■ Any bonus will normally be pro-rated for the period worked during the financial year. ■ The Committee would decide whether to make part payment of the bonus in shares or pay it fully in cash. **Other leavers** ■ Typically, no bonus is payable for the year of cessation. **Discretion** The Committee has the following discretion available: ■ to determine that an individual is a good leaver; and ■ to determine whether to pro-rate the bonus for time – the default position is that any bonus award will be pro-rated for time.	Any bonus for the year will normally be pro-rated to the date of the change of control and paid immediately prior to the date of the change of control. Performance conditions will be measured at the date of the change of control. **Discretion** The Committee has discretion available to determine whether to pro-rate the bonus for time – the default position is that any bonus award will be pro-rated for time.
Deferred Bonus Plan	**Good leavers** ■ All unvested deferred shares will be preserved, and typically vest on the normal vesting date. **Other leavers** ■ All unvested deferred shares will be forfeited on cessation of employment. **Discretion** The Committee has the following discretion available: ■ to determine that an individual is a good leaver; ■ to determine whether to pro-rate deferred shares for good leavers – the Committee's normal policy is that it will not pro-rate; ■ to vest deferred shares for good leavers at the end of the original deferral period or at the date of cessation – the default position is that they will vest them in line with the original schedule.	Any unvested deferred shares will vest immediately prior to a change of control.

DIRECTORS' REMUNERATION REPORT CONTINUED

Incentive plan	Treatment on cessation of employment	Treatment on change of control
LTIP	**Good leavers** Unvested awards will vest on the normal vesting date subject to: ■ the extent to which any applicable performance conditions have been satisfied; and ■ pro-rating to reflect the period of time elapsed between grant and cessation of employment as a proportion of the normal vesting period. The two-year holding period will normally continue to apply. **Other leavers** All unvested awards will be forfeited on cessation of employment. **Discretion** The Committee has the following discretion available: ■ to determine that an individual is a good leaver; ■ to measure performance over the original performance period or at the date of cessation – the default position is that the assessment will be performed at the end of the original performance period; ■ to determine whether awards should vest on the normal vesting date or the date of cessation – the default position is that awards will vest on the original vesting date; ■ to determine whether to pro-rate for time – the default position is that awards will be pro-rated from the date of grant to the date of cessation; and ■ to determine that no holding period will apply following vesting – the default position is that the holding period will continue to apply.	Any unvested awards will normally vest immediately prior to a change of control subject to: ■ the extent to which any applicable performance conditions have been satisfied at the date of change of control; and ■ pro-rating to reflect the period of time elapsed between grant and change of control as a proportion of the normal vesting period. **Discretion** The Committee has discretion available to determine whether to pro-rate awards for time – the default position is that they will be pro-rated for time.

Consideration of shareholders' views

The Committee has an open relationship with shareholders on remuneration matters. It welcomes dialogue and seeks to engage with significant shareholders and representative bodies at the earliest opportunity on material changes to remuneration policy or structure. During development of this Policy, the Committee Chair contacted our 40 largest shareholders over the course of 2019 to get their input and views on remuneration at GVC. The feedback received was presented to, and discussed by, the Committee at subsequent sessions, and was taken into account to inform the final Policy design.

ANNUAL REPORT ON DIRECTORS' REMUNERATION

The 2019 Annual Report on Remuneration contains details of the remuneration paid and awarded to Directors during the financial year ended 31 December 2019. This report has been prepared in accordance with the provisions of the Companies Act 2016 and the Regulations. An advisory resolution to approve the Annual Report on Remuneration and the Annual Statement will be put to shareholders at the AGM on 30 April 2020.

SINGLE FIGURE OF REMUNERATION TABLE (AUDITED)

The remuneration of Executive Directors showing the breakdown between components with comparative figures for the prior Financial Year is shown below. Figures provided have been calculated in accordance with Regulations. Further information on the component elements is provided in subsequent sections.

		Base Salary	Benefits	Annual Bonus	Long-Term Incentive	Pension	Legacy awards	Total[1]
Executive Directors		£000	£000	£000	£000	£000	£000	£000
Kenneth Alexander	2019	863	118	2,000	1,862	–	–	4,843
	2018	858	99	1,778	–	–	16,364	19,100
Rob Wood[2]	2019	329	12	658	–	12	–	1,011
	2018	–	–	–	–	–	–	–
Paul Bowtell[3]	2019	117	13	–	–	–	–	130
	2018	492	10	738	–	–	1,240	1,240

1. No part of the 2019 total remuneration figures are attributable to an increase in share price growth.
2. Rob Wood was appointed as a Director on 5 March 2019.
3. Paul Bowtell stepped down as a Director on 5 March 2019. The amount disclosed for benefits includes an amount of £10,200 paid in lieu of untaken holiday.

Further information on the single figure of remuneration table

Salary

Salaries are normally reviewed on 1 January each year.

As set out in the Chair's statement on page 90, Kenneth Alexander agreed to reduce his salary of £950,000 to £800,000 on 1 June 2019, after discussions with the Chairman of GVC and the Committee and to reflect shareholder feedback ahead of the 2019 AGM.

Rob Wood joined the Board on 5 March 2019 on an annual salary of £400,000. Until he stepped down from the Board, Paul Bowtell's annual salary was £656,000 (GVC having matched his previous fixed entitlement at Ladbrokes Coral).

Benefits and pension

Taxable benefits for Executive Directors include private medical and life insurance. In addition, Kenneth Alexander received a housing allowance of £30,000 and reimbursement of certain travel expenses incurred in undertaking his duties as a Director. The table above includes these expenses and the related tax. Rob Wood received a car allowance of £10,700 and participated in the defined contribution pension arrangements which are available on the same basis as other employees, receiving a company contribution of 4.5% of salary from the date he joined the plan. Paul Bowtell received an annual car allowance of £12,500.

2019 Annual Bonus Plan

The continuing Executive Directors were eligible to participate in the Annual Bonus Plan for 2019. As agreed, as part of his leaving arrangements, Paul Bowtell was not eligible to participate in the Annual Bonus Plan for 2019.

The annual bonus framework for 2019 was based on performance against two key financial measures for GVC, underlying EBITDA (weighted 70%) and net debt (weighted 30%) (both on a pre IFRS 16 basis). Net debt was introduced for this year in order to ensure an appropriate focus on cash generation and group leverage. At the start of the year the Committee set stretching targets under these measures, taking into account internal and external forecasts for business performance. The Committee was satisfied that the ranges set out in the table below represented challenging but realistic targets, and that significant out-performance of internal and external reference points at the time they were set would be required to achieve a maximum pay-out.

Measure	Weighting	Threshold	Target	Stretch	Actual	Pay-out (% maximum)
Underlying EBITDA[1] (£m)	70%	600.0	632.0	663.0	678.3	100%
Net Debt[2] (£m)	30%	2,047.0	n/a	1,997.0	1,988.1[3]	100%
Bonus pay-out	100%	25%	60%	100%	–	100%

1. Before separately disclosed items and IFRS 16.
2. Pre IFRS 16.
3. In reviewing net debt performance, the Committee were mindful that this included two significant items that it was not appropriate for management to benefit from. The reported outcome of £1,823m was adjusted by £165.4m in respect of foreign exchange gains and Sportium disposal proceeds. This resulted in net debt for bonus purposes of £1,988.1m.

The Committee noted the strong pay-out when assessed on a purely formulaic basis. This reflected the excellent growth in our online operations and the lower than expected impact on EBITDA of the Triennial Review.

ANNUAL REPORT ON DIRECTORS' REMUNERATION CONTINUED

In line with the provisions of the UK Corporate Governance Code, the Committee carefully considered whether the proposed outcome could be justified in the context of GVC's overall performance. In doing so, it considered:

- Business performance during 2019, including progress against financial, operational, and strategic targets;
- The quality of underlying earnings and whether any significant one-off factors influenced the results;
- Our risk and reputational performance;
- The individual performance of the Executive Directors; and
- GVC's share price performance and the experience of our shareholders over the year.

The Committee noted the Group's excellent operational and financial progress during the year, including regular earnings upgrades and the attainment of previously announced synergy and other targets in relation to the integration of the Ladbrokes Coral business. Analyst and shareholder feedback indicated excellent performance by our Executive Directors leading the Group to outperform in all its major markets. GVC's total shareholder return in 2019 was 39% as shown in the Summary of Performance section.

The Committee also considered the impact of one-off items, which included the impairment taken under IFRS 3 in relation to the Ladbrokes Australia business. The Committee noted that the impairment does not reflect a reduction in the overall value of the acquired Ladbrokes Coral business (or GVC itself), but rather is required to reflect a change in the relative value split across the business. The Committee was further reassured that the aggregate value of Ladbrokes Coral CGUs, including Australia, had increased since 2018.The Committee also considered the adverse publicity in relation to a sale of shares by the CEO in March 2019, but felt comfortable that this had already been dealt with through the exercise of downward discretion on his 2019 LTIP award.

Given its importance to the long-term sustainability of GVC and our industry, the Committee also considered progress against our ESG and responsibility agenda. In particular, the Committee noted the launch of the industry's most ambitious and far-reaching safer gambling strategy: "Changing for the Bettor". Full details of this are set out in the Corporate Social Responsibility section. The Committee also considered the significant penalties imposed on GVC by the UK Gambling Commission during the year. However, it was noted that these related to Ladbrokes Coral Group during 2014 – 2017, before the acquisition of this business by GVC and that substantial improvement in processes have been put in place since that time.

Taking all the above factors into account, the Committee considered that the formulaic outcome under the annual bonus was justifiable within this context and a fair reflection of overall GVC performance during the year, and therefore decided that there was no requirement to exercise discretion over the outcome. As a result, the table below sets out the final outcome and annual bonus earned by each Executive Director for 2019.

Measure	K Alexander[1]	R Wood[2]	P Bowtell
Bonus opportunity (% of salary)	250%	200%	Not eligible
Salary eligible for 2019 bonus	£800,000	£329,231	–
Formulaic outcome (% of maximum bonus)	100%	100%	–
Discretion applied	n/a	n/a	–
Final outcome:			
– As % of maximum bonus	100%	100%	–
– As % of salary	250%	200%	–
– As £ amount	£2,000,000	£658,462	–

1. Kenneth Alexander's salary reduced from £950,000 to £800,000 from 1 June. However, the salary which is applicable for incentive purposes was restricted to £800,000 for the whole year.
2. The bonusable salary and bonus payment shown for Rob Wood relate to his time serving as an Executive Director.

Half of the total bonus is paid in cash following the year-end, while half is deferred into shares for three years under the Deferred Bonus Plan, as set out in more detail on page 97.

2017-19 Long-Term Incentive Plan

The Long-Term Incentive Plan values shown in the single figure table for 2019 relate to the vesting of LTIP awards made in 2017. The Plan had not yet been introduced in 2016, so there is no comparable figure shown for 2018.

The original targets attached to the 2017 LTIP awards are set out below.

	Weighting	Threshold (25% vesting)	Maximum (100% vesting)
Relative TSR vs. FTSE 250	50%	Median	Upper quartile
Cumulative adjusted EPS	50%	180c	214c
		Straight-line vesting between threshold and maximum	

Since 2017, GVC has been through a period of significant change. In particular, the Company:

- Completed the acquisition of Ladbrokes Coral in March 2018, which had a transformational impact on the business;
- Disposed of the Turkish business, which at the time contributed EPS of 10€cents or 13% of EBITDA, and made a number of other smaller business transactions;
- Now derives a significantly higher percentage of revenues from regulated and taxed markets (over 90% in 2019 versus 68% in 2017);
- Implemented a significant change in its capital structure; and
- Changed its reporting currency from euros to GBP.

As a result of all these changes, GVC is now a significantly different business from what it was at the time the targets were set. As a result, the Committee has carefully considered how best to assess performance to ensure that the outcome is fair to participants and shareholders, and appropriately aligned with Company performance over the 2017-19 period. Taking all relevant factors into account, the Committee has determined the following approach:

- The targets have been converted from euros to GBP by converting the target for each of the financial years using the average exchange rate for that year;
- An increase to the original targets has been made to reflect EPS accretion from the Ladbrokes Coral transaction. This amounts to an increase of 14% and 10% for each of the 2018 and 2019 financial years respectively. This level of accretion has been set based on our internal forecasts for the transaction prior to completion and are in line with the statement made in the Ladbrokes Coral prospectus that the acquisition would be double digit EPS accretive from the first full year post completion. The Committee is firmly of the view that the overall accretion in the 21 months post completion exceeded the original expectations; and
- The contribution which was expected from the Turkish business at the time the targets were set has been backed out which has the effect of lowering the targets. The Committee considers that this adjustment is appropriate since the disposal of the unregulated Turkish business was necessary to enable GVC to access competitively priced debt capital to finance the acquisition of Ladbrokes Coral, achievement of which resulted in a material increase in the share rating.

As a result of the above, the revised target range is set out below, along with the formulaic outcome against these targets.

Measure	Weighting	Threshold (25% vesting)	Maximum (100% vesting)	GVC performance	Vesting
Relative TSR vs. FTSE 250	50%	Median: 34.7%	Upper quartile: 62.8%	56.2%	82.3% of maximum
Cumulative Adjusted EPS	50%	145.6p	173.0p	182.2p[1]	100% of maximum
Total	100%				91.1% of maximum

1. Excluding Turkey.

As a further check, the Committee also sought to validate the formulaic outcome above by considering performance against the original targets on two different bases:

- Adjusted EPS as reported – While it has limitations (as it does not represent a like-for-like comparison), the Committee also considered performance against the original targets (converted to GBP) on a simple reported basis. Over the three years, cumulative adjusted EPS in GBP was 196.9p (including Turkey), which compares to a GBP target range of 160p – 190p.
- Performance versus GVC forecasts only – This approach looked at the performance of GVC on a standalone basis, excluding Ladbrokes Coral from both the targets and the outcome. As a further stress test, an adjustment was made to remove the contribution of Crystalbet from the outcome, while no adjustments were made for either the additional regulatory headwinds the business has faced, or the fact that the GVC figure includes costs previously borne by Ladbrokes Coral. In all cases, the targets were exceeded in full.

As a final check, as with the annual bonus the Committee assessed whether GVC's overall performance over the three years justified the vesting level. In doing so they took into account the same factors as set out above. The Committee found it particularly reassuring that over the period the Company's share price had increased by c38% from 1 January 2017 to 31 December 2019, significantly out-performing major UK peers. All of these factors gave the Committee comfort that a vesting outcome of 91.1% of maximum was fair and reasonable, and appropriately reflected GVC's performance and value delivered to shareholders over the period.

The LTIP awards granted in 2017 had not vested at the time this report was finalised, and so the reported value has been based on the average share price in the last three months of the financial year, which was 884.2p. The value of the awards included in the single figure of remuneration table is set out below:

	LTIP shares awarded	% vesting	LTIP shares vesting	Value of shares vesting (£'000)
K Alexander	242,587	91.1%	220,996	1,862

ANNUAL REPORT ON DIRECTORS' REMUNERATION CONTINUED

Share awards granted during 2019 (audited)

The table below sets out share awards granted to the Executive Directors during 2019 under the LTIP and the Annual Bonus Plan (ABP).

Name	Award type	Grant date	Face value of award	Shares awarded	% vesting at threshold performance	% vesting at threshold performance	Performance conditions
K Alexander	LTIP	26 March 2019	£2,400,000	344,332	25%	100%	See below
	ABP[1]	26 March 2019	£889,148	109,293	–	100%	None
R Wood	LTIP	26 March 2019	£1,000,000	197,044	25%	100%	See below

1. Consistent with the Directors' remuneration policy, 50% of an Executive Director's annual bonus is deferred in shares. The deferred bonus award shown above has been granted in respect of the annual bonuses for the 2018 financial year. This award will normally vest on 26 March 2022, being the third anniversary of the award date, subject to continuous employment. The number of shares was calculated in line with the Plan rules based on a share price of £8.14 (an average price measured over the last three months of the financial year to which the bonus award relates). Rob Wood was not an Executive Director during 2018 and so he received all of his annual bonus for 2018 in cash.

Long-Term Incentive Plan

While the CEO's award was made on 26 March 2019, the Committee applied its discretion to use the share price as at the close on 5 March 2019 of £6.97 to calculate the allocation. This represented a 27% discount to the number of shares which would have been awarded had the usual price around the grant date been used (507.5p). It aligned the CEO's award with the shareholder experience of a falling share price following the sale of shares by the CEO and Chairman on 6 March 2019.

The Committee agreed that the 2019 LTIP should be based on the same measures as in previous cycles, being cumulative adjusted EPS and relative total shareholder return ("TSR"), measured over the period 1 January 2019 to 31 December 2021. The former represents a key financial indicator of performance for GVC, while the latter reflects our returns to shareholders over the period. The targets for these awards are set out below and further information can be found in our 2018 DRR.

Measure	Weighting	Threshold (25% vesting)	Maximum (100% vesting)
Relative TSR vs. FTSE 51-150	50%	Median	Upper quartile
Cumulative adjusted EPS	50%	184p	214p
		Straight-line vesting between threshold and maximum	

Shareholdings and share interests (audited)

Shareholding guidelines

Executive Directors are required to maintain a shareholding as determined by the Committee and retain this for a period of time following cessation from the role. Executive Directors are expected to build up their shareholding over a period of five years from the date of appointment as an Executive Director (or, if later, from the date of any change to the terms of the shareholding requirement). Shares that count towards the requirement are those that are beneficially owned shares, any vested share awards subject to a holding period and unvested deferred bonus shares (on an after-tax basis). The current shareholding requirements are:

- CEO – 400% of base salary.
- CFO – 200% of base salary.

In line with the provisions of the UK Corporate Governance Code, the Committee has implemented post-cessation shareholding requirements for the Executive Directors to ensure that they remain aligned with shareholders for a period following stepping down from the Board. At the current time, the Committee expects Executive Directors to maintain 100% of their guideline (or their actual holding if lower) for two years following departure. Shares purchased by the Executive Directors out of their own funds will not count towards these guidelines.

Share interests

As at 31 December 2019, the value of the CEO and CFO's shareholdings were £13.3m and £0.2m respectively. Kenneth Alexander's shareholding significantly exceeds his requirement of 400% of salary. He sold 2.1m shares in March 2019 and purchased 0.8m shares in August 2019; he has committed to no further sales of shares (other than those needed to meet tax liabilities on vesting of share awards) while he remains CEO. In line with the terms of the shareholding guidelines our CFO, Rob Wood, is building up his holding in GVC shares.

Executive Directors' share interests as at 31 December 2019 are set out below.

			Share interests subject to performance conditions	Share interests not subject to performance conditions			
Director	**Number of beneficially owned shares[1]**	**Share awards**	**Share options**	**Share awards**	**Total interests at 31 December 2019**	**Value of shares held as a % of base salary[2]**	**Shareholding requirement met?**
K Alexander	1,500,000	569,690	242,587	209,869	2,522,126	1,778%	Yes
R Wood	18,000	226,087	–	–	244,087	40%	No
P Bowtell[3]	387,438	18,621	–	60,228	466,285	n/a	n/a

1. Beneficially owned shares include shares held directly or indirectly by connected persons. There were no changes in the number of beneficially owned shares for any Executive Director between 31 December 2019 and the date this report was signed off.
2. Value of shareholding based on the closing share price at 31 December 2019 (884.2p) and includes beneficially owned shares and the after-tax shares held under the Deferred Bonus Plan.
3. As a former Executive Director, the beneficially owned shares column for Paul Bowtell reflects the position on 5 March 2019, the date he stepped down from the Board.

Executive Directors' service contracts and external appointments

Executive Directors have rolling contracts, terminable by either party giving the appropriate notice. Further details are provided in the table on page 102.

The Executive Directors do not currently hold any external appointments.

Payments for loss of office (audited)

Paul Bowtell stepped down as an Executive Director on 5 March 2019. Full details of his leaving arrangements were provided in the 2018 Directors' Remuneration Report. The Committee determined that these arrangements, as set out below, were fair and reasonable, consistent with the Directors' Remuneration Policy and in line with Paul's contractual entitlements:

- Paul remained eligible to receive an annual bonus in respect of 2018 but not for 2019.
- No payment in lieu of notice was made.
- Paul was conferred eligible leaver status to allow him to retain his unexercised 2018 long-term incentive plan awards post his termination. This award will continue to vest over the original vesting period i.e. there was no acceleration of vesting, and the award will remain subject to a) malus (i.e. the potential clawback of any unvested element), b) the future satisfaction of performance measures c) time apportionment based on service and d) the post vesting holding period.

ANNUAL REPORT ON DIRECTORS' REMUNERATION CONTINUED

SUMMARY OF PERFORMANCE

The chart below shows the value of £100 invested in GVC Holdings PLC since obtaining Main Market listing on 1 February 2016 compared with the value of £100 invested in the FTSE 250 Index and the FTSE 350 Travel and Leisure Index. The FTSE 250 Index has been chosen on the basis that this is the index that GVC has been part of for the majority of the period since listing (at times it has been in the FTSE 100). £100 invested on 1 February 2016 would have been worth £219 at 31 December 2019 compared with £146 if invested in the FTSE 250 index and £134 if invested in the FTSE 350 Travel and Leisure Index.

Over the three-year period 1 January 2017 to 31 December 2019 (the period covered by the 2017 LTIP) the total shareholder return ("TSR") of GVC shares was 59% compared with 31% for the FTSE 250 Index and 29% for the FTSE 350 Travel and Leisure Index.

From 1 January to 31 December 2019, the TSR of GVC shares was 39% compared with 31% for the FTSE 250 Index and 21% for the FTSE 350 Travel and Leisure Index. The outperformance reflected the Group's strong operational and financial performance during the year. Dividends per share were increased by 10% in 2019 (2018: 7.4%).

Source: Datastream

Summary of CEO remuneration outcomes: 2015–2019

	December 2019	December 2018	December 2017	December 2016	December 2015
	K Alexander	K Alexander	K Alexander	K Alexander	K Alexander
Role	CEO	CEO	CEO	CEO	CEO
Single figure of total remuneration[1,2]	£4.84m	£19.10m	£18.21m	£17.83m	£3.41m
Annual bonus pay-out (% maximum)	100%	92%	100%	–	–
LTIP vesting (% maximum)	91.1%	–	–	–	–
Legacy award vesting (% maximum)	n/a	100%	100%	100%	100%

1. Figures for 2015, 2016 and 2017 were previously reported in euros and have been converted into sterling using an average rate for the relevant year.
2. Legacy options granted under the 2015 LTIP accounted for a significant proportion of the CEO's single figure of total remuneration in 2016, 2017 and 2018. The final tranche of these options vested in August 2018. The lower single figure in 2019 reflects the current, more typical, remuneration policy.

Implementation of the Remuneration Policy for Executive Directors in 2020

The table below provides a summary of how the Executive Directors' remuneration policy will be implemented in 2020.

Element	Approach
Salary	■ CEO – £816,000; increase of 2% in line with increases provided to other UK employees ■ CFO – £430,000; increase of 7.5% recognising strong performance in the role. See the Chair's statement on page 90 for more details
Benefits	■ No change in how the Policy will be operated ■ Executive Directors will continue to receive standard benefits such as medical and life insurance cover, car and accommodation allowance ■ All employees, including the Executive Directors, have the opportunity to participate in a Company-provided pension in line with statutory requirements: – CEO – Opted out of the plan – CFO – 4.5% of salary
Annual Bonus	■ No change in maximum opportunity: – CEO – 250% of salary – CFO – 200% of salary ■ On-target pay-out reduced to 50% of the maximum opportunity ■ Performance measures will continue to be EBTIDA (70%) and Net Debt (30%) ■ Half of any bonus award will be deferred into shares for three years ■ Targets are considered commercially sensitive but will be disclosed in full in the 2020 DRR
LTIP	■ No change in maximum opportunity: – CEO – 300% of salary – CFO – 250% of salary Minor changes to performance measures from 2019 cycle (see further details below)– in all cases threshold vesting remains at 25% of maximum: *Cumulative EPS (1/3rd)* – Threshold vesting – 267p – Maximum vesting – 295p *Relative TSR against the FTSE 51 – 150 (1/3rd)* – Threshold vesting – median performance – Maximum vesting – upper quartile performance *Relative TSR against a bespoke group of sectoral peers (1/3rd)* – Threshold vesting – median performance – Maximum vesting – upper quartile performance – Bespoke peer group of the following companies – 888 Holdings, Betsson, Evolution Gaming Group, Flutter Entertainment, Gamesys, International Game Technology, Kindred Group, Playtech, Rank Group, TabCorp Holdings, The Stars Group, and William Hill – These companies have been selected following a review of how they align with GVC in a number of areas, including financial and operational size, location of business operations and share price correlation
Shareholding Guidelines	■ Within-employment shareholding requirements: – CEO – 400% of base salary – CFO – 200% of base salary ■ To ensure extended alignment, the Committee has implemented post-cessation shareholding requirements: – Executive Directors are required to maintain 100% of their guideline (or their actual holding if lower) for two years following departure – Shares purchased by the Executive Directors out of their own funds will not count towards these guidelines

2020 LTIP TARGETS

The Committee reviewed the performance measures for the 2020 LTIP and concluded that, while TSR and EPS remained appropriate performance indicators, it was considered appropriate to increase the emphasis on performance relative to peers, while not losing sight of overall performance against the wider stockmarket. As a result, the weighting on TSR has been increased from 50% of the LTIP to two thirds, with this element being split evenly between two comparator groups as set out above.

The remaining one third of the LTIP will be based on a cumulative EPS measure. The target range of 267p – 295p has been set around the latest consensus for three-year cumulative EPS (281p). The Committee consider this to be an appropriately stretching range given that achieving maximum vesting would require a CAGR in EPS of 23% over the three-year performance period.

Consistent with 2019, the 2020 EPS targets exclude earnings from the Group's US joint venture given the uncertainty around the way in which the US markets will open up for the Group, and how soon. As the performance of the US joint venture will form a significant element of the

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future value of the Group, the Committee believe that this is adequately reflected via the TSR elements of the LTIP. However, if necessary, the Committee may apply discretion at the end of the performance period to take into account performance in this important new market.

Inevitably there are several factors which cannot be known at the time targets are originally set and could impact the 2019 LTIP. These factors might include the impact of corporate activity, material regulatory or tax changes, joint ventures and accounting changes. In each case the Committee retains discretion whether and, if so, how a) to adjust targets post grant and/or b) to take impact into account when determining performance outcome.

CHAIRMAN AND NON-EXECUTIVE DIRECTORS

Single figure of remuneration table (audited)

The remuneration of the Non-Executive Directors is shown below. Figures provided have been calculated in accordance with the Regulations.

Non-Executive Directors		Fees £000	Benefits £000	Annual bonus £000	Long-term incentives £000	Pension £000	Legacy awards £000	Total £000
Lee Feldman[1]	**2019**	350	–	–	–		–	350
	2018	350	–	–	–		8,182	8,532
Barry Gibson[2]	**2019**	71	–	–	–		–	71
	2018	–	–	–	–		–	–
Jane Anscombe	**2019**	110	–	–	–		–	110
	2018	111	–	–	–		–	111
Pierre Bouchut	**2019**	110	–	–	–		–	110
	2018	33	–	–	–		–	33
Peter Isola	**2019**	88	–	–	–		–	88
	2018	88	–	–	–		–	88
Virginia McDowell	**2019**	110	–	–	–		–	110
	2018	63	–	–	–		–	63
Stephen Morana	**2019**	155	–	–	–		–	155
	2018	142	–	–	–		–	142
Jette Nygaard-Andersen[3]	**2019**	5	–	–	–		–	5
	2018	–	–	–	–		–	–

1. Lee Feldman's remuneration for 2018 included an amount related to options granted under the 2015 Long-term Incentive Plan. The final vesting of these options was in August 2018.
2. Barry Gibson joined the Board on 4 November 2019.
3. Jette Nygaard-Andersen joined the Board on 11 December 2019.

Fee structure

The table below sets out the fee structures for 2019 and 2020 for the Non-executive Directors and the Chairman of the Board. No changes are proposed to the Non-executive Directors fees for 2020 other than in early 2020, the Non-executive Directors were given the one-off choice to have their fee denominated in GBP rather than Euro. The GBP amounts are shown in the table below and, where relevant, will take effect from March 2020.

Barry Gibson joined the Board on 19 November 2019 as Chairman designate and became Chairman on 27 February 2020. In setting his fee, the Committee recognised the significant competition for talent that exists in this sector at the current time and also notes that Mr Feldman's fee had been unchanged since February 2016.

	As at 1 January 2019	As at 1 January 2020
Chair – Lee Feldman (up to 27 February 2020)	£350,000	£350,000
Chair designate – Barry Gibson (from 19 November 2019)	–	£450,000
Senior Independent Non-executive Director	£155,000	£155,000
Board member	€100,000	€100,000 or £85,000
Chairmanship of Audit, Remuneration or Corporate Social Responsibility Committee	€25,000	€25,000 or £21,000

Letters of appointment

Non-executive Directors are appointed under letters of appointment and as such do not have service contracts. Apart from the Chairman of the Board, each Non-executive Director is subject to an initial three-year term subject to annual re-election at the Company's AGM. All letters of appointment are available for viewing at the Company's registered office and at the AGM. Further details are provided in the table on page 102.

Payments for loss of office (audited)

As announced on 4 November 2019, Lee Feldman stepped down from his role as Chairman of the Board and left the Company on 27 February 2020.

During his tenure, Lee has played an instrumental role in GVC's transformation from an AIM listed business with a market capitalisation of around £31m in 2008, to a Main Market, premium listed company. Lee leaves the business with it continuing to perform strongly, and he has provided a seamless transition of the Chairmanship to his successor, Barry Gibson. In this context, the Remuneration Committee approved the following exit terms:

- Lee has waived the contractual right under his amended letter of appointment to a 12-month notice period and any associated payment in lieu of notice (i.e. there will be no further fees paid to Lee following his departure date of 27 February 2020).
- Lee has agreed to continue to serve on the Roar Digital, LLC board of directors, as one of GVC's representatives until 31 December 2020, and to waive any fee for these services. The opening up of the US online gambling market represents a substantial business opportunity for GVC, and the Board believes that retaining Lee in this role will put us in the best possible position to take advantage of these opportunities, given his extensive knowledge of the sector and strong US business relationships.
- In December 2017, Lee received a one-off fee as part of a move to bring his remuneration arrangements into line with best practice for non-executive chairman of FTSE 250 companies. The net-of-tax fee was invested into GVC shares, half of which vested on 13 December 2019, and half of which are due to vest on 13 December 2020. Vesting was conditional on Lee continuing as Chairman throughout this period, which was the intention at that time. In due course, the revised UK Corporate Governance Code brought in new provisions around the length of tenure for board chairmen, with the result that Lee is standing down earlier than originally envisaged. Taking into account these circumstances, coupled with Lee agreeing to waive his contractual notice period and serve on the Roar Digital LLC board until December 2020 for no compensation, the Remuneration Committee determined to treat Lee as a good leaver for the second tranche of these shares. As such, 26,134 shares will vest and be released to him on 13 December 2020.

Share interests (audited)

Non-executive Directors' share interests as at 31 December 2019 are set out below. Aside from Ms Nygaard-Andersen (who only joined the Board in December 2019) each of the Non-executive Directors holds shares worth at least 80% of their base fees at the 31 December 2019 share price of 884.2p.

Director	Number of beneficially owned shares[1]
L Feldman	287,408
B Gibson	42,587
J Anscombe	17,169
P Bouchut	27,000
P Isola	36,135
V McDowell	15,000
S Morana	34,184
J Nygaard-Andersen	–

1. Beneficially owned shares include shares held directly or indirectly by connected persons. There were no changes in the number of shares owned outright for any Non-executive Director between 31 December 2019 and the date this report was signed off.

The Remuneration Committee

Committee members during 2019	Independent	Number of meetings in year held during tenure	Meetings attended
J Anscombe	Yes	4	4
V McDowell	Yes	4	4
S Morana	Yes	4	4

None of the Committee members or attendees is involved in any Committee decisions from which they may financially benefit personally (other than as shareholders) in the decisions made by the Committee. The Chief Executive Officer, Chief Financial Officer, Group HR Director and the Director of Reward may attend meetings at the invitation of the Committee but are not present when their own remuneration is being discussed. The Company Secretary acts as the secretary to the Committee.

ANNUAL REPORT ON DIRECTORS' REMUNERATION CONTINUED

Committee role and focus

The Committee is responsible for recommending to the Board the remuneration policy for Executive Directors and senior management and for setting the remuneration packages for each Executive Director and for the Chairman of the Board. The Committee also has oversight of the remuneration policy for all employees. The written Terms of Reference of the Committee are available on the Company's website and from the Company on request.

During the year, there were four scheduled Committee meetings. The matters covered included:

- Approval of the 2018 Directors' Remuneration Report;
- Determination of the pay-outs from the 2018 annual bonus arrangements;
- Approval of targets for the 2019 annual bonus plan;
- Approval of the 2019 LTIP awards and their associated performance measures and targets;
- Review of shareholder feedback received in relation to Directors' remuneration following the 2019 AGM and consultation in respect of the Directors Remuneration Policy;
- Review of the Directors' Remuneration Policy;
- Determination of the fee for the Chairman designate;
- Updates on all employee remuneration arrangements including ongoing reward harmonisation activity across the Group following the Ladbrokes Coral acquisition; and
- Review of salaries and remuneration packages for senior executives.

Advice to the Committee

Advisers are appointed independently by the Remuneration Committee, which reviews its selection periodically and is satisfied that the advice it receives is independent, objective and free from conflicts of interest. The total fees paid to Deloitte in respect of 2019 was £144,655, on a time and materials basis. Deloitte's advice includes reviewing the remuneration policy, support on shareholder consultation exercises, pay benchmarking and the provision of general guidance on market and best practice. Deloitte LLP also provided a range of tax and advisory services to GVC during the year, support in certain technology areas and support for the business's internal audit function.

Deloitte are signatories to the Code of Conduct for Remuneration Consultants in the UK, details of which can be found on the Remuneration Consultants Group's website at www.remunerationconsultantsgroup.com.

Management's advice to the Committee was also supported by a) the provision of market data from Deloitte and Willis Towers Watson and b) legal advice from Addleshaw Goddard.

Shareholder voting and consideration of shareholder views

We remain committed to taking into consideration shareholder views on our remuneration policy and practices. The Committee chair and the Senior Independent Director maintain contact, as required, with the Company's principal shareholders about all relevant remuneration issues. Ongoing dialogue with our shareholders on executive remuneration is important to us, with feedback being presented to and discussed by the Committee, where it is used to inform future decision making.

The 2018 Chairman's Annual Statement and the Annual Report on Remuneration were subject to an advisory vote at the Annual General Meeting ("AGM") on 5 June 2019. The Directors' Remuneration Policy was most recently put to a vote at the General Meeting on 14 December 2017.

Resolution	Date	Votes for	% of Votes for	Votes against	% of Votes against	Votes withheld
To approve the 2018 DRR	June 2019	268,332,033	58.0%	193,955,547	42.0%	820,549
To approve the 2017 Policy Report	Dec 2017	148,035,292	72.5%	56,145,802	27.5%	11,018

While the vote on the 2018 Remuneration Report was passed by shareholders at the June 2019 AGM, a significant minority did not support the resolution. The Committee was, of course, disappointed by the vote and acknowledges this feedback, thanking those shareholders who spoke with the Company and explained their reasons for not being able to support this resolution.

Since the June 2019 vote, the Committee Chair met with a significant number of shareholders in order to listen and reflect on their views on remuneration at GVC and ensure that the Committee fully understood the reasons for the low vote. These discussions highlighted that shareholders' primary concern was around legacy arrangements for the CEO and Chairman. These arrangements are now fully vested and do not form part of our ongoing Remuneration Policy, which is aligned with UK best practice expectations. The Committee Chair also engaged with a significant number of our major shareholders with respect to our updated Policy and the proposed increase in the CFO's salary for 2020. The Committee would like to thank all shareholders for their constructive input and support throughout this process. The regular dialogue with investors is greatly valued and the Committee will of course continue to engage with shareholders on remuneration matters going forward.

JANE ANSCOMBE
Chair of the Remuneration Committee
5 March 2020

DIRECTORS' REPORT

The Directors present their annual report on the affairs of the Group for the year ended 31 December 2019.

On 6 February 2020, the Company relocated its place of management and control and consequently its tax residence to the United Kingdom.

PRINCIPAL ACTIVITY

GVC Holdings PLC (the "Company") and its subsidiaries (together the "Group") is a major international sports-betting and gaming company operating both online and in the retail sector. The Company is registered as a public limited company under the Isle of Man Companies Act 2006 and is listed in the Premium category on the Main Market of the London Stock Exchange.

RESULTS AND FUTURE PERFORMANCE

A review of the Group's results and activities is covered within the Strategic Report on pages 31 to 41. This incorporates the Chairman's statement, Chief Executive and Chief Financial Officer's review, which include an indication of likely future developments.

KEY PERFORMANCE INDICATORS

Key performance indicators in relation to the Group's activities are continually reviewed by senior management and are presented on page 29.

DIVIDENDS

The Directors have today declared a second interim dividend of 17.6p per share in respect of the year ended 31 December 2019, payable on 26 April 2020. Together with the first interim dividend of 17.6p paid on 26 September 2019, this makes the total dividend pay-out of 35.2p per share in respect of the 2019 financial year.

CORPORATE GOVERNANCE

The Directors recognise the importance of sound corporate governance and their associated report is set out on pages 80 to 81. The information in that section is deemed to form part of this Report and so fulfils the requirements of the corporate governance statement for the purposes of DTR 7.2.1.

As a company quoted on the Premium Main Market of the London Stock Exchange, the Company has adopted the 2018 UK Corporate Governance Code ("Code"), as amended from time to time, and will seek to comply with premium listed company norms to the extent appropriate for the size and nature of the Company.

ENGAGEMENT WITH EMPLOYEE STATEMENTS

This element of reporting is discussed in the s172 Statement on pages 54 to 55.

ENGAGEMENT WITH STAKEHOLDER STATEMENT

This element of reporting is discussed in the s172 Statement on pages 54 to 55.

CUSTOMER AND CREDITOR PAYMENT POLICY

The Group is committed to prompt payment of customer cash-out requests and maintains adequate cash reserves to cover customer withdrawals and balances. Normally payments will be made to customers within seven days of receiving a customer instruction. In the case of other creditors, it is the Group's policy to agree terms at the outset of a transaction and ensure compliance with such agreed terms. In the event that an invoice is contested then the Group informs the supplier without delay and seeks to settle the dispute quickly.

ARTICLES OF ASSOCIATION

The Company's articles of association may only be amended by special resolution at a general meeting of shareholders.

DIRECTORS

The Directors of the Company who were in office during the year, are disclosed on page 75.

The Company's Articles of Association provide that any new Director appointed by the Board during the year, having not been previously elected by shareholders, may hold office only until the next AGM, when that Director must retire and stand for election at the meeting. The Articles also require one third of the Directors not newly appointed since the last AGM to seek re-election. In compliance with the recommendation of the 2018 Code, all Directors will seek reappointment at the 2020 AGM, as they did in 2019.

DIRECTORS' REMUNERATION

Both Executive Directors have service agreements and all the Non-executive Directors have letters of appointment and the details of their key terms are set out in the Directors' Remuneration Report. Details of remuneration of each Director are provided in the Remuneration Report on pages 88 to 114.

POWERS OF DIRECTORS

Subject to company law and the Company's articles, the Directors may exercise all of the powers of the Company and may delegate their power and discretion to committees. The articles give the Directors power to appoint and replace Directors.

DIRECTORS' INTERESTS

The Directors' report on remuneration on pages 88 to 114 provides details of the interests of each Director, including details of current incentive schemes and long-term incentive schemes, the interests of Directors in the share capital of the Company and details of their share interests as at 31 December 2019.

CONFLICTS OF INTEREST

On appointment, each Director must notify the Company of their external board appointments, other significant commitments and any actual or potential conflicts of interest. Each Director is required to disclose actual or potential conflicts of interests to the Board and where actual or potential conflicts of interest arise, the relevant Director does not receive Board papers and is excluded from discussions and voting on the subject matter that gives rise to the conflict.

DIRECTORS' INDEMNITIES

The Company has entered into deeds of indemnity with each of the Directors, which comply with the Isle of Man Companies Act 2006.

SHARE CAPITAL

Details of the Company's authorised and issued share capital, together with details of the movement therein, are set out in note 27 to the financial statements. This includes the rights and obligations attaching to shares and restrictions on the transfer of shares.

DIRECTORS' REPORT CONTINUED

SUBSTANTIAL SHAREHOLDINGS – INTERESTS IN VOTING RIGHTS

As at 1 March 2020, the Company had been notified in accordance with Chapter 5 of the Disclosure and Transparency Rules of the following interests in the Company's Shares:

Shareholder	Number of Shares	% of Issued Share Capital & Total Voting rights
The Capital Group	61,013,614	10.47
Standard Life Aberdeen	55,347,260	9.50
BlackRock	29,832,668	5.20

* The Company had 582,745,948 ordinary shares in issue on 1 March 2020.

USE OF FINANCIAL INSTRUMENTS

The risk management objectives and policies of the Group are set out within Note 24 of the financial statements.

POLITICAL DONATIONS.

The Company did not make any political donations or incur any political expenditure during 2019 (2018: Nil).

INSURANCE

The Company maintains a directors and officers' liability insurance policy in respect of any legal costs that may be incurred against the Directors in dealing with any legal claims or investigations.

ANNUAL GENERAL MEETING

The Company's AGM will be held on 30 April 2020 at 10.00am at The Mermaid Theatre, Puddle Dock, London, EC4V 3DB.

INDEPENDENT AUDITORS

KPMG LLP ("KPMG") has expressed its willingness to continue in office as auditor and a resolution to re-appoint KPMG will be proposed at the forthcoming AGM.

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board:

J M BARRY GIBSON
Chairman
5 March 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GVC HOLDINGS PLC

1 OUR OPINION IS UNMODIFIED

We have audited the financial statements of GVC Holdings Plc ("the Company") and its subsidiaries (together "the Group") for the year ended 31 December 2019 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Balance Sheet, the Company Statement of Changes in Equity, and the related notes, including the accounting policies in note 4.

In our opinion:

- 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 31 December 2019 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Isle of Man Companies Act 2006.

Basis for opinion

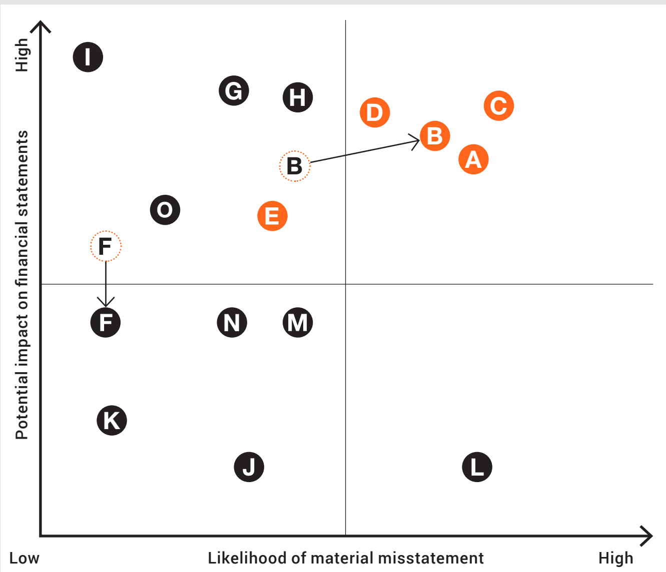
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

2 KEY AUDIT MATTERS: OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including 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. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and our findings from those procedures in order that the Company's members as a body may better understand the process by which we arrived at our audit opinion. These matters were addressed, and our findings are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

DYNAMIC AUDIT PLANNING TOOL

(Relative significance of audit risks before taking account of controls)



- **A** Revenue recognition from online operations
- **B** Goodwill, intangibles and PPE impairment assessment
- **C** Gaming taxes in immature markets
- **D** Disclosure of separately disclosed items
- **E** Recoverability of parent Company's investments in subsidiaries and receivables due from group entities (Parent Company only)
- **F** Management override of controls
- **G** Valuation of defined benefit pension
- **H** Valuation of defined benefit pension
- **I** The impact of uncertainties due to UK exiting the European Union on our audit
- **J** Share based payments*
- **K** Foreign exchange*
- **L** Segmental reporting*
- **M** Direct taxation
- **N** Provisions for litigation and claims
- **O** Contingent consideration

Key audit matters Other risks Change compared to prior year

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GVC HOLDINGS PLC CONTINUED

Revenue recognition from online operations (2019: £2,116.1 million, 2018: £1,668.4 million)

Refer to page 135 (accounting policy) and pages 136 to 138 (financial disclosures).

The risk (Data capture and processing error or fraud – Revenue from online operations): risk vs 2018 ◄► – The Group has a number of income streams across its online operations, and the accuracy and completeness of the amounts recognised from these income streams is largely dependent on the effectiveness of the operational and anti-fraud controls in place.

Revenue streams for many of the Group's products are computed on highly complex IT systems, with a number of different bases for calculating revenue. In particular, there is a risk the Group's in-house developed IT systems, which aim to correctly calculate revenues and appropriate wins and losses, as applicable, may not be configured correctly from the outset such that commissions or winning and losing bets are calculated incorrectly.

In addition, the Group's divisions are dependent on their core finance processes and controls to accurately report and reconcile revenue transactions, and there is a risk that the customer-facing and financial information systems may not interface correctly and that unauthorised changes may be made, which may result in the misstatement of revenue.

Our response – Our procedures included:

Control operation: We utilised our own IT specialists to assess the general IT controls ("GITCs") related to access to programs and data, program change and development and computer operations by:

- Evaluating account set-up and termination of users, password restrictions, access reviews, users with superuser access, program change and development process controls, and tested whether any unauthorised changes had been made to the system. We assessed the overall IT environment, including relevant security policies and procedures, IT organisational structure, IT strategy and reporting, disaster recovery and back-up testing;
- Testing the configuration of the betting engine (Platform) that processes player activity and cash movements;
- Testing the data flow in the online betting environment (when hosted in-house) by observing bets placed from the customer-facing systems and tracing the transactions to the platform (betting engine), and then from the data warehouse (storage) to the financial information systems (accounting records) to assess whether the information is passed appropriately from one system to another; and
- Where systems are hosted by third parties, we obtained an understanding of the nature of the services being provided. We performed audit procedures to assess whether the third party services were operating as intended. Where GITCs were not operating effectively over in-house systems handling the transfer of data, we tested the operating effectiveness of compensating manual controls reconciling the accounting records to the third party systems.

Data comparisons: Where GITCs over in-house managed systems handling the transfer of data were not designed and implemented effectively, we compared the amounts of revenue in the accounting records against the amounts reported in the platform (source data) for each month and by label and fully reconciled the information between systems.

Tests of details (tracing and vouching): We assessed the appropriateness of revenue recognised by:

- Tracing a sample of betting transactions through the online betting systems or to third party systems (when outsourced), and assessing that they are appropriately recorded within the financial information systems at the transaction level;
- Vouching a sample of betting transactions recognised in the period from the accounting records back to source data and reperforming the outcome of the transaction against the client's result. Where the IT controls of the online betting environment were not designed or implemented effectively, we increased our substantive testing due to the results of our controls testing, as applicable;
- Assessing the appropriateness of cash transferred between the payment service providers to corporate cash by reconciling the total revenue amounts reported by key IT systems to the amount transferred from the payment service provider to corporate cash and testing a sample of these settlements by agreeing the amounts to the relevant bank information;
- Testing a sample of items comprising the customer liability balance and agreed the amounts recorded to the individual customer wallet at the end of the financial period; and
- Obtaining external confirmation of client funds held in the PSPs and reconciling the obtained bank balance confirmation to the customers' betting accounts.

Assessing transparency: We also considered the adequacy of the Group's disclosures in respect of revenue.

Our findings – Our testing identified weaknesses in the design of IT General Controls for some of the Group's IT systems; whilst some steps had been taken in the year to remediate weaknesses identified in the prior years the remediations were not in place for all of 2019. As a result we concluded that we could not rely on IT General Controls for some of the Group's IT systems and expanded the extent of our detailed testing as appropriate. In some instances it was not possible to gain the evidence required to rely on certain IT systems and in response to this for the Online revenue streams affected we performed additional substantive testing to reconcile all revenue data recorded in the general ledger to the transactions in the betting engine or to third party data. This additional testing identified no errors in the recording of revenue transactions for the Online businesses (2018: no errors identified).

Goodwill, intangible assets and PPE impairment assessment (2019 carrying value: £5,821.7 million, 2018 carrying value: £6,324.6 million; 2019 impairment charge: £245.0 million, 2018 impairment charge: £41.3 million)

Refer to page 131 (accounting policy) and pages 144 to 147 (financial disclosures).

The risk – (Forecast based valuation – Recoverability of goodwill, intangible assets and PPE): risk vs 2018 ▲ – The carrying amount of goodwill, intangible assets and PPE is significant and the recoverable amount is at risk of irrecoverability due to the potential impact on the business of changes in gaming taxation and regulation. The estimated recoverable amount is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows.

The Group has recognised an impairment loss of £245 million on the goodwill on the Australian CGU as a result of changes in the market resulting in significant changes in forecast cash flows. As a result, the carrying amount of goodwill and intangible assets associated with the Australian CGU is particularly sensitive to changes in key assumptions.

The effect of these matters is that, as part of our risk assessment, we determined that the value in use of goodwill and intangible assets associated with the Australian CGU has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (note 14) disclose the sensitivity estimated by the Group.

Our response – Our procedures included:

Our sector experience: We evaluated assumptions used, in particular those relating to forecast revenue growth and profit margins through enquiries with the divisional managers and those responsible for preparing and delivering the forecasts.

Benchmarking assumptions: We compared the Group's assumptions in relation to key inputs such as, projected economic growth and, with the assistance of our own valuation specialist, comparing the discount rate to historical information and externally derived data.

Historical comparison: We evaluated the adequacy of the budgets and forecasts used in the value in use calculation by assessing the historical accuracy of the Group's previous budgets.

Sensitivity analysis: We performed sensitivity analysis on the key assumptions noted above.

Comparing valuations: We compared the net asset value of the Group with the market capitalisation of the Group and assessed whether any difference is an indicator of impairment with reference to why that difference has arisen.

Assessing transparency: We assessed whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflect the risks inherent in the calculation of the value in use of goodwill and trade-marks and brand name intangibles.

Our findings – As a result of our risk assessment and procedures described above we identified that the Australian CGU was the only CGU with a carrying amount subject to a high degree of estimation uncertainty. We found the estimates of the carrying amount of goodwill, intangible assets and PPE across all CGUs, and in particular in relation to the Australian CGU, to be balanced (2018: balanced) and the related disclosure to be balanced (2018: light).

Gaming taxes in immature markets (2019 provision: £49.3 million, 2018 provision: £119.0 million; 2019 prepayment: £116.0 million, 2018 prepayment: £40.5 million)

Refer to page 87 (Audit Committee Report), page 130 (accounting policy) and page 165 (financial disclosures).

The risk (Subjective judgement – Gaming tax provisions and prepayments): risk vs 2018 ▼ – The business operates in a number of jurisdictions which have different gaming tax and duty regimes. For some markets in which the Group now operates or operated in the past, the tax regulations dealing specifically with online gaming businesses might not yet be formed, are unclear or continue to evolve. Changes in gaming tax and duty regimes can be announced suddenly and applied retrospectively and in these instances the Directors are required to exercise a level of judgement surrounding the interpretation and application of the tax laws which may differ from that of relevant tax authorities. The amounts involved are potentially significant, and determining the amount, if any, to be provided as a liability, is inherently subjective.

This leaves the Group exposed to risk of failure to appropriately record provisions for gaming taxes and duty as the bases of tax assessments can be subjective.

Our response – Our procedures included:

Enquiry of regulators: We requested and obtained circularisations from the gaming regulators from the key jurisdictions in which the Group operates to confirm whether the Group was up to date with its filing requirements and payment of gambling duties.

Benchmarking assumptions: We compared the Group's assessment of the level of exposure arising from changes in gaming tax legislation to third party evidence, such as the relevant tax authorities' public announcements. We assessed the potential impact on the Group in light of the degree of uncertainty and level of gaming revenue in each country to confirm that the only country identified with a significant exposure subject to a high degree of judgement was Greece.

Tests of details: We reviewed the Group's calculation of gaming tax and duty costs in the period and provisions and prepayments at the period end and assessed whether the relevant calculations had been performed accurately using the appropriate tax/duty rates. In particular we verified that provisions for Greek gaming taxes in relation to years remaining open to audit were calculated on a consistent basis to tax assessments for years already agreed with the Greek Tax authorities.

Assessing the credentials of third party tax experts: We assessed the competence and objectivity of third party experts engaged by the Group to advise on the legal position of any claims received by tax authorities; for the year ended 31 December 2019 this was in relation to legal advice given in relation to litigation with respect to Greek gaming taxes for the years 2010 and 2011.

Our tax expertise: Using our own indirect tax specialists in Greece, we determined whether advice received from third party experts is reasonable given the correspondence with the tax authorities and interpretation of the relevant legislation. We also used our own indirect tax specialists in Greece to assess whether management representations, regarding the basis of Greek gaming tax assessments for years where gaming tax audits are now closed, are consistent with confirmations received from the Greek Tax authorities.

Assessing transparency: We considered the appropriateness of the judgements taken and adequacy of the Group's disclosures in respect of key tax exposures, notably in relation to the judgement over the ongoing Greek gaming tax litigation for 2010 and 2011 and the recoverability of the related prepayments for amounts paid to the Greek tax authorities.

Our findings – In determining the treatment of gaming taxes there is room for judgement and we found that within that, the Group's judgement was balanced (2018: balanced).

In particular, with respect to the accounting for Greek gaming tax we note that the outcome could vary significantly in the future depending on the outcome of the ongoing litigation for the years 2010 and 2011. Our testing did not identify any indicators of management bias in the judgements over Greek gaming tax. We found that the disclosure regarding Greek gaming taxes were light (2018: light).

Disclosure of separately disclosed items (2019: £630.1 million, 2018: £434.2 million)

Refer to page 87 (Audit Committee Report), page 131 (accounting policy) and page 138 (financial disclosures).

The risk (Disclosure quality) – Disclosure of separately disclosed items: risk vs 2018 ◀▶ –There is a risk that items are classified as separately disclosed on an inconsistent basis (both within the period and between periods), are not disclosed in accordance with the Group's accounting policy on separately disclosed items and that a clear and accurate explanation of the reasons for separate disclosure items is not given in order to manipulate the presentation of performance of the business.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GVC HOLDINGS PLC CONTINUED

Our response – Our procedures included:

Tests of details: We reviewed the Group's calculations of separately disclosed items within the financial statements to assess the accuracy of the disclosures and:

- Challenged the Group's classification of separately disclosed items and assessed whether they were outside the normal course of business in accordance with the Group's accounting policy and that presentation was on a consistent basis with prior periods; and
- Agreed separately disclosed items to appropriate documentation and assessed whether they had been captured accurately.

Assessing transparency: We assessed whether the basis for separate disclosure was clearly and accurately described and consistently applied and together with reconciliations to the IFRS measures, shown with sufficient prominence in the annual report.

Our findings – We consider that there is proportionate disclosure (2018: proportionate) of the separately disclosed items and the items included as separately disclosed are balanced (2018: balanced) to allow shareholders to understand the performance of the Group. Our testing identified no errors in the adjustments made to calculate amounts disclosed as separately disclosed items (2018: no errors).

Recoverability of parent Company's investments in subsidiaries and receivables due from group entities (Parent Company only): (2019 carrying value: £4,870.4 million, 2018 carrying value: £5,571.8 million)

Refer to pages 177 and 179 (Company accounting policy) and page 179 (Company financial disclosures).

The risk (Forecast-based valuation – Recoverability of parent Company's investments in subsidiaries and receivables due from group entities): risk vs 2018 ◀▶ – The carrying amount of the parent Company's investments in subsidiaries and of the intra-group debtor balance together represents 99% (2018: 99%) of the parent Company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the parent Company financial statements, this is considered to be the area that had the greatest effect on our overall parent Company audit.

Our response – Our procedures included:

Benchmarking assumptions: We challenged the assumptions used in the cash flows included in the budgets based on our knowledge of the Group and the markets in which the subsidiaries operate.

Historical comparisons: We assessed the reasonableness of the budgets by considering the historical accuracy of the previous forecasts.

Our sector experience: We evaluated the current level of trading, including identifying any indications of a downturn in activity, by examining the post year end management accounts and considering our knowledge of the Group and the market.

Comparing valuations: We compared the carrying value of the parent Company's investments in subsidiaries and receivables due from group entities to value in use calculations for the relevant CGUs and to the market capitalisation of the Group.

Assessing transparency: We assessed the adequacy of the parent Company's disclosures in respect of investments in subsidiaries and group debtor balances.

Our findings – We found the Group's assessment of the recoverability of the investments in subsidiaries and intercompany receivables to be balanced (2018: balanced).

3 OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Materiality for the Group financial statements as a whole was set at £20 million (2018: £20 million), determined with reference to a benchmark of Group revenue (of which it represents 0.6% (2018: 0.7%)). We consider revenue to be the most appropriate benchmark as it provides a more stable measure year on year than group profit before tax.

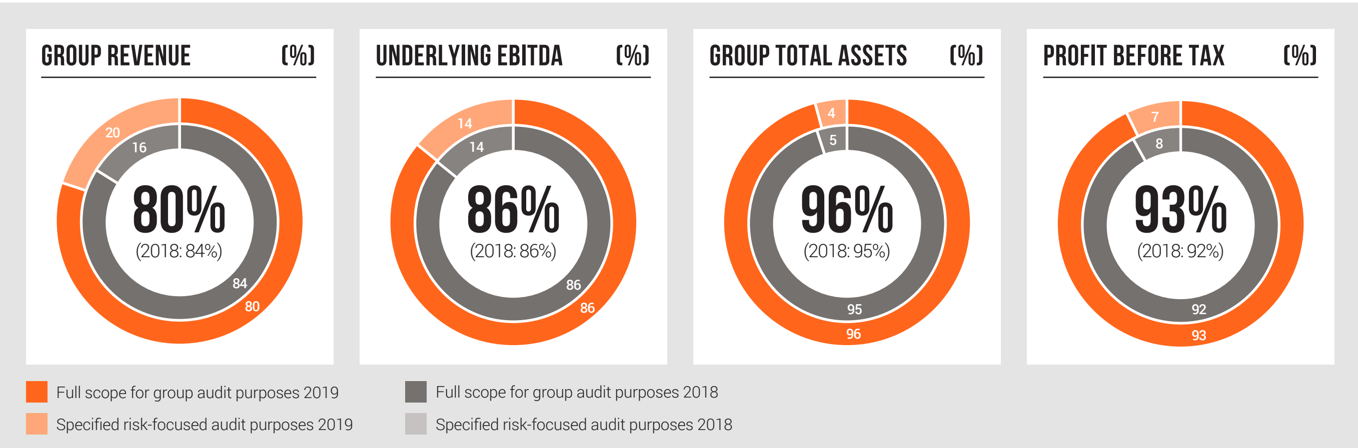
Materiality for the parent Company financial statements as a whole was set at £10 million (2018: £18 million), determined with reference to a benchmark of total assets, of which it represents 0.2% (2018: 0.3%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £1 million, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's ten (2018: five) components, we subjected four (2018: four) to full scope audits for Group purposes. We conducted reviews of financial information (including enquiry) at six (2018: one) further non-significant components. The components for which we performed a review of financial information (including enquiry) were not individually significant enough to require an audit for Group reporting purposes but a review was performed to obtain further coverage over the Group's results.

The Group team approved the component materialities, which ranged from £10 million to £12 million (2018: £13.5 million to £18 million), having regard to the mix of size and risk profile of the Group across the components.

The work on all of the components (2018: all of the components), including the audit of the parent company, was performed by the Group team.



4 WE HAVE NOTHING TO REPORT ON GOING CONCERN

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or the Group or to cease their operations, and as they have concluded that the Company's and the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group and the Company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's and Company's business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources over this period were:

- The impact of significant changes in regulation affecting the Group's ability to operate in certain territories; and
- The impact of a significant business continuity issue affecting the Group's operating systems over a long period.

As these were risks that could potentially cast significant doubt on the Group's and the Company's ability to continue as a going concern, we considered sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively and evaluated the achievability of the actions the Directors consider they would take to improve the position should the risks materialise. We also considered less predictable but realistic second order impacts, such as the impact of Brexit and the erosion of customer confidence, which could result in a rapid reduction of available financial resources.

Based on this work, we are required to report to you if we have anything material to add or draw attention to in relation to the directors' statement in Note 2 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5 WE HAVE NOTHING TO REPORT ON THE OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report; and
- in our opinion the information given in those reports for the financial year is consistent with the financial statements.

Directors' remuneration report

In addition to our audit of the financial statements, the Directors have engaged us to audit the information in the Directors' Remuneration Report that is described as having been audited, which the Directors have decided to prepare as if the Company was required to comply with the requirements of Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008 No. 410) made under the UK Companies Act 2006.

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the UK Companies Act 2006, as if those requirements applied to the Company.

Disclosures of emerging and principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the long term viability statement on page 66 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks disclosures describing these risks and explaining how they are being managed and mitigated; and
- the directors' explanation in the long term viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GVC HOLDINGS PLC CONTINUED

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

6 RESPECTIVE RESPONSIBILITIES

Directors' responsibilities

As explained more fully in their statement set out on page 79, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they 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

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

7 THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Company's members, as a body, in accordance with Section 80 (c) of the Isle of Man Companies Act 2006 and the terms of our engagement by the Company. 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 the further matters we are required to state to them in accordance with terms agreed with the Company, 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.

MICHAEL HARPER
Responsible Individual
for and on behalf of KPMG LLP
Chartered Accountants and Recognised Auditors
15 Canada Square
London
E14 5GL

5 March 2020

FINANCIAL STATEMENTS

In this section:

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2019

		2019			2018		
	Notes	Underlying items £m	Separately disclosed items (note 6) £m	Total £m	Underlying items £m	Separately disclosed items (note 6) £m	Total £m
Net Gaming Revenue		3,655.1	–	3,655.1	2,979.5	–	2,979.5
VAT/GST		(54.6)	–	(54.6)	(44.3)	–	(44.3)
Revenue	5	3,600.5	–	3,600.5	2,935.2	–	2,935.2
Cost of sales	7	(1,222.3)	–	(1,222.3)	(931.0)	–	(931.0)
Gross profit		2,378.2	–	2,378.2	2,004.2	–	2,004.2
Administrative costs	7	(1,849.0)	(695.9)	(2,544.9)	(1,491.8)	(453.5)	(1,945.3)
Contribution		1,883.2	–	1,883.2	1,598.8	–	1,598.8
Administrative costs excluding marketing		(1,354.0)	(695.9)	(2,049.9)	(1,086.4)	(453.5)	(1,539.9)
Group operating profit/(loss) before share of results from joint ventures and associates		529.2	(695.9)	(166.7)	512.4	(453.5)	58.9
Share of results from joint ventures and associates	16,17	(9.2)	–	(9.2)	8.4	–	8.4
Group operating profit/(loss)		520.0	(695.9)	(175.9)	520.8	(453.5)	67.3
Finance expense	8	(88.5)	(14.1)	(102.6)	(63.9)	–	(63.9)
Finance income	8	2.4	–	2.4	1.1	–	1.1
Gain arising from change in fair value of financial instruments	8	17.6	–	17.6	58.3	–	58.3
Gains/(losses) arising from foreign exchange on debt instruments	8	84.3	–	84.3	(81.7)	–	(81.7)
Profit/(loss) before tax		535.8	(710.0)	(174.2)	434.6	(453.5)	(18.9)
Income tax (expense)/income	10	(46.4)	79.9	33.5	(56.8)	19.3	(37.5)
Profit/(loss) for the year		489.4	(630.1)	(140.7)	377.8	(434.2)	(56.4)
Attributable to:							
Equity holders of the parent		476.4	(630.1)	(153.7)	371.7	(434.2)	(62.5)
Non-controlling interests		13.0	–	13.0	6.1	–	6.1
		489.4	(630.1)	(140.7)	377.8	(434.2)	(56.4)
Earnings per share on profit/(loss) for the year							
From profit/(loss) for the year[1]	12	65.1p		(26.4)p	76.9p		(12.2)p
Diluted earnings per share on profit/(loss) for the year							
From profit/(loss) for the year[1]	12	64.2p		(26.4)p	76.3p		(12.2)p
Proposed dividends	11			17.6p			16.0p
Memo							
EBITDAR[2]		782.7	(74.7)	708.0	723.7	(89.7)	634.0
Rent and associated costs[3]		(21.6)	–	(21.6)	(82.9)	–	(82.9)
EBITDA		761.1	(74.7)	686.4	640.8	(89.7)	551.1
Share based payments		(12.7)	–	(12.7)	(10.7)	–	(10.7)
Depreciation, amortisation and impairment		(219.2)	(621.2)	(840.4)	(117.7)	(363.8)	(481.5)
Share of results from joint ventures and associates		(9.2)	–	(9.2)	8.4	–	8.4
Group operating profit/(loss)		520.0	(695.9)	(175.9)	520.8	(453.5)	67.3

1. The calculation of underlying earnings per share has been adjusted for separately disclosed items, and for the removal of foreign exchange volatility arising on financial instruments as it provides a better understanding of the underlying performance of the Group. See note 12 for further details.
2. Included within the Income Statement and Memo above are certain non-statutory measures. The use of these items and the reconciliation to their statutory equivalents is provided above and on pages 31 and 32 of the report.
3. Rent and associated costs being rental costs, including any associated VAT, on items not captured by IFRS 16. These are predominantly driven by low value items, and held over leases where there is no future rental commitment.

All amounts stated above relate to continuing activities.
The notes from pages 129 to 177 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2019

	Notes	2019 £m	2018 £m
Loss for the year		(140.7)	(56.4)
Other comprehensive expense:			
Items that may be reclassified to profit or loss:			
Currency differences on translation of foreign operations		(158.6)	44.7
Total items that may be reclassified to profit or loss		(158.6)	44.7
Items that will not be reclassified to profit or loss:			
Re-measurement of defined benefit pension scheme[1]	29	(104.6)	(10.9)
Tax on re-measurement of defined benefit pension scheme[1]	10	36.6	3.8
Share of associate other comprehensive income	17	1.0	0.2
Total items that will not be reclassified to profit or loss		(67.0)	(6.9)
Other comprehensive (expense)/income for the year, net of tax		(225.6)	37.8
Total comprehensive expense for the year		(366.3)	(18.6)
Attributable to:			
Equity holders of the parent:		(379.3)	(24.7)
Non-controlling interests		13.0	6.1

1. Included within the re-measurement of defined benefit schemes is a charge of £81.3m relating to the buy-in of the Ladbrokes Pension Plan. Further details are provided in note 29.

The notes on pages 129 to 177 form an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

for the year ended 31 December 2019

	Notes	2019 £m	Restated 2018 (note 31) £m
Assets			
Non-current assets			
Goodwill	13	2,966.4	3,328.1
Intangible assets	13	2,398.0	2,800.9
Property, plant and equipment	15	467.9	195.6
Interest in joint venture	16	6.0	46.1
Interest in associates and other investments	17	29.9	26.0
Trade and other receivables	18	3.3	–
Other financial assets	25	2.1	1.5
Deferred tax assets	10	124.4	76.6
Retirement benefit asset	29	66.6	168.2
		6,064.6	6,643.0
Current assets			
Trade and other receivables	18	477.6	402.7
Income and other taxes recoverable		9.1	30.3
Derivative financial instruments	25	47.4	43.3
Other financial assets	25	–	3.4
Short term investments	19	–	2.6
Cash and cash equivalents	19	390.1	421.9
		924.2	904.2
Total assets		6,988.8	7,547.2
Liabilities			
Current liabilities			
Trade and other payables	20	(678.7)	(639.1)
Balances with customers	26	(335.4)	(312.5)
Lease liabilities	21	(75.5)	–
Interest bearing loans and borrowings	22	(31.5)	(14.3)
Corporate tax liabilities		(35.1)	(42.5)
Provisions	23	(73.0)	(160.5)
Other financial liabilities	25	(30.7)	(16.3)
		(1,259.9)	(1,185.2)
Non-current liabilities			
Interest bearing loans and borrowings	22	(2,084.5)	(2,221.1)
Lease liabilities	21	(288.0)	–
Deferred tax liabilities	10	(358.2)	(452.8)
Provisions	23	(16.5)	(56.6)
Other financial liabilities	25	(125.8)	(143.5)
		(2,873.0)	(2,874.0)
Total liabilities		(4,132.9)	(4,059.2)
Net assets		2,855.9	3,488.0
Equity			
Issued share capital	27	4.8	4.8
Share premium		1,198.0	1,196.5
Merger reserve		2,527.4	2,527.4
Translation reserve		54.0	212.6
Retained earnings		(971.4)	(491.5)
Equity shareholders' funds		2,812.8	3,449.8
Non-controlling interests	34	43.1	38.2
Total shareholders' equity		2,855.9	3,488.0

The financial statements on pages 124 to 177 were approved by the Board of Directors on 5 March 2020 and signed on its behalf by:

KJ Alexander
(Chief Executive Officer)

R Wood
(Chief Financial Officer)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2019

	Issued share capital £m	Share premium £m	Merger reserve £m	Translation reserve[1] £m	Retained earnings £m	Equity shareholders' funds £m	Non-controlling interests (note 34) £m	Total Shareholders' equity £m
At 1 January 2018	2.3	1,170.4	34.5	167.9	(237.2)	1,137.9	(1.5)	1,136.4
Loss for the year	–	–	–	–	(62.5)	(62.5)	6.1	(56.4)
Other comprehensive income	–	–	–	44.7	(6.9)	37.8	–	37.8
Total comprehensive income	–	–	–	44.7	(69.4)	(24.7)	6.1	(18.6)
Issue of shares on acquisition	2.4	–	2,492.9	–	–	2,495.3	–	2,495.3
Share options exercised	0.1	26.1	–	–	–	26.2	–	26.2
Share-based payments charge	–	–	–	–	2.1	2.1	–	2.1
Acquisition of investment	–	–	–	–	(44.6)	(44.6)	35.0	(9.6)
Equity dividends	–	–	–	–	(138.8)	(138.8)	(1.4)	(140.2)
Non-controlling interests	–	–	–	–	(3.6)	(3.6)	–	(3.6)
At 31 December 2018	4.8	1,196.5	2,527.4	212.6	(491.5)	3,449.8	38.2	3,488.0
At 1 January 2019	**4.8**	**1,196.5**	**2,527.4**	**212.6**	**(491.5)**	**3,449.8**	**38.2**	**3,488.0**
Impact of change of accounting policy[2]	**–**	**–**	**–**	**–**	**(70.7)**	**(70.7)**	**–**	**(70.7)**
Restated at 1 January 2019	**4.8**	**1,196.5**	**2,527.4**	**212.6**	**(562.2)**	**3,379.1**	**38.2**	**3,417.3**
(Loss)/profit for the year	**–**	**–**	**–**	**–**	**(153.7)**	**(153.7)**	**13.0**	**(140.7)**
Other comprehensive income	**–**	**–**	**–**	**(158.6)**	**(67.0)**	**(225.6)**	**–**	**(225.6)**
Total comprehensive income	**–**	**–**	**–**	**(158.6)**	**(220.7)**	**(379.3)**	**13.0**	**(366.3)**
Share options exercised	**–**	**1.5**	**–**	**–**	**–**	**1.5**	**–**	**1.5**
Share-based payments charge	**–**	**–**	**–**	**–**	**10.8**	**10.8**	**–**	**10.8**
Equity dividends (note 11)	**–**	**–**	**–**	**–**	**(195.5)**	**(195.5)**	**(8.1)**	**(203.6)**
Non-controlling interests[3]	**–**	**–**	**–**	**–**	**(3.8)**	**(3.8)**	**–**	**(3.8)**
At 31 December 2019	**4.8**	**1,198.0**	**2,527.4**	**54.0**	**(971.4)**	**2,812.8**	**43.1**	**2,855.9**

1. The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.
2. On 1 January 2019, GVC Holdings PLC transitioned to IFRS 16 resulting in an opening adjustment to equity of £70.7m. See note 3 for more information.
3. During the year, GVC Holdings PLC recognised amounts paid of £3.8m to acquire the remaining share capital of Stadium Technology Group LLC.

The notes on pages 129 to 177 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2019

	Notes	2019 £m	2018 £m
Cash generated by operations	28	**543.7**	395.5
Income taxes paid		**(37.5)**	(43.5)
Net finance expense paid		**(68.9)**	(55.5)
Net cash generated from operating activities		**437.3**	296.5
Cash flows from investing activities:			
Acquisitions		**(21.3)**	(735.6)
Cash acquired on acquisition of businesses		**–**	213.0
Dividends received from associates		**1.2**	9.4
Purchase of intangible assets		**(107.2)**	(99.2)
Purchase of property, plant and equipment		**(72.6)**	(95.5)
Proceeds from the sale of property, plant and equipment including disposal of shops		**10.9**	–
Investment in joint ventures		**–**	(20.5)
Decrease in short term investments		**–**	1.8
Deferred proceeds from disposal of available-for-sale assets		**–**	1.0
Proceeds from disposal of joint ventures		**63.8**	–
Net cash used in investing activities		**(125.2)**	(725.6)
Cash flows from financing activities:			
Proceeds from issue of ordinary shares		**1.5**	26.2
Net proceeds from borrowings[1]		**1,045.5**	1,366.0
Repayment of borrowings		**(1,099.1)**	(664.9)
Repayment of finance leases		**(77.7)**	(1.1)
Equity dividends paid[2]		**(203.6)**	(142.7)
Net cash generated financing activities		**(333.4)**	583.5
Net (decrease)/increase in cash and cash equivalents		**(21.3)**	154.4
Effect of changes in foreign exchange rates		**(10.5)**	(2.5)
Cash and cash equivalents at beginning of the year		**421.9**	270.0
Cash and cash equivalents at end of the year		**390.1**	421.9

1. Net proceeds from borrowings also includes £12.6m of cash received in relation to the settlement of derivative financial instruments (2018: £nil).
2. Equity dividends paid are inclusive of dividend credits on share options of £nil (2018: £2.5m) and dividends paid to non-controlling interests of £8.1m (2018: £1.4m).

The notes on pages 129 to 177 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2019

1 CORPORATE INFORMATION

GVC Holdings PLC ("the Company") is a company incorporated and domiciled in the Isle of Man on 5 January 2010 whose shares are traded publicly on the London Stock Exchange. The principal activities of the Company and its subsidiaries ("the Group") are described in the strategic report. The consolidated financial statements of the Group for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 5 March 2020.

The nature of the Group's operations and its principal activities are set out in note 5.

2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance, and comply, with International Financial Reporting Standards ("IFRSs") and IFRS Interpretations Committee ("IFRS IC") pronouncements as adopted for use in the European Union and with the Isle of Man Companies Act 2006 applicable to companies reporting under IFRSs. The accounting policies set out in this section as detailed have been applied consistently year on year other than for the changes in accounting policies set out in note 3.

The Group financial statements are prepared under the historical cost convention unless otherwise stated. Having assessed the financial forecasts of the business, the principal risks and other matters discussed in connection with the long-term viability statement, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements as the Group will generate sufficient cash to meet its ongoing obligations for at least 12 months from the date of signing the financial statements.

The consolidated financial statements are presented in Pounds Sterling (£). All values are in millions (£m) rounded to one decimal place except where otherwise indicated.

The separately disclosed items have been included within the appropriate classifications in the consolidated income statement. Further details are given in note 6.

Due to the timing of certain acquisitions in the previous financial year, the fair values applied to the assets and liabilities acquired were provisional, in accordance with IFRS 3 Business Combinations. Since the initial fair value assessment, certain measurement period adjustments have been identified resulting in reallocations between goodwill and other components of the net assets acquired. This has resulted in a restatement of the prior year balance sheet to reflect these changes. Net assets and Total shareholders' equity have not changed as a result of this restatement. See note 31 for further details.

3 CHANGES IN ACCOUNTING POLICIES

From 1 January 2019, the Group has applied, for the first time, certain standards, interpretations and amendments being:

IFRS 16 Leases

The Group applied IFRS 16 with a date of initial application of 1 January 2019. As a result, the Group has changed its accounting policy for lease contracts as detailed below.

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. There has been no restatement of comparative balances.

For leases previously classified as operating leases, a right of use ("ROU") asset and associated lease liability has been recognised. As such, the Group no longer records a lease cost associated with those assets in its Income Statement, but instead will record depreciation and interest charges.

In applying the modified retrospective approach, the Group has elected to use the following practical expedients proposed by the standard:

- Reliance on the previous identification of a lease (as provided by IAS 17) for all contracts that existed on the date of initial application;
- the ROU assets for all leases were recognised at an amount equal to the lease liability plus prepaid lease payments immediately before the date of initial application;
- the application of a single discount rate to a portfolio of leases with reasonably similar characteristics. The key differential considered in determining the discount rate is the length of the lease;
- the use of hindsight when determining the lease term, if the contract contains an option to extend or terminate the lease; and
- on initial application, initial direct costs are excluded from the measurement of the right of use asset.

Definition of a lease

The Group has applied IFRS 16 only to those contracts that were previously identified as a lease under IAS 17 Leases, any contracts not previously identified as leases have not been reassessed for the purposes of adopting IFRS 16. Accordingly, the definition of a lease under IFRS 16 has only been applied to contracts entered into on or after 1 January 2019.

Upon transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the rate implicit in the lease as at 1 January 2019, or at the Group's incremental borrowing rate if this was not ascertainable. The right of use assets for all leases were recognised at an amount equal to the lease liability plus prepaid lease payments immediately before the date of initial application. The ROU assets were then subject to a detailed impairment review to ascertain whether the attributable cash flows supported the additional ROU assets recognised. This resulted in an impairment of £136.7m being recognised at the date of transition, which was a direct consequence of the regulatory changes in 2018 in the UK Retail segment. To the extent that certain property provisions were recognised in respect of rent, as at 31 December 2018, an adjustment has been made to reduce the provision as part of the transition to IFRS 16.

Following the transition to IFRS 16, equity as at 1 January 2019 has been restated as follows:

	1 January 2019 £m
1 January 2019 net assets as previously reported	**3,488.0**
ROU assets recognised[1]	**396.9**
Lease liabilities recognised[2]	**(379.3)**
Prepayments transferred to right of use assets[1]	**(17.6)**
Provisions released[3]	**51.7**
Impairments recognised[4]	**(136.7)**
De-recognition of sub lease right of use assets[5]	**(5.0)**
Finance lease debtors recognised[5]	**5.0**
Associated deferred tax asset recognised	**14.3**
1 January 2019 net assets restated	**3,417.3**

1. ROU assets of £396.9m have been recognised as at 1 January 2019 based on the lease liabilities calculated upon transition combined with £17.6m of lease prepayments released from the balance sheet. ROU assets predominantly relate to property leases, for which the majority relate to UK Retail and Belgium Retail, but also head office leases, car leases and other leases deemed to be captured by IFRS 16.

3 CHANGES IN ACCOUNTING POLICIES CONTINUED

Definition of a lease continued

2. Lease liabilities of £379.3m have been recognised as at 1 January 2019. The lease liability has been calculated based on the future cash flows relating to a lease, discounted at the relevant discount rate. For the transition adjustment, the application of a single discount

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2019

rate has been applied to a portfolio of leases with reasonably similar characteristics. The key differential considered in determining each lease's discount rate is the length of the lease. Where a lease includes an option to break, the group makes a judgement as to whether it is likely that such a break will be exercised. In the case of LBOs this will take accounts of current trading and trading forecasts as to the ongoing profitability of the LBO. The judgement is reassessed at each reporting date.

3. Previously recognised property provisions, in respect of rent obligations, of £51.7m have been released as they are now included in the calculation of the lease liability under IFRS 16. Post 1 January 2019, such rental costs are no longer included within the Income Statement and therefore can no longer be provided for in line with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.
4. Upon recognition of additional ROU assets, an impairment assessment was performed under the principles of IAS 36 Impairment, as the £2 limit on B2 machine stakes introduced by the UK government was expected to result in shop closures. This review resulted in an impairment of £136.7m on newly capitalised ROU assets. This amount was recognised directly in retained earnings upon transition, as at 1 January 2019.
5. Where a sub-lease is entered into, with the Group being the lessor, and which is considered to be a finance lease, part or all of the ROU asset is de-recognised and a finance lease receivable is recognised in relation to the sub lease. As a result, the ROU asset is disposed of as the finance lease receivable is recognised.

A reconciliation of the lease liabilities recognised at 1 January 2019 to the previously reported operating lease commitments at 31 December 2018 is as follows:

	1 January 2019 £m
Operating lease commitment at 31 December 2018 as disclosed	345.3
Effect of discounting at 1 January 2019	(67.6)
Impact of break dates not expected to be exercised	101.6
Lease liabilities recognised at 1 January 2019	379.3

Under the modified retrospective transition method, lease payments were discounted at 1 January 2019 using an incremental borrowing rate requesting the rate of interest at which the entity within the group that entered into the lease would have to pay over a similar term and with similar amounts to borrow the funds to obtain the right of use asset concerned, in a similar economic environment. The weighted average incremental borrowing rate applied upon transition was 4.6%. Incremental borrowing rates applied to individual leases ranged between 3.7% and 5.7%.

The adoption of the following standards and amendments to standards did not have a material impact on the current period or any prior period upon transition:

- IFFRIC 23 Uncertainty over Income Tax Treatment,
- IAS 19 Employee Benefits; amendments regarding plan amendments, curtailments or settlements,
- IAS 28 Investments in Associated and Joint Ventures; amendments regarding long-term interests in associates and joint ventures, and
- amendments resulting for Annual Improvements 2015–2017 Cycle.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group at 31 December each year. The consolidation has been performed using the results to 31 December for all subsidiaries, using consistent accounting policies. With the exception of a small number of subsidiaries, the financial statements of those subsidiaries are prepared to 31 December. Control is achieved where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect these returns through its power over the investee.

All intragroup transactions, balances, income and expenses are eliminated on consolidation.

Subsidiaries are consolidated, using the acquisition method of accounting, from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred from the Group.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at fair value at the date of acquisition. Any excess of the cost of acquisition over the fair values of the separately identifiable net assets acquired is recognised as goodwill. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

4.2 Critical accounting estimates and judgements

The preparation of financial information requires the use of assumptions, estimates and judgements about future conditions. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future may differ from those reported.

In this regard, management believes that the accounting policies where judgement has been applied are:

- accounting for uncertain tax positions; and
- separately disclosed items.

Furthermore, management believes that the accounting policies where estimates have been utilised are:

- the measurement and impairment of goodwill and other assets;
- pension and other post-employment benefit obligations; and
- accounting for business combinations.

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.

Further information about key assumptions concerning the future and other key sources of estimation uncertainty are set out below.

Accounting for uncertain tax positions

The Group is subject to various forms of tax in a number of jurisdictions. Given the nature of the industry within which the Group operates, the tax and regulatory regimes are continuously changing and, as such, the Group is exposed to a small number of uncertain tax positions. Provisions are made for uncertain tax positions where it is believed that it is more likely than not that an economic outflow will arise.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

4.2 Critical accounting estimates and judgements continued

Accounting for uncertain tax positions continued

The Group has made a provision for a potential liability in Greece (see note 32) based on the Directors' best estimate of the likely economic outflow. However, as the statutory window in Greece for the authorities to conclude their tax audit work is generally six years from the end of the relevant tax year, both the timing and the conclusions of the tax audits, and any associated tax payments, remain uncertain.

Separately disclosed items

To assist in understanding its underlying performance, the Group has defined the following items of pre-tax income and expense as separately disclosed items as they either reflect items which are exceptional in nature or size or are associated with the amortisation of acquired intangibles. Items treated as separately disclosed items include:

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

Any other non-recurring items are considered individually for classification as separately disclosed or exceptional by virtue of their nature or size.

The separate disclosure of these items allows a clearer understanding of the trading performance on a consistent and comparable basis, together with an understanding of the effect of non-recurring or large individual transactions upon the overall profitability of the Group.

The separately disclosed items have been included within the appropriate classifications in the consolidated income statement. Further details are given in note 6.

Goodwill

Goodwill on acquisition is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the separately identifiable assets, liabilities and contingent liabilities at the date of acquisition. In accordance with IFRS 3 Business Combinations, goodwill is not amortised but reviewed for impairment at the first reporting period after acquisition and then annually thereafter. As such it is stated at cost less any provision for impairment of value. Any impairment is recognised immediately in the consolidated income statement and is not subsequently reversed.

On acquisition, any goodwill acquired is allocated to cash generating units for the purpose of impairment testing. Where goodwill forms part of a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposal is included in the carrying amount of the assets when determining the gain or loss on disposal.

Intangible assets

Intangible assets acquired separately are capitalised at cost and those acquired as part of a business combination are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition. The costs relating to internally generated intangible assets, principally software costs, are capitalised if the criteria for recognition as assets are met. Other expenditure is charged 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.

The useful lives of these intangible assets are assessed to be either finite or indefinite. All indefinite lived assets are subject to an annual impairment review from the year of acquisition. Where amortisation is charged on assets with finite lives, this expense is taken to the consolidated Income Statement through the "operating expenses, depreciation and amortisation" line item. Useful lives are reviewed on an annual basis.

A summary of the policies applied to the Group's intangible assets is as follows:

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

The useful lives of all intangible assets are reviewed at each financial period end. Impairment testing is performed annually for intangible assets which are not subject to systematic amortisation and where an indicator of impairment exists for all other intangible assets.

An intangible asset is derecognised on disposal, with any gain or loss arising (calculated as the difference between the net disposal proceeds and the carrying amount of the item) included in the consolidated income statement in the year of disposal.

Pensions and other post-employment benefits

The Group's defined benefit pension plans, the Ladbrokes Pension Plan and the Gala Coral Pension Plan hold assets separately from the Group. The pension cost relating to this plan is assessed in accordance with the advice of independent qualified actuaries using the projected unit credit method.

Actuarial gains or losses are recognised in the consolidated statement of comprehensive income in the period in which they arise.

Any past service cost is recognised immediately. The retirement benefit asset recognised in the balance sheet represents the fair value of scheme assets less the value of the defined benefit obligations.

In accounting for the Group's defined benefit pension plans, it is necessary for management to make a number of estimates and assumptions each year. These include the discount rates, inflation rates and life expectancy. In making these estimates and assumptions, management considers advice provided by external advisers, such as actuaries. Where actual experience differs to these estimates, actuarial gains and losses are recognised directly in other comprehensive income. Refer to note 29 for details of the values of assets and obligations and key assumptions used. Although the Group anticipates that plan surpluses will be utilised during the life of the plans to address member benefits, the Group recognises its pension surplus in full on the basis that it does not consider there to be substantive restrictions on the return of residual plan assets in the event of a winding up of the plans after all member obligations have been met.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2019

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

4.2 Critical accounting estimates and judgements continued

Pensions and other post-employment benefits continued

The Group's contributions to defined contribution schemes are charged to the consolidated income statement in the period to which the contributions relate.

Business combinations

For business combinations, the Group estimates the fair value of the consideration transferred, which can include assumptions about the future business performance of the business acquired and an appropriate discount rate to determine the fair value of any contingent consideration. Judgement is also applied in determining whether any future payments should be classified as contingent consideration or as remuneration for future services.

The Group then estimates the fair value of assets acquired and liabilities assumed in the business combination, including any separately identifiable intangible assets. These estimates also require inputs and assumptions including future earnings, customer attrition rates and discount rates. The Group engages external experts to support the valuation process, where appropriate. IFRS 3 Business Combinations allows the Group to recognise provisional fair values if the initial accounting for the business combination is incomplete. Judgement is applied as to whether changes should be applied at the acquisition date or as post-acquisition changes. Further details of these judgements are given in note 31.

The fair value of contingent consideration recognised in business combinations is reassessed at each reporting date, using updated inputs and assumptions based on the latest financial forecasts for the relevant business. Fair value movements and the unwinding of the discounting is recognised within operating expenses.

4.3 Other accounting policies

Impairment

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

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

Pension and other post-employment benefit obligations

There is a significant degree of estimation involved in predicting the ultimate benefits payable under defined benefit pension arrangements. The pension scheme liabilities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. The group's defined benefit pension schemes both have a net asset position when measured on an IAS 19 basis. Judgement is applied, based on legal, actuarial, and accounting guidance in IFRIC 14, regarding the amounts of net pension asset that is recognised in the consolidated balance sheet. Further details are given in note 29.

Investments in joint ventures

A joint venture is an entity in which the Group holds an interest on a long-term basis and which is jointly controlled by the Group and one or more other ventures under a contractual agreement.

Joint control exists only when decisions about the relevant activities require the unanimous consent of the parties that collectively control the arrangement. In assessing this joint control no significant judgements have been necessary.

The Group's share of results of joint ventures is included in the Group consolidated income statement using the equity method of accounting. Investments in joint ventures are carried in the Group consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the entity less any impairment in value. The carrying value of investments in joint ventures includes acquired goodwill.

If the Group's share of losses in the joint venture equals or exceeds its investment in the joint venture, the Group does not recognise further losses, unless it has incurred obligations to do so or made payments on behalf of the joint venture. Further details are given in note 16.

Investments in associates

Associates are those businesses in which the Group has a long-term interest and is able to exercise significant influence over the financial and operational policies but does not have control or joint control over those policies.

The Group's share of results of associates is included in the Group's consolidated income statement using the equity method of accounting. Investments in associates are carried in the Group's consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the entity less any impairment in value. The carrying value of investments in associates includes acquired goodwill. If the Group's share of losses in the associate equals or exceed its investments in the associate, the Group does not recognise further losses, unless it has incurred obligations to do so or made payments on behalf of the associate. Further details are given in note 17.

Property, plant and equipment

Land is stated at cost less any impairment in value.

Buildings, plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

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

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

4.3 Other accounting policies continued

Property, plant and equipment continued

ROU assets are depreciated over the lease term (as defined in IFRS 16) being the period to the expiry date of the lease, unless it is expected that a break clause will be exercised when the lease term is the period to the date of the break.

The carrying values of property, plant and equipment are reviewed for impairment where an indicator of impairment exists as to whether there are events or changes in circumstances indicating that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

The recoverable amount of property, plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Impairment losses are recognised in the consolidated income statement.

An item of property, plant and equipment is derecognised upon disposal, with any gain or loss arising (calculated as the difference between the net disposal proceeds and the carrying amount of the item) included in the consolidated income statement in the year of disposal.

Leases

Leases, other than those with a lease period of less than one year, or where the original cost of the asset acquired would be a negligible amount (see note 21), are capitalised at the inception at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

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

Leases which are not capitalised are classified as operating leases. Operating lease payments, other than contingent rentals, are recognised as an expense in the consolidated income statement on a straight-line basis over the lease term or as incurred in respect of variable lease payments.

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

Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and in hand, short-term deposits with an original maturity of less than three months (and customer balances).

Financial assets

Financial assets are recognised when the Group becomes party to the contracts that give rise to them.

The Group classifies financial assets at inception as financial assets at amortised cost, financial assets at fair value through profit or loss or financial assets at fair value through other comprehensive income.

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. On initial recognition, financial assets at amortised cost are measured at fair value net of transaction costs.

Trade receivables are generally accounted for at amortised cost. Expected credit losses are recognised for financial assets recorded at amortised cost, including trade receivables. Expected credit losses are calculated by using an appropriate probability of default, taking accounts of a range of possible future scenarios and applying this to the estimated exposure of the Group at the point of default.

Financial assets at fair value through profit or loss include derivative financial instruments. Financial assets through profit or loss are measured initially at fair value with transaction costs taken directly to the consolidated income statement. Subsequently, the fair values are remeasured, and gains and losses are recognised in the consolidated income statement.

Financial assets at fair value through other comprehensive income comprise equity investments that are neither designated as such on acquisition. These investments are measured initially at fair value. Subsequently, the fair values are remeasured, and gains and losses are recognised in the consolidated statement of comprehensive income.

Financial liabilities

Financial liabilities comprise trade and other payables, interest bearing loans and borrowings, contingent consideration, ante-post bets, guarantees and derivative financial instruments. On initial recognition, financial liabilities are measured at fair value net of transaction costs where they are not categorised as financial liabilities at fair value through profit or loss. Financial liabilities at fair value through profit or loss include contingent consideration, derivative financial instruments, ante-post bets and guarantees.

Trade and other payables are held at amortised cost and include amounts due to clients representing customer deposits and winnings, which is matched by an equal and opposite amount within cash and cash equivalents.

Financial liabilities at fair value through profit or loss are measured initially at fair value, with transaction costs taken directly to the consolidated income statement. Subsequently, the fair values are remeasured and gains and losses from changes therein are recognised in the consolidated income statement.

All interest bearing loans and borrowings are initially recognised at fair value net of issue costs associated with the borrowing. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

The Group has provided financial guarantees to third parties in respect of lease obligations of certain of the Group's former subsidiaries within the disposed hotels division. Financial guarantee contracts are classified as financial liabilities and are measured at fair value by estimating the probability of the guarantees being called upon and the related cash outflows from the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2019

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

4.3 Other accounting policies continued

Derecognition of financial assets and liabilities

Financial assets are derecognised when the right to receive cash flows from the assets has expired or when the Group has transferred its contractual right to receive the cash flows from the financial assets or has assumed an obligation to pay the received cash flows in full without material delay to a third party, and either:

- substantially all the risks and rewards of ownership have been transferred; or
- substantially all the risks and rewards have neither been retained nor transferred but control is not retained.

Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

Derivative financial instruments

The Group uses derivative financial instruments such as cross currency swaps, foreign exchange swaps and interest rate swaps, to hedge its risks associated with interest rate and foreign currency fluctuations. Derivative financial instruments are recognised initially and subsequently at fair value. The gains or losses on remeasurement are taken to the consolidated income statement.

Derivative financial instruments are classified as assets where their fair value is positive, or as liabilities where their fair value is negative. Derivative assets and liabilities arising from different transactions are only offset if the transactions are with the same counterparty, a legal right of offset exists and the parties intend to settle the cash flows on a net basis.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance expense.

Foreign currency translation

The presentational currency of GVC Holdings PLC and the functional currencies of its UK subsidiaries are Pounds Sterling (£).

Transactions in foreign currencies are initially recorded in Pounds Sterling at the foreign currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the foreign currency rate of exchange ruling at the balance sheet date.

All foreign currency translation differences are taken to the consolidated income statement. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

Other than Sterling the main functional currencies of subsidiaries are the Euro (€), the US Dollar ($) and the Australian Dollar (A$). At the reporting date, the assets and liabilities of non-sterling subsidiaries are translated into Pounds Sterling (£) at the rate of exchange ruling at the balance sheet date and their income statements are translated at the average exchange rates for the year. The post-tax exchange differences arising on the retranslation are taken directly to other comprehensive income.

On disposal of a foreign entity, the deferred cumulative retranslation differences previously recognised in equity relating to that particular foreign entity are recognised in the consolidated income statement as part of the profit or loss on disposal.

The following exchange rates were used in 2019 and 2018:

	2019		2018	
Currency	Average	Year end	Average	Year end
Euro (€)	1.137	1.182	1.130	1.113
US Dollar ($)	1.272	1.327	1.333	1.268
Australian Dollar (A$)	1.831	1.887	1.781	1.810

Income tax

Deferred tax is provided on all temporary differences at the balance sheet date, between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except:

- on the initial recognition of goodwill;
- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the tax profit; and
- associated with investments in subsidiaries, joint ventures and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the tax profit; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

4.3 Other accounting policies continued

Income tax continued

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax balances are not discounted.

Interest or penalties payable and receivable in relation to income tax are recognised as an income tax expense or credit in the consolidated income statement.

Income tax expenses are recognised within profit and loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or directly in equity.

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated balance sheet.

Equity instruments

Equity instruments issued by the Company are recorded at the fair value of proceeds received net of direct issue costs.

Dividends

Final dividends proposed by the Board of Directors and unpaid at the year end are not recognised in the financial statements until they have been approved by shareholders at the Annual General Meeting. Interim dividends are recognised when paid.

Revenue

The Group reports the gains and losses on all betting and gaming activities as revenue, which is measured at the fair value of the consideration received or receivable from customers less free bets, promotions, bonuses and other fair value adjustments. Gross win includes free bets, promotions and bonuses net of VAT/GST. The Group considers revenue to be out of the scope of IFRS 15 Revenue, and rather accounts for revenue within the scope of IFRS 9 Financial Instruments.

For licensed betting offices ("LBOs"), on course betting, Core Telephone Betting, mobile betting, Digital businesses (including sportsbook, betting exchange, casino, games, other number bets), revenue represents gains and losses, being the amounts staked and fees received, less total payouts recognised on the settlement of the event. Open betting positions are carried at fair value and gains and losses arising on these positions are recognised in revenue.

Revenue from the online poker business reflects the net income (rake) earned from poker games completed by the year end.

In the case of the greyhound stadia, revenue represents income arising from the operation of the greyhound stadia in the year, including sales of refreshments, net of VAT.

Finance expense and income

Finance expense and income arising on interest bearing financial instruments carried at amortised cost are recognised in the consolidated income statement using the effective interest rate method. Finance expense includes 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. All finance expenses are recognised over the availability period.

Share-based payment transactions

Certain employees (including Directors) of the Group receive remuneration in the form of equity settled share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity settled transactions).

The cost of equity settled transactions is measured by reference to the fair value at the date on which they are granted. Further details of which are given in note 30. In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of GVC Holdings PLC (market conditions).

The cost of equity settled transactions is recognised in the consolidated income statement, with a corresponding credit in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date). The cumulative expense recognised for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the Directors of the Group at that date, based on the best available estimate of the number of equity instruments, will ultimately vest.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share as shown in note 12.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2019

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

4.4 Future accounting developments

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

IFRS 3 Business Combinations	Amendments to clarify the definitions of a business	1 January 2020
IFRS 7 Financial Instruments: Disclosures IFRS 9 Financial Instruments IAS 39 Financial Instruments: Recognition and Measurement	Amendments regarding pre-placements issues in the context of the IBROR reform	1 January 2020
IFRS 17 Insurance Contracts	Original issue	1 January 2021
IAS1 Presentation of Financial Statements IAS 8 Accounting Policies, Changes in accounting Estimates and Errors	Amendments regarding the definition of material	1 January 2020

5 SEGMENT INFORMATION

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

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

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

The Executive management team of the Group has chosen to assess the performance of operating segments based on a measure of net revenue, EBITDAR, EBITDA, and operating profit with finance costs and taxation considered for the Group as a whole. See page 31 of this annual report for further considerations of the use of Non-GAAP measures. Transfer prices between operating segments are on an arm's-length basis in a manner similar to transactions with third parties.

5 SEGMENT INFORMATION CONTINUED

The segment results for the year ended 31 December were as follows:

2019	Online £m	UK Retail £m	European Retail £m	All other segments £m	Corporate £m	Elimination of internal revenue £m	Total Group £m
NGR	2,170.7	1,127.8	289.8	70.4	–	(3.6)	3,655.1
VAT/GST	(54.6)	–	–	–	–	–	(54.6)
Revenue	2,116.1	1,127.8	289.8	70.4	–	(3.6)	3,600.5
Gross Profit	1,367.8	817.7	143.6	49.1	–	–	2,378.2
Contribution[1]	887.2	812.6	138.0	45.4	–	–	1,883.2
Operating costs excluding marketing costs	(352.2)	(585.1)	(70.8)	(46.0)	(46.4)	–	(1,100.5)
Underlying EBITDAR before separately disclosed items	535.0	227.5	67.2	(0.6)	(46.4)	–	782.7
Rental costs	(1.1)	(19.6)	(0.8)	(0.1)	–	–	(21.6)
Underlying EBITDA before separately disclosed items	533.9	207.9	66.4	(0.7)	(46.4)	–	761.1
Share based payments	(5.5)	(1.0)	(0.3)	(0.1)	(5.8)	–	(12.7)
Depreciation and Amortisation	(116.0)	(72.7)	(29.0)	(1.1)	(0.4)	–	(219.2)
Share of joint ventures and associates	0.8	–	1.0	1.5	(12.5)	–	(9.2)
Operating profit/(loss) before separately disclosed items	413.2	134.2	38.1	(0.4)	(65.1)	–	520.0
Separately disclosed items (note 6)	(574.7)	0.8	(22.1)	(2.6)	(97.3)	–	(695.9)
Group operating (loss)/profit	(161.5)	135.0	16.0	(3.0)	(162.4)	–	(175.9)
Net finance income							1.7
Loss before tax							(174.2)
Income tax							33.5
Loss for the year							(140.7)

2018	Online £m	UK Retail £m	European Retail £m	All other segments £m	Corporate £m	Elimination of internal revenue £m	Total Group £m
NGR	1,712.7	1,014.9	211.7	43.8	–	(3.6)	2,979.5
VAT/GST	(44.3)	–	–	–	–	–	(44.3)
Revenue	1,668.4	1,014.9	211.7	43.8	–	(3.6)	2,935.2
Gross Profit	1,134.9	725.7	109.9	33.7	–	–	2,004.2
Contribution[1]	742.8	723.1	103.4	29.5	–	–	1,598.8
Operating costs excluding marketing/ rental costs	(289.3)	(463.7)	(47.7)	(27.2)	(47.2)	–	(875.1)
Underlying EBITDAR before separately disclosed items	453.5	259.4	55.7	2.3	(47.2)	–	723.7
Rental costs	(10.1)	(66.0)	(6.6)	–	(0.2)	–	(82.9)
Underlying EBITDA before separately disclosed items	443.4	193.4	49.1	2.3	(47.4)	–	640.8
Share based payments	(2.4)	(0.1)	(0.1)	–	(8.1)	–	(10.7)
Depreciation and Amortisation	(70.7)	(32.4)	(14.0)	(0.4)	(0.2)	–	(117.7)
Share of joint ventures and associates	0.8	–	2.7	4.9	–	–	8.4
Operating profit/(loss) before separately disclosed items	371.1	160.9	37.7	6.8	(55.7)	–	520.8
Separately disclosed items (note 6)	(503.5)	(50.5)	(7.0)	–	107.5	–	(453.5)
Group operating (loss)/profit	(132.4)	110.4	30.7	6.8	51.8		67.3
Net finance expenses							(86.2)
Loss before tax							(18.9)
Income tax							(37.5)
Loss for the year							(56.4)

5 SEGMENT INFORMATION CONTINUED

Geographical information

Revenue by destination and non-current assets on a geographical basis for the Group, are as follows:

	2019		2018	
	Revenue £m	Non-current assets[2] £m	Revenue £m	Non-current assets[2] £m
United Kingdom	1,954.1	3,325.2	1,572.4	3,292.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2019

Rest of the world	1,646.4	2,546.3	1,362.8	3,104.4
Total	3,600.5	5,871.5	2,935.2	6,396.7

1. Contribution represents gross profit less marketing costs and is a key performance metric used by the Group, particularly in Online.
2. Non-current assets excluding other financial assets, deferred tax assets and retirement benefit assets.

6 SEPARATELY DISCLOSED ITEMS

	2019 £m	2018 £m
Amortisation of acquired intangibles[1]	376.2	322.5
Impairment loss[2]	245.0	41.3
Integration costs[3]	44.9	14.5
Triennial restructuring costs[4]	8.7	2.3
Corporate transaction costs[5]	3.1	64.4
Tax litigation/ one-off legislative impacts[6]	(11.6)	186.8
Legal and onerous contract provisions[7]	3.4	9.2
Movement in fair value of contingent consideration[8]	44.4	(192.5)
Issue costs write off[9]	14.1	–
Profit on disposal of joint ventures and property, plant and equipment[10]	(19.0)	–
Other one-off items	0.8	5.0
Total before tax	710.0	453.5
Tax on separately disclosed items[11]	(79.9)	(19.3)
Separately disclosed items for the year	630.1	434.2

1. Amortisation charges in relation to acquired intangible assets primarily arising from the acquisitions of Ladbrokes Coral Group plc and Bwin.
2. During the current year, the Group recorded a non-cash impairment charge of £245.0m against the Online division, £243.9m in goodwill and £1.1m in PP&E. The charge has arisen in the Group's Australian CGU and follows the impact of unforeseen POCT in certain states/regions (e.g. New Zealand, Tasmania etc.), unexpected increases in product fees and lower pass through to customers in mitigation of POCT than originally anticipated at the time of the Ladbrokes Coral and Neds acquisitions. Whilst the Australian business continues to grow NGR and outperform its market with 2019 revenue growth of 22% (on a proforma basis and constant currency), the cost headwinds faced have reduced the value in use of the business resulting in the impairment charge. Following the impact of these items which were felt throughout 2019, the Australian business is now anticipating a more stable 2020 and current performance is in line with internal expectations. (2018: comprised a charge of £41.3m which had arisen in UK Retail following the decision to bring forward the implementation of the £2 limit on B2 machine stakes from 1 October 2019 to 1 April 2019.) See notes 14 and 15 for further details.
3. Costs associated with the integration of the Ladbrokes Coral Group and GVC businesses, including redundancy costs arising following the merger (2018: £14.5m).
4. Costs associated with the shop closure program including redundancy, consultation costs and other costs directly associated with the triennial response strategy, but excluding property related costs which are included in 7. below.
5. The Group incurred £3.1m of corporate transaction costs in relation to acquisitions and US licensing. In the prior year £64.4m of corporate transaction costs were incurred primarily in relation to the acquisition of Ladbrokes Coral Group plc and other smaller acquisitions.
6. Represents a £21.2m net release against the Greek tax provisions created in 2018 (see note 32) partially offset by a £5.8m cost for historic Austrian duty and £3.8m for a new UK income tax charge effective from April 2019, from which we expect to be exempt from April 2020 once the new UK / Gibraltar double taxation agreement enters into force.
7. Legal and onerous contract provisions include onerous contracts that have arisen as a result of the closure of shops and other legal and tax provisions outside the ordinary course of business.
8. Costs associated with movements in the fair value of contingent consideration on acquisition activity from previous years. The movement in fair value of contingent consideration in 2018 primarily related to the change in market value of the CVR since the date of acquisition of Ladbrokes Coral Group plc, partially offset by movements in the fair value of contingent consideration on other M&A activity from previous years.
9. Issue costs written off on the refinancing of the €1,125m loan during the second half of the year.
10. Relates to a £14.7m profit on the sale of joint ventures, and £4.3m profit on disposal of property, plant and equipment.
11. The tax credit on separately disclosed items of £79.9m (2018: £19.3million) represents 11.3% (2018: 4.3%) of the separately disclosed items incurred of £710.0m (2018: £453.5m). This is lower than the expected tax credit of 19.0% (2018: 19.0%) as goodwill impairment charges, certain corporate transaction costs and elements of integration costs and the Greek tax provision are non-deductible for tax purposes, and following a re-assessment of the recoverability of certain deferred tax assets at the year end.

The items above reflect incomes and expenditures which are either exceptional in nature or size or are associated with the amortisation of acquired intangibles they have been disclosed separately. The Directors believe that each of these items warrants separate disclosure as they are outside of the underlying trade of the Group and are not expected to persist beyond the short term (excluding the amortisation of acquired intangibles).

7 ADMINISTRATIVE COSTS

Profit/(loss) before tax, net finance expense and separately disclosed items has been arrived at after charging:

	2019 £m	2018 £m
Betting tax and Machine Games Duty	793.2	543.6
Revenue based payments	325.1	296.1
Software royalties	60.3	63.8
Other cost of sales	43.7	27.5
Cost of sales	1,222.3	931.0
Salaries and payroll-related expenses (note 9)	646.1	489.0
Property expenses	96.0	159.8

Content and levy expenses	**120.1**	98.3
Marketing expenses	**498.5**	405.4
Depreciation and amortisation – owned assets	**166.3**	117.7
Depreciation and amortisation – right-of-use assets	**52.9**	–
Other operating expenses	**269.1**	221.6
Administrative costs	**1,849.0**	1,491.8
Separately disclosed operating expenses before tax (note 6)	**695.9**	453.5
Total	**3,767.2**	2,876.3

Fees payable to KPMG were as follows:

	2019 £m	2018 £m
Audit and audit-related services:		
Audit of the parent Company and Group financial statements	**0.6**	0.6
Audit of the Company's subsidiaries	**1.3**	1.7
Audit-related assurance services	**0.3**	0.2
Non-audit services:		
Corporate finance services[1]	**–**	0.1
Taxation service fees	**0.1**	0.3
Total fees	**2.3**	2.9

1. Fees for corporate finance services relate to work undertaken on corporate transactions and work in respect of the acquisition of Ladbrokes Coral Group plc relating to support for the public reporting requirements of the deal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2019

8 FINANCE EXPENSE AND INCOME

	2019 £m	2018 £m
Bank loans and overdrafts	(71.5)	(63.9)
Interest on lease liabilities	(17.0)	–
Issue costs write off (note 6)	(14.1)	–
Total finance expense	(102.6)	(63.9)
Interest receivable	2.4	1.1
Gains arising on financial derivatives	17.6	58.3
Gains/(losses) arising on foreign exchange on debt instruments	84.3	(81.7)
Net finance income/(expense)	1.7	(86.2)

9 EMPLOYEE STAFF COSTS

The average monthly number of employees (including Executive Directors) was:

	2019 Number	2018 Number
Online	5,667	4,180
UK Retail	17,326	14,053
European Retail	1,085	968
Other	530	422
Corporate	310	303
	24,918	19,926

The number of people employed by the Group at 31 December 2019 was 24,614 (2018: 25,565).

	2019 £m	2018 £m
Wages and salaries	579.2	433.0
Redundancy costs	25.1	9.8
Social security costs	41.4	35.0
Other pension costs (note 29)	12.8	11.2
Share-based payments (note 30)	12.7	10.7
	671.2	499.7

In addition to salary, employees may qualify for various benefit schemes operated by the Group. Eligibility for benefits is normally determined according to an employee's length of service and level of responsibility. The amounts of some benefits are proportionate to individual salary.

Benefits may include insured benefits that can cover private healthcare for the employee and their immediate family, long-term disability, personal accident and death in service cover. Company cars, including fuel benefits, are provided predominantly to meet job requirements but also to certain executives.

10 INCOME TAX (CREDIT)/EXPENSE

Analysis of expense for the year:

	2019 £m	2018 £m
Current income tax:		
– UK	**2.1**	5.5
– overseas	**52.2**	43.5
– adjustments in respect of previous years	**(3.2)**	(2.6)
Deferred tax:		
– relating to origination and reversal of temporary differences	**(65.6)**	(8.9)
– adjustments in respect of previous years	**(19.0)**	–
Income tax (credit)/expense reported in the income statement	**(33.5)**	37.5
Deferred tax credited directly to other comprehensive income	**(36.6)**	(3.8)

A reconciliation of income tax credit applicable to loss before tax at the UK statutory income tax rate to the income tax (credit)/expense for the years ended 31 December 2019 and 31 December 2018 is as follows:

	2019 £m	2018 £m
Loss before tax	**(174.2)**	(18.9)
Corporation tax credit thereon at 19.00%	**(33.1)**	(3.6)
Adjusted for the effects of:		
– Lower effective tax rates on overseas earnings	**(15.2)**	(31.3)
– Non-deductible expenses	**9.3**	52.6
– Fair value adjustment to contingent consideration	**8.4**	5.1
– Release of Contingent Value Rights asset	**–**	2.2
– Goodwill impairment	**46.9**	–
– (Recognition of tax losses)/increase in unrecognised tax losses	**(14.8)**	13.5
– Fixed asset timing differences recognised[1]	**(11.3)**	–
– Difference in current and deferred tax rates	**(1.4)**	1.7
– Other	**(0.2)**	(0.1)
Adjustments in respect of prior years:		
– Deferred tax prior year adjustments	**(19.0)**	–
– Overseas current tax adjustments	**(1.2)**	3.2
– UK current tax adjustments	**(1.9)**	(5.8)
Income tax (credit)/expense	**(33.5)**	37.5
Reported as:		
– expense in consolidated income statement (before separately disclosed items)	**46.4**	56.8
– credit in consolidated income statement (tax on separately disclosed items) (note 6)	**(79.9)**	(19.3)
Income tax (credit)/expense	**(33.5)**	37.5

1. Included within fixed asset timing differences of £11.3m (2018: £nil) is £9.1m in relation to previously unrecognised deferred tax assets (2018: £nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2019

10 INCOME TAX (CREDIT)/EXPENSE CONTINUED

Deferred tax

Deferred tax at 31 December relates to the following:

	Deferred tax liabilities		Deferred tax assets	
	2019 £m	2018 £m	**2019 £m**	2018 £m
Property, plant and equipment	**–**	–	**(56.1)**	(36.4)
Intangible assets & goodwill	**322.0**	389.1	**(17.1)**	(18.8)
Retirement benefit assets	**23.4**	58.9	**–**	–
Losses	**–**	–	**(33.2)**	(19.8)
Other temporary difference	**12.8**	4.8	**(18.0)**	(1.6)
Deferred tax liabilities/(assets)	**358.2**	452.8	**(124.4)**	(76.6)

During the period the directors have reassessed the level of deferred tax asset recognised relating to interest charges carried forward to be deducted against future taxable profits. Following reassessment of the amounts now expected to be utilised, a deferred tax asset has been recognised to the extent that sufficient taxable temporary differences exist at the balance sheet date. This has resulted in a credit of £19.0m in the year in respect of historical interest amounts, recognised within amounts in respect of prior years' deferred tax.

Movements in deferred tax during the year ended 31 December 2019 were recognised as follows:

Net deferred tax liabilities/(assets):

	Property, plant and equipment £m	Intangible assets & goodwill £m	Retirement benefit assets £m	Losses £m	Other temporary differences £m	Total £m
At 1 January 2018	–	44.6	–	–	1.8	46.4
Income statement	1.6	(54.2)	(0.3)	42.3	1.7	(8.9)
Other comprehensive income	–	–	(3.8)	–	–	(3.8)
Acquired through business combinations	(38.0)	379.9	63.0	(62.1)	(0.3)	342.5
At 31 December 2018	(36.4)	370.3	58.9	(19.8)	3.2	376.2
Arising on transition to IFRS 16 (note 3)	**(14.3)**	**–**	**–**	**–**	**–**	**(14.3)**
Income statement	**(5.5)**	**(58.5)**	**1.1**	**(13.9)**	**(7.8)**	**(84.6)**
Other comprehensive income	**0.1**	**–**	**(36.6)**	**0.5**	**(0.6)**	**(36.6)**
Foreign exchange in other comprehensive income	**–**	**(6.9)**	**–**	**–**	**–**	**(6.9)**
At 31 December 2019	**(56.1)**	**304.9**	**23.4**	**(33.2)**	**(5.2)**	**233.8**

10 INCOME TAX (CREDIT)/EXPENSE CONTINUED

Deferred tax continued

Amounts presented on the consolidated balance sheet:

	2019 £m	2018 £m
Deferred tax liabilities	358.2	452.8
Deferred tax assets	(124.4)	(76.6)
Net deferred tax liability	233.8	376.2

Deferred tax assets are considered recognisable based on the ability of future offset against deferred tax liabilities or against future taxable profits. The amount recognised in the year for deferred tax relating to losses of £13.9m has arisen following the strength of the current year performance in UK Retail.

As at 31 December 2019, the Group had £1,437.5m (2018: £1,530.8m) of gross unrecognised deferred tax assets, consisting of £nil of accelerated capital allowances (2018: £34.5m), £255.2m of capital losses (2018: £258.8m), £1,129.7m of trading losses (2018: £1,237.5m) and £52.6m of deferred interest relief (£nil). These assets have not been recognised as they are not expected to be utilised in the foreseeable future.

There are no significant unrecognised taxable temporary differences associated with investments in subsidiaries.

The Group has a number of historical unresolved UK tax matters, in respect of which all amounts are fully provided, and all taxes have been paid. Whilst certain of these matters may be resolved within the next 12 months, it is unknown whether the resolution will be in the Group's favour.

The standard rate of UK corporation tax throughout the period was 19.0%. A reduction to the standard rate of corporation tax to 17.0%, effective from 1 April 2020, was substantively enacted on 6 September 2017.

The deferred tax assets and liabilities are measured at the tax rates of the respective territories which are expected to apply to the year in which the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax on retirement benefit assets is provided at 35.0%, which is the rate applicable to refunds.

11 DIVIDENDS

Pence per share	2019 pence	2018 pence	2019 Shares in issue number	2018 Shares in issue number
Prior year final dividend paid	16.0	15.2	581.9	303.7
Interim dividend paid	17.6	16.0	581.9	578.8

A proposed second interim dividend of 17.6 pence (2018: 16.0 pence) per share, amounting to £102.5m (2018: £93.1m) in respect of the year ended 31 December 2019 was proposed by the Directors on 5 March 2020. The estimated total amount payable in respect of the final dividend is based on the expected number of shares in issue on 5 March 2020. The 2019 interim dividend of 17.6 pence per share (£102.4m) was paid on 20 September 2019.

The dividends represented above are exclusive of dividends paid out of non-controlling interests of £8.1m (2018: £1.4m) and dividend credits on share options of £nil (2018: £2.5m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2019

12 EARNINGS PER SHARE

Basic earnings per share has been calculated by dividing the loss for the year attributable to shareholders of the Company of £153.7m (2018: £62.5m) by the weighted average number of shares in issue during the year of 582.0m (2018: 513.6m).

At 31 December 2018, there were 582.3m €0.01 ordinary shares in issue.

Given the loss for the year (2018: loss), the Group recognised a basic loss per share rather than a basic earnings per share. As such, the dilutive effects have not been considered in calculating the diluted loss per share.

The calculation of adjusted earnings per share before separately disclosed items, and for the removal of foreign exchange volatility arising on financial instruments has also been disclosed as it provides a better understanding of the underlying performance of the Group. Separately disclosed items are defined in note 4 and disclosed in note 6.

Total earnings per share

Weighted average number of shares (millions)	**2019**	2018
Shares for basic earnings per share	**582.0**	513.6
Potentially dilutive share options and contingently issuable shares	**7.3**	4.5
Shares for diluted earnings per share	**589.3**	518.1

Total profit	**2019 £m**	2018 £m
Loss attributable to shareholders	**(153.7)**	(62.5)
Gain arising from financial instruments	**(17.6)**	(58.3)
(Gain)/loss arising from foreign exchange debt instruments	**(84.3)**	81.7
Associated tax charge on gains arising from financial instruments and foreign exchange debt instruments	**4.1**	–
Separately disclosed items net of tax (note 6)	**630.1**	434.2
Adjusted profit attributable to shareholders	**378.6**	395.1

	Standard earnings per share		Adjusted earnings per share	
Earnings per share (pence)	**2019**	2018	**2019**	2018
Basic earnings per share				
From (loss)/profit for the period	**(26.4)**	(12.2)	**65.1**	76.9
Diluted earnings per share				
From (loss)/profit for the period	**(26.4)**	(12.2)	**64.2**	76.3

All numbers presented above are based on continuing activities.

13 GOODWILL AND INTANGIBLE ASSETS

	Goodwill £m	Licences £m	Software £m	Customer relationships £m	Consulting & magazine £m	Trade-marks & brand names £m	Total £m
Cost							
At 1 January 2018	1,002.0	–	266.5	197.2	4.4	173.5	1,643.6
Exchange adjustment	31.6	–	3.3	7.6	–	8.1	50.6
Additions	–	–	99.2	–	–	–	99.2
Additions from business combinations (restated)	2,324.4	15.9	151.3	751.5	–	1,773.5	5,016.6
Disposals	–	(0.1)	(5.4)	–	–	–	(5.5)
At 31 December 2018 (restated) (see note 31)	3,358.0	15.8	514.9	956.3	4.4	1,955.1	6,804.5
Exchange adjustment	**(115.6)**	**–**	**(4.4)**	**(20.4)**	**–**	**(29.4)**	**(169.8)**
Additions	**–**	**–**	**114.4**	**–**	**–**	**–**	**114.4**
Disposals	**(3.6)**	**(0.1)**	**(29.0)**	**–**	**(4.4)**	**–**	**(37.1)**
At 31 December 2019	**3,238.8**	**15.7**	**595.9**	**935.9**	**–**	**1,925.7**	**6,712.0**
Accumulated amortisation and impairment							
At 1 January 2018	29.6	–	143.2	78.6	4.4	26.8	282.6
Exchange adjustment	0.3	–	2.5	2.6	–	0.5	5.9
Amortisation charge	–	0.9	121.8	231.1	–	33.6	387.4
Impairment charge	–	4.5	0.6	–	–	–	5.1
Disposals	–	(0.1)	(5.4)	–	–	–	(5.5)
At 31 December 2018	29.9	5.3	262.7	312.3	4.4	60.9	675.5
Exchange adjustment	**(1.4)**	**–**	**(0.6)**	**(12.7)**	**–**	**(5.0)**	**(19.7)**
Amortisation charge	**–**	**1.1**	**146.1**	**293.6**	**–**	**40.5**	**481.3**
Impairment charge	**243.9**	**–**	**–**	**–**	**–**	**–**	**243.9**
Disposals	**–**	**(0.1)**	**(28.9)**	**–**	**(4.4)**	**–**	**(33.4)**
At 31 December 2019	**272.4**	**6.3**	**379.3**	**593.2**	**–**	**96.4**	**1,347.6**
Net book value							
At 31 December 2018	3,328.1	10.5	252.2	644.0	–	1,894.2	6,129.0
At 31 December 2019	**2,966.4**	**9.4**	**216.6**	**342.7**	**–**	**1,829.3**	**5,364.4**

At 31 December 2019, the Group had not entered into contractual commitments for the acquisition of any intangible assets (2018: £nil).

Included within trade-marks & brand names are £1,398.4m (2018: £1,398.4m) of intangible assets considered to have indefinite lives. These UK Ladbrokes and Coral brands are considered to have indefinite durability that can be demonstrated and their value can be readily measured. The brands operate in longstanding and profitable market sectors. The Group has a strong position in the market and there are barriers to entry due to the requirement to demonstrate that the applicant is a fit and proper person with the “know-how” required to run such operations.

Goodwill reflects the value by which consideration exceeds the fair value of net assets acquired as part of a business combination including the deferred tax liability arising on acquisitions.

Licences comprise the cost of acquired betting shop licences.

Software relates to the cost of acquired software, through purchase or business combination, and the capitalisation of internally developed and externally acquired software.

Customer relationships, trade-marks & brand names relate to the fair value of customer lists, trade-marks & brand names acquired as part of business combinations, primarily relating to the Bwin and Ladbrokes Coral Group plc businesses.

Refer to notes 6 and 14 for details of the impairment charge.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2019

14 IMPAIRMENT TESTING OF GOODWILL AND INDEFINITE LIFE INTANGIBLE ASSETS

An impairment loss is recognised for any amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Within UK and European Retail, the cash generating units ("CGUs") are generally an individual Licensed Betting Office ("LBO") and therefore, impairment is first assessed at this level for licences (intangibles) and property, plant and equipment, with any impairment arising booked first to licences and then to property, plant and equipment. Since goodwill and brand names has not been historically allocated to individual LBOs, a secondary assessment is then made to compare the carrying value of the segment against the recoverable amount with any additional impairment then taken against goodwill.

For Online the CGU is the relevant geographical location or business unit, for example Australia, European digital (defined as websites hosted by proprietary platforms based in European constituent countries), Digital (defined as websites hosted by GVC proprietary platforms) etc. and any impairments are made firstly to goodwill, next to any capitalised intangible asset and then finally to property, plant and equipment.

The expected cash flows generated by the assets are discounted using appropriate discount rates that reflect the time value of money and risks associated with the group of assets.

For both tangible and intangible assets, the future cash flows are based on the forecasts and budgets of the CGU or business discounted to reflect time value of money. The key assumptions within the UK and European Retail budgets are OTC wagers (customer visits and spend per visit), the average number of machines per shop, gross win per shop per week, salary increases, the potential impact of the stakes restriction on Fixed Odds Betting Terminals (FOBT) resulting from the review by the Department for Digital, Culture, Media and Sport (DCMS) and the fixed costs of the LBOs. The key assumptions within the budgets for Online are the number of active customers, net revenue per head, win percentage, marketing spend, revenue shares and operating costs.

The value-in-use calculations use cash flows based on detailed, board approved, financial budgets prepared by management covering a three-year period. These forecasts have been extrapolated over years 4 to 8 representing a declining growth curve from year 3 until the long term forecast growth rate is reached. The growth rates used from years 4-8 range from 0% to 16%. From year 9 onwards long term growth rates used are between 0% and 3.0% (2018: between 0% and 3.0%) and are based on the long term GDP growth rate of the countries in which the relevant CGUs operate or the relevant outlook for the business. A 0% growth rate has been used for the UK Retail operating segment due to the ongoing uncertainty surrounding the outlook after the triennial implementation. An 8-year horizon is considered appropriate based on the Group's history of underlying profit as well as ensuring there is an appropriate decline to long term growth rates from those growth rates currently observed in our key markets.

The discount rate calculation is based on the specific circumstances with reference to the WACC and risk factors expected in the industry in which the Group operates.

The pre-tax discount rates used and the associated carrying value of goodwill by CGU is as follows:

Goodwill	2019 %	2018 %	2019 £m	2018 £m
Digital	**9.3**	9.5	**2,045.1**	2,105.1
UK Retail	**9.3**	9.5	**76.4**	76.4
Australia	**10.9**	11.3	**326.5**	601.5
European Retail	**8.8 – 10.8**	8.9 – 11.1	**154.0**	163.4
European Digital	**10.1 – 10.8**	10.5 – 11.1	**334.3**	354.6
All other segments	**9.3**	9.5	**33.7**	31.4
			2,970.0	3,332.4

It is not practical or material to disclose the carrying value of individual licences by LBO.

14 IMPAIRMENT TESTING OF GOODWILL AND INDEFINITE LIFE INTANGIBLE ASSETS CONTINUED

Impairment recognised during the year

Impairments of intangible assets and property, plant and equipment are recognised as separately disclosed items.

During the current year, the Group recorded a non-cash impairment charge of £245.0m against the Online division, £243.9m in goodwill and £1.1m in PP&E. The charge has arisen in the Group's Australian CGU and follows the impact of unforeseen Point of Consumption tax (POCT) in certain states/regions (e.g. New Zealand, Tasmania etc.), unexpected increases in product fees and lower pass through to customers in mitigation of POCT than originally anticipated at the time of the Ladbrokes Coral and Neds acquisitions. Whilst the Australian business continues to grow NGR and outperform its market with 2019 revenue growth of 22% (on a proforma basis), the cost headwinds faced have reduced the value in use of the business resulting in the impairment charge. Following the impact of these items which were felt throughout 2019, the Australian business is now anticipating a more stable 2020 and current performance is in line with internal expectations.

Whilst the impairment charge has reduced the value at which the legacy Ladbrokes Coral businesses are carried, the Directors note that the headroom on the IAS 36 impairment reviews of the other legacy Ladbrokes Coral CGU's has increased significantly, with the aggregate value in use, including Australia, greater than it was in 2018.

Sensitivity analysis

A 2pp decline in the growth rate applied to the cash flows (with other assumptions remaining constant) would result in an additional impairment of £68.6m within the Australian CGU with no impact to the other CGUs.

A 5% decrease in all cash flows used in the discounted cash flow model for the value in use calculation (with other assumptions remaining constant) would result in an additional impairment of £28.9m within the Australian CGU with no other to the other CGUs.

A 0.5pp increase in discount rates used in the discounted cash flow model for the value in use calculation (with all other assumptions remaining constant) would result in an additional impairment of £50.9m within the Australian CGU with no impact to the other CGUs.

No other reasonable change in assumptions to the CGUs would cause any additional impairment.

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14 IMPAIRMENT TESTING OF GOODWILL AND INDEFINITE LIFE INTANGIBLE ASSETS CONTINUED

Impairment testing across the business

<table>
<tr><th></th><th>LICENCES/ FRANCHISEES</th><th>PPE & SOFTWARE</th><th>CUSTOMER RELATIONSHIPS</th><th>GOODWILL</th><th>BRAND NAME</th></tr>
<tr><td>DIGITAL</td><td colspan="4">Digital Impairment review</td><td rowspan="2">Combined Digital/UK Retail Impairment review</td></tr>
<tr><td>UK RETAIL</td><td colspan="2">UK Retail site by site Impairment review</td><td colspan="2">UK Retail - Impairment review</td></tr>
<tr><td>ROI</td><td colspan="2">ROI site by site Impairment review</td><td colspan="3">ROI Impairment review</td></tr>
<tr><td>EUROBET DIGITAL</td><td colspan="4">Eurobet Digital Impairment review</td><td rowspan="2">Eurobet Impairment review</td></tr>
<tr><td>EUROBET RETAIL</td><td colspan="4">Eurobet Retail Impairment review</td></tr>
<tr><td>BELGIUM DIGITAL</td><td colspan="4">Belgium Digital Impairment review</td><td rowspan="2">Belgium Impairment review</td></tr>
<tr><td>BELGIUM RETAIL</td><td colspan="4">Belgium Digital Impairment review</td></tr>
<tr><td>AUSTRALIA</td><td colspan="5">Australia Impairment review</td></tr>
<tr><td>INTERTRADER</td><td colspan="5">Intertrader Impairment review</td></tr>
</table>

15 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £m	Plant and equipment £m	Fixtures and fittings £m	Right-of-use assets £m	Total £m
Cost					
At 1 January 2018	4.6	4.7	54.9	–	64.2
Exchange adjustment	0.5	0.4	2.2	–	3.1
Additions	9.5	4.6	81.4	–	95.5
Additions from business combinations	20.2	53.2	100.8	–	174.2
Disposals	(4.0)	(0.9)	(31.1)	–	(36.0)
At 31 December 2018	30.8	62.0	208.2	–	301.0
Arising on transition to IFRS 16 (note 3)	**–**	**–**	**–**	**391.9**	**391.9**
Exchange adjustment	**(1.4)**	**(0.3)**	**(8.3)**	**(1.8)**	**(11.8)**
Additions	**14.5**	**17.0**	**62.2**	**54.8**	**148.5**
Disposals	**(14.3)**	**(0.1)**	**(24.6)**	**(5.1)**	**(44.1)**
At 31 December 2019	**29.6**	**78.6**	**237.5**	**439.8**	**785.5**
Accumulated depreciation					
At 1 January 2018	1.2	4.2	44.4	–	49.8
Exchange adjustment	0.3	0.2	1.4	–	1.9
Depreciation charge	12.7	2.9	37.2	–	52.8
Disposals	(4.3)	(1.2)	(29.8)	–	(35.3)
Impairment charge	11.4	0.8	24.0	–	36.2
At 31 December 2018	21.3	6.9	77.2	–	105.4
Arising on transition to IFRS 16 (note 3)	**–**	**–**	**–**	**136.7**	**136.7**
Exchange adjustment	**(1.0)**	**(0.2)**	**(2.2)**	**(0.3)**	**(3.7)**
Depreciation charge	**12.2**	**9.1**	**39.9**	**52.9**	**114.1**
Impairment	**–**	**–**	**–**	**1.1**	**1.1**
Disposals	**(11.3)**	**(0.1)**	**(24.6)**	**–**	**(36.0)**
At 31 December 2019	**21.2**	**15.7**	**90.3**	**190.4**	**317.6**
Net book value					
At 31 December 2018	9.5	55.1	131.0	–	195.6
At 31 December 2019	**8.4**	**62.9**	**147.2**	**249.4**	**467.9**

At 31 December 2019, the Group had not entered into contractual commitments for the acquisition of any property, plant and equipment (2018: £nil).

Included within property, plant and equipment are assets held under finance leases with a cost of £18.1m (2018: £nil) and a carrying value of £16.4m (2018: £nil).Included within fixtures, fittings and equipment are assets in the course of construction, which are not being depreciated, of £42.7m (2018: £38.4m) relating predominantly to the new EPOS system in UK Retail. Of the £5.1m disposals of ROU assets, £4.2m relate to a shortening of the lease term and therefore there has been a corresponding release of the IFRS 16 lease liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2019

15 PROPERTY, PLANT AND EQUIPMENT CONTINUED

Analysis of Right-Of-Use assets:

	Land and buildings £m	Plant and equipment £m	Fixtures and fittings £m	Total £m
Net book value				
At 31 December 2018	–	–	–	–
Arising on transition to IFRS 16	251.6	3.6	–	255.2
At 31 December 2019	**245.0**	**4.4**	**–**	**249.4**
Depreciation charge				
Year ended 31 December 2019	**50.6**	**2.3**	**–**	**52.9**

An impairment charge of £1.1m (2018: £36.2m) has been made against property, plant and equipment in the year. Please see notes 6 and 14 for further details.

16 INTEREST IN JOINT VENTURE

	Share of joint venture's net assets £m
Cost	
At 1 January 2018	–
Acquired through business combinations	21.9
Additions	20.5
Exchange adjustment	0.3
Share of profit after tax	3.4
At 31 December 2018	46.1
Disposals	(27.4)
Exchange adjustment	(1.9)
Share of loss after tax	(10.8)
At 31 December 2019	**6.0**

The joint venture represents the Group's investment in Roar Digital LLC set up in the US in which a 50% stake is held.

On 18 October 2019, the Group sold its 50% share holding in Sportium Apuestas Deportivas S.A. for proceeds net of associated costs of £63.3m (including accrued costs) with a carrying value of £27.4m. The consideration paid included amounts to be deferred of £21.2m relating to the provision of certain B2B services until 2024. Accordingly, a profit on disposal of £14.7m has been recognised within separately disclosed items.

Summarised financial information in respect of the joint venture's net assets is set out below:

	2019 £m	2018 £m
Non-current assets	12.6	57.2
Cash and cash equivalents	13.3	55.0
Other current assets	3.1	10.1
Current assets	16.4	65.1
Current liabilities	(17.0)	(26.5)
Non-current liabilities	–	(3.6)
Net assets	12.0	92.2
Group's share of net assets	6.0	46.1

16 INTEREST IN JOINT VENTURE CONTINUED

Summarised statement of comprehensive income	2019 £m	2018 £m
Revenue	132.7	83.0
Depreciation and amortisation	(5.7)	(6.2)
Other operating expenses	(147.5)	(68.0)
Income tax	(1.1)	(2.1)
(Loss)/profit for the year	(21.6)	6.7

Group's share of (loss)/profit	**(10.8)**	3.4

There are no contingent liabilities relating to the Group's interest in the joint venture.

The risks associated with the Group's interest in joint ventures is aligned to the same risks the Group is exposed to on the basis that they operate wholly within the betting and gaming market.

17 INTEREST IN ASSOCIATES AND OTHER INVESTMENTS

	Share of associates' net assets £m	Other investments £m	Total £m
Cost			
At 1 January 2018	1.1	2.9	4.0
Additions from business combinations	20.2	5.7	25.9
Revaluation gain	–	0.3	0.3
Share of profit after tax	5.0	–	5.0
Dividends received	(9.4)	–	(9.4)
Share of other comprehensive income	0.2	–	0.2
At 31 December 2018	17.1	8.9	26.0
Additions	**–**	**0.5**	**0.5**
Revaluation gain	**–**	**1.5**	**1.5**
Share of profit after tax	**1.6**	**–**	**1.6**
Dividends received	**(1.2)**	**–**	**(1.2)**
Share of other comprehensive income	**1.0**	**–**	**1.0**
Foreign exchange	**0.5**	**–**	**0.5**
At 31 December 2019	**19.0**	**10.9**	**29.9**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2019

17 INTEREST IN ASSOCIATES AND OTHER INVESTMENTS CONTINUED

Associates

Summarised financial information in respect of the associates is set out below:

	2019 £m	2018 £m
Non-current assets	12.5	89.7
Current assets	102.4	13.4
Current liabilities	(44.4)	(34.9)
Non-current liabilities	–	(2.2)
Net assets	70.5	66.0
Group's share of net assets	19.0	17.1
Revenue for the year	221.6	192.8
Profit for the year	4.0	20.1
Other comprehensive income	4.5	0.8
Total comprehensive income	8.5	20.9
Group's share of total comprehensive income	2.6	5.2

Further details of the Group's associates are listed in note 33.

The financial year end of Sports Information Services (Holdings) Limited ("SIS"), an associate of the Group, is 31 March. The Group has included the results for SIS for the 12 months ended 31 December 2019. SIS is a private company and there is no quoted market price available for its shares.

The risks associated with associate investments is considered to be aligned to the same risks the Group is exposed to on the basis that they operate wholly within the betting and gaming market.

Other investments of £10.9m (2018: £8.9m) consist of investments which have no fixed maturity date or coupon rate.

18 TRADE AND OTHER RECEIVABLES

	2019 £m	Restated 2018 £m
Trade receivables	2.2	5.1
Other receivables	415.0	308.6
Finance lease receivable	4.2	–
Prepayments	59.5	89.0
	480.9	402.7

Trade and other receivables are presented on the Balance Sheet as follows:

	2019 £m	Restated 2018 £m
Current	477.6	402.1
Non-current	3.3	–
Total	480.9	402.1

Trade receivables are non-interest bearing and are generally on 30-90 day terms. Trade receivables are reviewed for impairment on an ongoing basis, taking account of the ageing of outstanding amounts and the credit profile of customers. Impaired receivables, including all trade receivables that are a year old, are provided for in an allowance account. Impaired receivables are derecognised when they are assessed as irrecoverable.

The majority of other receivables consists of the receivable for Greek tax (see note 32), deposits with brokers and amounts receivable from payment services providers.

19 CASH AND CASH EQUIVALENTS

	2019 £m	2018 £m
Cash and short-term deposits	**390.1**	421.9
Short term investments	**–**	2.6
Total cash and cash equivalents	**390.1**	424.5

Cash and cash equivalents in the consolidated statement of cash flows comprises cash at bank with a maturity of three months or less, overdrafts net of short term investments and includes £26.9m (2018: £29.4m) held in trust in respect of customers.

20 TRADE AND OTHER PAYABLES

Current trade and other payables comprise:

	2019 £m	Restated 2018 £m
Trade payables	**46.3**	48.3
Other payables	**101.2**	116.2
Social security and other taxes	**234.2**	220.4
Accruals	**297.0**	254.2
	678.7	639.1

21 LEASE LIABILITIES

	2019 £m	2018 £m
Current		
Lease liabilities	**75.5**	–
Non-current		
Lease liabilities	**288.0**	–
Total lease liabilities	**363.5**	–

Of the lease liabilities recorded, £347.1m relates to those recognised due to the adoption of IFRS 16. Please refer to note 8 for interest expense on the lease liabilities.

The Group's leasing activity consists of leases on property, cars, gaming machines and office equipment. The majority of those relate to the leasing of LBOs within the UK Retail estate.

In relation to those leases recognised under IFRS 16 (see below for more detail), each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments on gaming machines based on a percentage of revenue) are excluded from the measurement of the lease liability and asset. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 15).

Leases of vehicles and IT equipment are generally limited to a new lease term of 3 to 5 years. Leases of property generally have a lease term ranging from 5 years to 10 years, with some legacy leases extending out to 20 years. Most new leases of property are now generally expected to be limited to no more than 10 years, with a break option after no more than 5 years, except in special circumstances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2019

21 LEASE LIABILITIES CONTINUED

The maturity analysis of lease liabilities at 31 December 2019 is as follows:

	Minimum lease payments due				
2019	Within 1 year £m	1-2 years £m	2-5 years £m	> 5 years £m	Total £m
Net present value	**75.5**	**68.9**	**128.2**	**90.9**	**363.5**
2018					
Net present value	–	–	–	–	–

Lease payments not recognised as a liability

The Group continues to pay rents where it continues to occupy properties after the lease has expired. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

The use of extension and termination options gives the Group added flexibility in the event it has identified more suitable premises in terms of cost and/or location or determined that it is advantageous to remain in a location beyond the original lease term. An option is only exercised when consistent with the Group's regional markets strategy and the economic benefits of exercising the option exceeds the expected overall cost.

Group as Lessor:

Finance lease receivables are included in the statement of financial position within trade and other receivables and are as follows:

	2019 £m	2018 £m
Current	**0.9**	–
Non-current	**3.3**	–

The maturity analysis of lease receivables, including the undiscounted lease payments to be received are as follows:

	Minimum lease payments due				
2019	Within 1 year £m	1-2 years £m	2-5 years £m	> 5 years £m	Total £m
Lease payments receivable	**0.9**	**1.4**	**0.6**	**1.3**	**4.2**
2018					
Lease payments receivable	–	–	–	–	–

Operating lease commitments – Group as lessor

A number of the sublease agreements for unutilised space in the UK shop estate are not classified as finance leases within IFRS 16. These non-cancellable leases have remaining lease terms of between one and nine years.

Future minimum rentals receivable under non-cancellable operating leases at 31 December are as follows:

	2019 £m	2018 £m
Within one year	**0.6**	2.0
After one year but not more than five years	**1.4**	3.3
After five years	**1.0**	2.0
	3.0	7.3

22 INTEREST BEARING LOANS AND BORROWINGS

	2019 £m	2018 £m
Current		
Euro denominated loans	8.4	–
USD denominated loans	17.8	6.2
Sterling denominated loans	5.3	8.1
	31.5	14.3
Non-current		
Euro denominated loans	951.1	818.8
USD denominated loans	581.0	609.1
Sterling denominated loans	552.4	793.2
	2,084.5	2,221.1

On 4 July 2019, the Group repaid £100.0m of term loans.

On 25 September 2019, the Group raised €1,125.0m of term loans repayable on 29 March 2024 at an interest rate of EURIBOR+ 2.50%. On the same date the Group repaid loans of £175.0m and €925.0m. As a result of the repayment, £14.1m of issuance costs held against the repaid loans were written off to separately disclosed items.

As at 31 December 2019, £460.0m of committed bank facilities were undrawn (2018: £495.0m).

23 PROVISIONS

	Property provisions[1] £m	Restructuring provision[2] £m	Litigation and regulation provisions[3] £m	Total £m
At 1 January 2018	2.9	–	3.3	6.2
Acquired through business combinations	70.7	2.7	30.1	103.5
Provided	14.4	9.8	119.4	143.6
Utilised	(11.5)	(9.6)	(7.2)	(28.3)
Released	(8.6)	–	–	(8.6)
Discount unwind	0.6	–	–	0.6
Exchange adjustment	0.1	–	–	0.1
At 31 December 2018	68.6	2.9	145.6	217.1
Effect of transition to IFRS 16 (note 3)	(51.7)	–	–	(51.7)
Provided	9.4	18.9	–	28.3
Utilised	(9.2)	(12.7)	(53.3)	(75.2)
Released	(2.2)	–	(24.6)	(26.8)
Reclassification	(1.9)	–	1.9	–
Exchange adjustment	–	–	(2.2)	(2.2)
At 31 December 2019	**13.0**	**9.1**	**67.4**	**89.5**

1. The Group is party to a number of leasehold property contracts. Provision has been made against the unavoidable non-rent costs on those leases where the property is now vacant. Provisions have been based on management's best estimate of the minimum future cash flows to settle the Group's obligations, taking into account the risks associated with each obligation, discounted at a risk-free interest rate. The periods of vacant property commitments range from 1 to 16 years (2018: 1 to 17 years).As a result of the implementation of IFRS 16, the rental elements of certain property provisions are now included within lease liabilities.
2. Restructuring provisions relate to redundancy costs provided in association with merger and acquisition activities.
3. Other provisions include legal, insurance and regulatory provisions associated with certain claims and taxes of which £49.3m relates to Greek tax. See note 32 for further details.

Of the total provisions at 31 December 2019, £73.0m (2018: £160.5m) is current and £16.5m (2018: £56.6m) is non-current.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2019

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's treasury function provides a centralised service for the provision of finance and the management and control of liquidity, foreign exchange rates and interest rates. The function operates as a cost centre and manages the Group's treasury exposures to reduce risk in accordance with policies approved by the Board.

The Group's principal financial instruments comprise bank loans, overdrafts, loan notes, bonds, financial guarantee contracts, and cash and short-term deposits, together with certain derivative financial instruments. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments such as trade receivables, trade payables and accruals that arise directly from its operations. Details of derivatives are set out in note 25.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken other than betting and gaming transactions and for the purposes of currency trading as part of the newly acquired Intertrader business. Activity of this nature is only undertaken by the customer and is not speculative activity of the Group. The Group's exposure to ante-post betting and gaming transactions is not significant.

The main financial risks for the Group are exchange rate risk, interest rate risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. The Group also monitors the market price risk arising from all financial instruments.

Interest rate risk

The Group is exposed to interest rate risk on certain of its interest-bearing loans and borrowings and on cash and cash equivalents.

The Group's policy for the year ended 31 December 2019 was to maintain a minimum of 20.0% (2018: 20.0%) of total borrowings at fixed interest rates to reduce its sensitivity to movements in variable short-term interest rates. At 31 December 2019, £500.0m (2018: £500.0m) or 24.0% (2018: 22.5%) of the Group's borrowings were at fixed rates.

Interest on financial instruments at floating rates is repriced at intervals of less than six months. Interest on financial instruments at fixed rates is fixed until the maturity of the instrument.

Due to reform currently being undertaken over interest rate benchmarking, there may be a possible future impact to the interest charged to the Group annually on IBOR linked borrowings.

The table below demonstrated the sensitivity to reasonably possible changes in interest rates on income for the year when this movement is applied to the carrying value of financial liabilities:

	Profit before tax	
Effect on:	**2019**	2018
25 basis points increase	**6.4**	4.8

Foreign currency risk

Given the multi-national nature of the business, the Group is exposed to foreign exchange gains and losses on its trading activities, the net assets of its overseas subsidiaries and its non-GBP denominated financing facilities. The primary currencies that the Group is exposed to fluctuations in are the Euro, Australian Dollar and US Dollar.

Whilst the Group does not actively hedge the foreign exposure on its trading cash flows, it continuously monitors exposures to individual currencies, taking remediating actions as necessary to manage any significant risks as they arise. In the event that the Group anticipates large transactions in currencies other than GBP, then forward exchange contracts are taken out to manage the potential foreign exchange exposure.

The Group's exposure to the translation of net assets on foreign currency subsidiaries into its reporting currency are partially offset by the opposite exposure on the Group's financing facilities providing a natural economic hedge, even though the Group does not apply hedge accounting. The Group's policy on borrowings is broadly aligned to the underlying cash flows of the business.

The Group has financing facilities in GBP, Euro and US Dollars. As the Group's overseas subsidiaries largely report in Euros, the Group has taken out a swap contract to hedge the US dollar debt into Euros in order to align the foreign currency exposure on the Group's financing facilities with that on the net assets of its subsidiaries.

A 5% weakening in the Euro would reduce Group operating profit by £23.0m (2018: £13.5m) and net assets by £9.0m (2018: £24.0m).

A 5% weakening in the Australian Dollar would reduce Group operating profit by £1.2m and net assets by £27.0m (2018: £44.2m)

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

Credit risk

The Group is not subject to significant concentration of credit risk, with exposure spread across a large number of counterparties and customers.

Receivable balances are monitored on an ongoing basis. Any changes to credit terms are assessed and authorised by senior management on an individual basis.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and a loan to a joint venture, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Credit risk in respect of cash and cash equivalents is managed by restricting those transactions to banks that have a defined minimum credit rating and by setting an exposure ceiling per bank.

The Group also has exposure to credit risk arising from the financial guarantee contracts provided by the Group. This risk is partly mitigated by the indemnity received from Hilton Hotels Corporation for any loss incurred in connection with these guarantees. For further detail of these guarantees refer to note 25.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of borrowings with a range of maturities. The Group's policy on liquidity is to ensure that there are sufficient medium-term and long-term committed borrowing facilities to meet the medium-term funding requirements. At 31 December 2019, there were undrawn committed borrowing facilities of £460.0m (2018: £495.0m). Total committed facilities had an average maturity of 4.0 years (2018: 5.0 years).

The total gross contractual undiscounted cash flows of financial liabilities, including interest payments, fall due as follows. Cash flows in respect of financial guarantee contracts reflect the probability weighted cash flows.

2019	**On demand or within 1 year £m**	**1-2 years £m**	**2-5 years £m**	**> 5 years £m**	**Total £m**
Interest bearing loans and borrowings	**103.1**	**262.8**	**2,006.6**	**–**	**2,372.5**
Other financial liabilities	**27.3**	**160.0**	**0.6**	**1.2**	**189.1**
Trade and other payables	**444.5**	**–**	**–**	**–**	**444.5**
Lease liabilities	**89.9**	**83.6**	**145.5**	**103.2**	**422.2**
Total	**664.8**	**506.4**	**2,152.7**	**104.4**	**3,428.3**

2018	On demand or within 1 year £m	1-2 years £m	2-5 years £m	> 5 years £m	Total £m
Interest bearing loans and borrowings	84.2	181.9	950.1	1,441.4	2,657.6
Other financial liabilities	24.2	161.2	0.6	1.4	187.4
Trade and other payables	638.3	–	–	–	638.3
Total	746.7	343.1	950.7	1,442.8	3,483.3

The Group secures the use of its retail premises primarily through taking out leases for these premises. Typically, the leases are for a duration between 5 and 20 years. In respect of the UK property portfolio there is commonly a right to renew leases on expiry, by virtue of the Landlord and Tenant Act 1954. Details of discounted contractual cash flows of leasing liabilities are set out in note 21.

Capital risk management

The primary objective of the Group's capital management is to ensure that it maintains a credit quality that enables the Group to raise funds at an economic interest rate and to maintain healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, adjust borrowings, return capital to shareholders or issue new shares.

The Group monitors capital using a net debt to proforma EBITDA ratio (before separately disclosed items). The ratio at 31 December 2019 was 2.9 times (2018: 2.5 times).

The Group's funding policy is to raise funds centrally to meet the Group's anticipated requirements. These are planned so as to mature at different stages in order to reduce refinancing risk. The Board reviews the Group's capital structure and liquidity periodically.

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25 FINANCIAL INSTRUMENTS AND FAIR VALUE DISCLOSURES

The table below analyses the Group's financial instruments into their relevant categories:

31 December 2019	Amortised cost £m	Assets/(liabilities) at fair value through profit loss £m	Assets at fair value through other comprehensive income £m	Total £m
Assets				
Non-current:				
Other investments	1.8	4.2	4.9	10.9
Other financial assets	2.1	–	–	2.1
Current:				
Trade and other receivables	301.1	–	–	301.1
Derivative financial instruments	–	47.4	–	47.4
Cash and short-term investments (including customer funds)	390.1	–	–	390.1
Total	695.1	51.6	4.9	751.6
Liabilities				
Current:				
Customer balances	(335.4)	–	–	(335.4)
Interest bearing loans and borrowings	(31.5)	–	–	(31.5)
Trade and other payables	(444.5)	–	–	(444.5)
Other financial liabilities[1]	–	(30.7)	–	(30.7)
Lease liabilities (note 21)	(75.5)	–	–	(75.5)
Non-current:				
Interest bearing loans and borrowings	(2,084.5)	–	–	(2,084.5)
Other financial liabilities[1]	(2.4)	(123.4)	–	(125.8)
Lease liabilities (note 21)	(288.0)	–	–	(288.0)
Total	(3,261.8)	(154.1)	–	(3,415.9)
Net financial assets/(liabilities)	(2,566.7)	(102.5)	4.9	(2,664.3)

25 FINANCIAL INSTRUMENTS AND FAIR VALUE DISCLOSURES CONTINUED

31 December 2018	Amortised cost £m	Assets/ (liabilities) at fair value through profit loss £m	Assets at fair value through other comprehensive income £m	Total £m
Assets				
Non-current:				
Other investments	1.4	2.6	4.9	8.9
Other financial assets	1.5	–	–	1.5
Current:				
Trade and other receivables	314.0	–	–	314.0
Derivative financial instruments	–	43.3	–	43.3
Other financial assets	–	3.4	–	3.4
Cash and short-term investments (including customer funds)	424.5	–	–	424.5
Total	741.4	49.3	4.9	795.6
Liabilities				
Current:				
Customer balances	(312.5)	–	–	(312.5)
Trade and other payables	(417.9)	–	–	(417.9)
Interest bearing loans	(14.3)	–	–	(14.3)
Other financial liabilities[1]	–	(16.3)	–	(16.3)
Non-current:				
Interest bearing loans and borrowings	(2,221.1)	–	–	(2,221.1)
Other financial liabilities[1]	(35.0)	(108.5)	–	(143.5)
Total	(3,000.8)	(124.8)	–	(3,125.6)
Net financial assets/(liabilities)	(2,259.4)	(75.5)	4.9	(2,330.0)

1. Other financial liabilities include £134.0m deferred and contingent consideration (2018: £109.2m), £nil due to the Playtech agreement described below (2018: £35.0m), £2.4m of financial guarantees (2018: £2.6m) and £20.1m of ante-post liabilities (2018: £12.9m).

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25 FINANCIAL INSTRUMENTS AND FAIR VALUE DISCLOSURES CONTINUED

Playtech Plc

During the year, the Group renegotiated its contract with Playtech as part of the integration of the legacy GVC and Ladbrokes Coral businesses. The renegotiated contract extinguishes the previous £35.0m payable to Playtech Plc.

Fair value hierarchy

IFRS 13 requires financial assets and liabilities recorded at fair value to be categorised in three levels according to the inputs used in the calculation of their fair value:

- Level 1 – uses quoted prices as the input to fair value calculations
- Level 2 – uses inputs other than quoted prices, that are observable either directly or indirectly
- Level 3 – uses inputs that are not observable

The following tables illustrate the Group's financial assets and liabilities measured at fair value after initial recognition at 31 December 2019 and 31 December 2018:

				2019
	Level 1 £m	**Level 2 £m**	**Level 3 £m**	**Total £m**
Assets measured at fair value				
Other investments	**–**	**4.2**	**4.9**	**9.1**
Derivative financial instruments	**–**	**47.4**	**–**	**47.4**
Total	**–**	**51.6**	**4.9**	**56.5**
Liabilities measured at fair value				
Other financial liabilities	**–**	**–**	**(154.1)**	**(154.1)**
Total	**–**	**51.6**	**(149.2)**	**(97.6)**
Net assets/(liabilities) measured at fair value				

				2018
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets measured at fair value				
Other investments	–	2.6	4.9	7.5
Derivative financial instruments	43.3	–	–	43.3
Other financial assets	–	–	3.4	3.4
Total	43.3	2.6	8.3	54.2
Liabilities measured at fair value				
Other financial liabilities	–	–	(124.8)	(124.8)
Total	–	–	(124.8)	(124.8)
Net assets/(liabilities) measured at fair value	43.3	2.6	(116.5)	(70.6)

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

Included within other financial assets and derivative financial instruments measured at fair value is: the Group's currency swaps held against debt instruments £47.4m (2018: £43.3m), investment in Hui 10, designated as fair value through other comprehensive income, of £4.9m (2018:£4.9m) and a convertible equity instrument with Visa Inc. for £4.2m (2018: £2.6m). The fair value of the investment at 31 December 2019 is not materially different to its original cost.

Contingent consideration

Contingent consideration arises through business combinations, the fair value for which is reassessed at each reporting date using updated inputs and assumptions based on the latest financial forecasts of each respective business. As at 31 December 2019, contingent consideration included within other financial liabilities was £134.0m (2018: £109.2m) arising from the historical transactions involving Mars LLC, Neds International Pty Limited, Sigma Booking Limited, Argon Financial Limited and Dusk Till Dawn Limited. The historical amounts related to the Zatrix acquisition were settled in full during the year ended 31 December 2019.

25 FINANCIAL INSTRUMENTS AND FAIR VALUE DISCLOSURES CONTINUED

Ante-post

Ante-post liabilities are valued using methods and inputs that are not based upon observable market data. There are no reasonably probable changes to assumptions or inputs that would lead to material changes in the fair value determined, although the final value will be determined by future sporting results. The principal assumptions relate to anticipated gross win margins on unsettled bets.

Financial Guarantee Contracts

Financial guarantee contracts of £2.4m (2018: £2.6m), were acquired through the acquisition of Ladbrokes Coral Group plc. These are classified as level 3 financial instruments as their fair value is measured using techniques where the significant inputs are not based on observable market data.

26 NET DEBT

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

	2019 £m	2018 £m
Current assets		
Cash and short-term deposits	390.1	421.9
Current liabilities		
Interest bearing loans and borrowings	(31.5)	(14.3)
Non-current liabilities		
Interest bearing loans and borrowings	(2,084.5)	(2,221.1)
Accounting net debt	**(1,725.9)**	(1,813.5)
Cash held on behalf of customers	(335.4)	(312.5)
Fair value swaps held against debt instruments (derivative financial assets)	47.4	43.3
Balances held with brokers	129.1	93.6
Balances held with payment service providers	78.5	89.9
Short term investments	–	2.6
Adjusted net debt	**(1,806.3)**	(1,896.6)
Lease liabilities	(363.5)	–
Net debt including lease liabilities	(2,169.8)	(1,896.6)

Of the lease liabilities included, £347.1m have arisen as a result of the adoption of IFRS 16.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2019

27 SHARE CAPITAL

	Number of €0.01 ordinary shares	Total €m	Total £m
Authorised:			
At 31 December 2018 and 31 December 2019	**773,000,000**	**7.7**	**6.4**
Issued and fully paid:			
At 1 January 2018	303,726,475	3.0	2.3
Exercise of share options	3,873,132	0.1	0.1
Allotment of shares	2,444,150	–	–
Issue of shares to fund acquisition of Ladbrokes Coral Group plc	271,826,514	2.7	2.4
At 31 December 2018	581,870,271	5.8	4.8
Exercise of share options	**461,675**	**–**	**–**
At 31 December 2019	**582,331,946**	**5.8**	**4.8**

The Company's share capital consists entirely of ordinary shares, accordingly all shares rank pari passu in all respects.

See note 30 for further information on terms and amounts of shares reserved for issue under options.

28 NOTES TO THE STATEMENT OF CASH FLOWS

28.1 Reconciliation of (loss)/profit to net cash inflow from operating activities:

	2019 £m	2018 £m
(Loss)/profit before tax and net finance expense including discontinued operations	**(175.9)**	67.3
Adjustments for:		
Impairment	**245.0**	41.3
Profit on disposal	**(19.0)**	–
Depreciation of property, plant and equipment	**114.1**	52.8
Amortisation of intangible assets	**481.3**	387.4
Share based payments charge	**12.7**	6.3
Decrease in short term investments	**2.6**	–
Decrease/(increase) in other financial assets	**2.8**	(1.0)
Decrease/(increase) in trade and other receivables	**(92.0)**	(80.0)
Decrease in other financial liabilities	**(30.5)**	(1.9)
(Decrease)/increase in trade and other payables	**29.5**	16.5
(Decrease)/increase in provisions	**(73.7)**	106.8
Non-cash movements relating to pensions	**(3.0)**	0.7
Share of results from joint venture and associate	**9.2**	(8.2)
Other non-cash items	**40.6**	(192.5)
Cash generated by operations	**543.7**	395.5

28 NOTES TO THE STATEMENT OF CASH FLOWS CONTINUED

28.2 Reconciliation of movements of liabilities to cash flows arising from financing activities:

			2019 £m			2018 £m
	Other loans and borrowings	**Lease liabilities**	**Total**	Other loans and borrowings	Finance lease liabilities	Total
Balance at 1 January	2,235.4	–	2,235.4	262.5	–	262.5
Arising on adoption of IFRS 16	–	379.3	379.3	–	–	–
Restated at 1 January	2,235.4	379.3	2,614.7	–	–	–
Changes from financing cash flows						
Proceeds from borrowings, net of issue costs	1,032.9	–	1,032.9	1,366.0	–	1,366.0
Repayment of borrowings	(1,099.1)	–	(1,099.1)	(664.9)	–	(664.9)
Payment of lease liabilities[1]	–	(78.5)	(78.5)	–	(1.1)	(1.1)
Total changes from financing cash flows	(66.2)	(78.5)	(144.7)	701.1	(1.1)	700.0
Changes arising from obtaining control of Ladbrokes Coral Group plc	–	–	–	1,197.3	1.1	1,198.4
The effect of changes in foreign exchange	(84.3)	(2.1)	(86.4)	66.7	–	66.7
Other changes						
Interest expense	72.5	16.8	89.3	58.3	–	58.3
Interest paid	(54.5)	(16.8)	(71.3)	(56.1)	–	(56.1)
New finance leases	–	72.9	72.9	–	–	–
Finance fees	13.1	–	13.1	5.6	–	5.6
Remeasurement adjustments	–	(8.1)	(8.1)	–	–	–
Total other changes	31.1	64.8	95.9	7.8	–	7.8
Balance at 31 December	2,116.0	363.5	2,479.5	2,235.4	–	2,235.4

1. In addition to the above, the Group received £0.8m (2018: £nil) in respect of finance lease receivables resulting in a net repayment of finance leases of £77.7m (2018: £1.1m).

Non cash movements include amounts acquired as a result of business combinations and the amortisation of issue costs incurred in respect of debt instruments.

29 RETIREMENT BENEFIT SCHEMES

Defined contribution schemes

During the year, the Group charged contributions of £14.0m (2018: £10.3m) to the consolidated income statement in relation to the defined contribution pension schemes.

Defined benefit plans

Judgement is applied, based on legal, actuarial, and accounting guidance in IFRIC 14, regarding the amounts of net pension asset that is recognised in the consolidated balance sheet.

The Group has two significant defined benefit plans, the Ladbrokes Pension Plan and the Gala Coral Pension Plan. Both are final salary pension plans for UK employees. These are closed to new employees and future accrual.

At retirement, each member's pension is related to their final pensionable salary for the Ladbrokes Pension Plan and their "career average earnings" for the Gala Coral Pension Plan. The weighted average duration of the expected benefit payments from the Plan is around 17 years (2018: 17 years) for Ladbrokes Pension Plan and 21 years (2018: 21 years) for the Gala Coral Pension Plan.

The Plans' assets are held separately from those of the Group. The Plans are approved by HMRC for tax purposes, and are managed by an independent set of Trustees. The Plans are subject to UK regulations, which require the Group and Trustees to agree a funding strategy and contribution schedule at least every three years. Under the current contribution schedule in place, the Group does not pay contributions to the Ladbrokes Pension Plan or Gala Coral Pension Plan but are paying the administrative costs related to the Gala Coral Pension Plan scheme.

There is a risk to the Group that adverse circumstances could lead to a requirement for the Group to make additional contributions to recover any deficit that arises. As at the date of signing the financial statements no such event has arisen.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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29 RETIREMENT BENEFIT SCHEMES CONTINUED

The results of the formal actuarial valuation as at 30 June 2016 for the Ladbrokes Pension Plan and 30 June 2019 for the Gala Coral Pension Plan were updated to 31 December 2019 by an independent qualified actuary in accordance with IAS 19 (Revised) Employee Benefits. The value of the defined benefit obligation and current service cost have been measured using the projected unit credit method, as required by IAS 19 (Revised). Actuarial gains and losses are recognised immediately through other comprehensive income.

During the year, the Group undertook a pension buy-in on the Ladbrokes pension scheme with the assets of the scheme replaced with an insurance policy against the payment of future liabilities. As a result of the buy-in, the Group recorded an actuarial loss of £81.3m which has been recognised within the Statement of Comprehensive Income. An associated deferred tax credit of £28.5m has also been recognised in the Statement of Other Comprehensive Income.

The amounts recognised in the balance sheet are as follows:

	2019 (Coral) £m	**2019 (Ladbrokes) £m**	**2019 Total £m**	2018 (Coral) £m	2018 (Ladbrokes) £m	2018 Total £m
Present value of funded obligations	**(396.0)**	**(357.5)**	**(753.5)**	(358.9)	(316.6)	(675.5)
Fair value of plan assets	**455.9**	**364.2**	**820.1**	418.1	425.6	843.7
Net asset	**59.9**	**6.7**	**66.6**	59.2	109.0	168.2
Disclosed in the balance sheet as: Retirement benefit asset	**59.9**	**6.7**	**66.6**	59.2	109.0	168.2

The Group has considered the appropriate accounting treatment in respect of the pension plan surplus, taking into account the current agreement with the Trustees and concluded the recognition of the surplus is appropriate.

The amounts recognised in the income statement are as follows:

	2019 (Coral) £m	**2019 (Ladbrokes) £m**	**2019 Total £m**	2018 (Coral) £m	2018 (Ladbrokes) £m	2018 Total £m
Analysis of amounts charged to the Income Statement						
Separately disclosed items	**–**	**0.8**	**0.8**	2.2	1.9	4.1
Other administrative expenses	**–**	**0.8**	**0.8**	–	–	–
Net interest on net asset	**(1.7)**	**(2.9)**	**(4.6)**	(1.0)	(2.2)	(3.2)
Total charge/(credit) recognised in the Income Statement	**(1.7)**	**(1.3)**	**(3.0)**	1.2	(0.3)	0.9

The actual return on plan assets over the year was a £5.5m gain (2018: £11.6m loss).

The amounts recognised in the statement of comprehensive income are as follows:

	2019 (Coral) £m	**2019 (Ladbrokes) £m**	**2019 Total £m**	2018 (Coral) £m	2018 (Ladbrokes) £m	2018 Total £m
Actual return on assets less interest on plan assets	**39.0**	**(56.4)**	**(17.4)**	(15.8)	(11.6)	(27.4)
Actuarial gains/(losses) on defined benefit obligation due to changes in demographic assumptions	**5.5**	**(4.1)**	**1.4**	–	–	–
Actuarial (losses)/gains on defined benefit obligation due to changes in financial assumptions	**(49.0)**	**(35.9)**	**(84.9)**	13.0	3.5	16.5
Experience adjustments on benefit obligation	**3.5**	**(7.2)**	**(3.7)**	–	–	–
Actuarial losses recognised in the statement of comprehensive income	**(1.0)**	**(103.6)**	**(104.6)**	(2.8)	(8.1)	(10.9)

29 RETIREMENT BENEFIT SCHEMES CONTINUED

Changes in the present value of the defined benefit obligation are as follows:

	2019 (Coral) £m	2019 (Ladbrokes) £m	2019 Total £m	2018 (Coral) £m	2018 (Ladbrokes) £m	2018 Total £m
At 1 January	(358.9)	(316.6)	(675.5)	–	–	–
On acquisition of Ladbrokes Coral Group plc	–	–	–	(375.3)	(323.1)	(698.4)
Interest on obligation	(9.9)	(8.4)	(18.3)	(6.8)	(5.8)	(12.6)
Actuarial gains/(losses) due to changes in demographic assumptions	5.5	(4.1)	1.4	–	–	–
Actuarial (losses)/gains due to changes in financial assumptions	(49.0)	(35.9)	(84.9)	13.0	3.5	16.5
Experience adjustments on obligations	3.5	(7.2)	(3.7)	–	–	–
GMP equalisation reserve	–	–	–	(2.2)	(1.6)	(3.8)
Benefits paid	12.8	14.7	27.5	12.4	10.4	22.8
At 31 December	(396.0)	(357.5)	(753.5)	(358.9)	(316.6)	(675.5)

Changes in the fair value of plan assets are as follows:

	2019 (Coral) £m	2019 (Ladbrokes) £m	2019 Total £m	2018 (Coral) £m	2018 (Ladbrokes) £m	2018 Total £m
At 1 January	418.1	425.6	843.7	–	–	–
On acquisition of Ladbrokes Coral Group plc	–	–	–	438.5	439.9	878.4
Interest on plan assets	11.6	11.3	22.9	7.8	8.0	15.8
Administrative expenses	–	(1.6)	(1.6)	–	–	–
Actual return less interest on plan assets	39.0	(56.4)	(17.4)	(15.8)	(11.6)	(27.4)
Buy in project costs	–	–	–	–	(0.3)	(0.3)
Benefits paid	(12.8)	(14.7)	(27.5)	(12.4)	(10.4)	(22.8)
At 31 December	455.9	364.2	820.1	418.1	425.6	843.7

The Group does not expect to contribute to either plan in 2020. The Group will however continue to meet the administrative expenses of the Gala Coral Pension Plan scheme.

The major categories of plan assets as a percentage of total plan assets are as follows:

	2019 (Coral) %	2019 (Ladbrokes) %	2018 (Coral) %	2018 (Ladbrokes) %
Equities and Diversified Growth Funds	25.4	–	18.4	19.8
Insurance policy	–	98.2	–	–
Liability Driven Investment (%)	72.4	1.2	81.3	24.3
Private credit	1.8	–	–	–
Cash	0.5	0.7	0.3	55.9

The Plan assets are held exclusively within instruments with quoted market prices in an active market with the exception of the holdings in an insurance policy and a private credit asset. At 31 December 2019, these represented c.44.6% (2018: c.0.2%) of the Plan's total assets.

The Plan does not invest directly in property occupied by the Group or in financial securities issued by the Group. Although, as the Plan holds pooled investment vehicles, there may at times be indirect employer related investment. At 31 December 2019, these represented less than 0.1% (2018: 0.1%) of the Plan's total assets.

The investment strategy is set by the Trustees of the Plans in consultation with the Group. For the Gala Coral Plan the current long-term strategy is to invest in a low-risk matching bond portfolio with a relatively small investment in return seeking funds.

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29 RETIREMENT BENEFIT SCHEMES CONTINUED

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages where appropriate):

		2019 (Coral) % p.a.	**2019 (Ladbrokes) % p.a.**	2018 (Coral) % p.a.	2018 (Ladbrokes) % p.a.
Discount rate		**2.0**	**2.0**	2.8	2.7
Price inflation (CPI)		**2.1**	**2.1**	2.2	2.2
Price inflation (RPI)		**2.9**	**2.9**	3.2	3.2
Future pension increases	– LPI 5% (CPI)	**2.8**	**2.8**	3.1	3.1
	– LPI 3% (RPI)	**2.3**	**2.3**	2.4	2.4
	– LPI 2.5% (CPI)	**1.7**	**1.7**	2.1	2.1

Post-retirement mortality assumed for most members is based on the standard SAPS mortality table with the CMI 2018 projections for the Gala Coral Pension Plan, and 2016 projections for the Ladbrokes Pension Plan, which takes into account future improvements, adjusted to reflect plan specific experience.

The assumption used implies that the expected lifetime of members for the two schemes is:

	2019 (Coral)	**2019 (Ladbrokes)**	2018 (Coral)	2018 (Ladbrokes)
Male aged 65 for the year ended	**86.4**	**86.7**	86.8	86.6
Female aged 65 for the year ended	**88.5**	**88.7**	88.8	88.6

Changes to the assumptions will impact the amounts recognised in the consolidated balance sheet and the consolidated income statement in respect of the Plan. For the significant assumptions, the following sensitivity analysis provides an indication of the impact on the defined benefit obligation for the year ended 31 December 2019:

	2019 (Coral) %	**2019 (Ladbrokes) %**	2018 (Coral) %	2018 (Ladbrokes) %
– 0.5% p.a. decrease in the discount rate	**9.9**	**8.8**	9.7	7.9
– 0.5% p.a. increase in price inflation	**7.3**	**5.2**	6.9	4.5
– One year increase in life expectancy	**4.0**	**3.6**	3.8	3.6

These sensitivities have been calculated to show the movement in the defined benefit obligation in isolation, and assuming no other changes in market conditions at the accounting date. This is unlikely in practice, for example, a change in discount rate is unlikely to occur without any movement in the value of the assets held by the Plan.

30 SHARE-BASED PAYMENTS

The following options to purchase €0.01 Ordinary Shares in the Group were granted, exercised forfeited or existing at the year-end:

Date of grant	Exercise price	Existing at 1 January 2019	Granted in the year	Cancelled or forfeited in the year	Exercised in the year	Existing at 31 December 2019	Exercisable at 31 December 2019	Vesting criteria
16 Dec 2016	422p	3,665,022	–	–	(461,675)	3,203,347	3,203,347	Note a
30 Mar 2017	422p	175,000	–	–	–	175,000	175,000	Note a
28 Dec 2017	0p	563,627	–	–	–	563,627	–	Note b
19 Sep 2018	0p	1,890,211	–	–	–	1,890,211	–	Note c
26 Mar 2019	0p	–	3,404,563	–	–	3,404,563	–	Note d
Total Schemes		**6,293,860**	**3,404,563**	**–**	**(461,675)**	**9,236,748**	**3,378,347**	

30 SHARE-BASED PAYMENTS CONTINUED

Note a: 2016 MIP Scheme – These equity settled awards were issued on completion of the acquisition of bwin.party. The options vest and became exercisable, subject to the satisfaction of a performance condition, over 30 months, with one-ninth vesting six months after the date of grant and a further ninth vesting at each subsequent quarter. The options lapse, if not exercised, on 2 February 2026. The performance condition is comparator total shareholder return ("TSR") of the Group against the FTSE 250. Each ninth of the shares will have its TSR condition reviewed from the date of grant until the relevant testing date. To the extent the TSR is not met at that time, it is tested again the following quarter and, if necessary, at the end of the 30-month vesting period. In order to vest, the TSR of the Group must rank at median or above against the FTSE 250.

Note b: 2017 LTIP Scheme – These equity settled awards were awarded to certain Directors and employees and vest over a three-year period from the date of grant. The number of awards to vest are conditional on both cumulative Earnings Per Share ("EPS") exceeding 180 euro cents, with a pro-rata increase in the amount vesting between 180 cents and 214 cents, and TSR performance conditions being met which are split with equal weighting.

Note c: 2018 LTIP Scheme – These equity settled awards were awarded to certain Directors and employees and vest over a three-year period from the date of grant. The number of awards to vest are conditional on both cumulative 3 year Earnings Per Share ("EPS") exceeding 191p, with a pro-rata increase in the amount vesting between 191p and 224p, and TSR performance conditions being met which are split with equal weighting.

Note d: 2019 LTIP Scheme – These equity settled awards were awarded to certain Directors and employees and vest over a three-year period from the date of grant. The number of awards to vest are conditional on both cumulative 3 year Earnings Per Share ("EPS") exceeding 184p, with a pro-rata increase in the amount vesting between 184p and 214p, and TSR performance conditions being met which are split with equal weighting.

The charge to share-based payments within the consolidated income statement in respect of these options in 2019 was £12.7m (2018: £10.7m) of which £12.7m related to equity settled options (2018: £10.2m) and £nil to cash settled options (2018: £0.5m).

Weighted average exercise price of options

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 31 December 2019	**Number of options 31 December 2019**	Weighted average exercise price 31 December 2018	Number of options 31 December 2018
Outstanding at the beginning of the year	**263p**	**6,293,860**	416p	10,720,930
Granted during the year	**0p**	**3,404,563**	0p	1,890,211
Exercised during the year	**422p**	**(461,675)**	429p	(6,317,281)
Outstanding at the end of the year	**154p**	**9,236,748**	263p	6,293,860
Exercisable at the end of the year	**422p**	**3,378,347**	422p	3,840,022

The options outstanding at 31 December 2019 have a weighted average contractual life of 3.8 years (31 December 2018: 5.4 years).

Valuation of options

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The Group engaged third-party valuation specialists to provide a fair value for the options.

The 2018 and 2019 LTIP plan was valued using both a Black Scholes valuation model and Monte Carlo valuation for the cumulative EPS and TSR conditions respectively.

Fair value of share options and assumptions:

Date of grant	Share price at date of grant (£)	Exercise price (£)	Expected volatility %	Exercise multiple	Expected dividend yield	Risk free rate %	Fair value at measurement date (£)
Dec 16	6.48	4.22	28%-30%	n/a	n/a	–	1.43 – 1.94
Mar 17	7.28	4.22	28%-30%	n/a	n/a	–	1.88 – 2.39
Dec 17	9.34	–	26.6%	n/a	n/a	0.4%	7.39 – 9.34
Sep 18	9.14	–	33.7%	n/a	n/a	0.95%	4.58 – 9.14
Mar 19	4.96	–	31.54%	n/a	n/a	0.66%	1.90 – 4.96

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31 BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method. Identifiable assets and liabilities acquired and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date. The identification and valuation of intangible assets arising on business combinations is subject to a degree of judgement. In respect of these acquisitions the Group engaged independent third parties, including Duff and Phelps Limited to assist with the identification and valuation process. This was performed in accordance with the Group's policies. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable assets acquired is recorded as goodwill. Costs related to the acquisition are expensed as incurred.

Due to the timing of certain acquisitions in relation to the previous financial year end, the fair values applied to the goodwill acquired was considered to be provisional. Since the initial fair value, certain measurement period adjustments have been applied as follows:

Neds International Pty Limited

The initial fair value of goodwill recognised was £26.1m on acquisition. Subsequent to this a measurement period adjustment has been applied to reduce the goodwill balance from £26.1m to £19.5m, increase customer relationships £5.8m to £13.5m, increase trade-marks & brand names from £9.3m to £9.5m and reduce other assets and liabilities by £1.3m.

Sigma Booking Limited

The initial fair value of goodwill recognised was £9.8m on acquisition. Subsequent to this a measurement period adjustment has been applied to increase the goodwill balance from £9.8m to £12.1m, increase customer relationships from £3.1m to £7.0m, reduce trade-marks & brand names from £6.6m to £0.1m and increase other assets and liabilities by £0.3m.

Due to these measurement period adjustments, in line with IFRS 3Business Combinations it has been necessary to present a restated 2018 balance sheet and related notes to the accounts for those balances affected.

32 COMMITMENTS AND CONTINGENCIES

Contingent liabilities

Guarantees have been given in the ordinary course of business in respect of loans and derivative contracts granted to subsidiaries amounting to £500.0m (2018: £503.3m). Bank guarantees have been issued on behalf of subsidiaries with a value of £47.0m (2018: £51.3m) and the joint venture with a value of £nil (2018: £13.9m).

The Group has given guarantees to third parties in respect of lease liabilities of former subsidiaries within the disposed hotels division (Note 25).

Greek tax

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

2010/11

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

By 31 December 2019, the Group had paid all bar €8m of the 2010/2011 Assessment with the last payment made in January 2020. As at 31 December 2019, the total payments made in respect of the Assessment exceed our best estimate of the liability for these years by £116m, and accordingly this is recorded as a receivable in the Group's balance sheet (2018: £41.4m). In the event of a successful appeal, recovery of the debtor will be through either a repayment or an ability to offset future tax liabilities.

2012-2017

The enquiries from the Greek tax authorities into the subsequent years continued throughout 2019. By 31 December 2019, the Group had filed amended returns in respect of 2012-2017. The audits for 2012-2014 have been completed and all resultant liabilities settled. Based on the experience of the settlements reached so far, the Group has reassessed the provision carried against 2015-2017 and now holds a provision of £49.3m against these years (2018: £119.4m).

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

UK VAT claims

The Group has submitted refund claims in respect of VAT paid on certain gaming machines in UK Retail prior to February 2013, the success of which is reliant on the outcome of court proceedings involving two other operators. The latest hearing before the Upper Tribunal (the UK's second-tier tax court) took place in January 2020 and we are awaiting the verdict, which could be appealed further. It is possible that the cases may take several years to be finally determined.

If the UK tax courts ultimately find in favour of the other operators (and therefore also GVC), the Group expects to receive a refund of approximately £200m. Given the inherent uncertainty surrounding a claim of this nature, no receivable has been recognised at 31 December 2019.

32 COMMITMENTS AND CONTINGENCIES CONTINUED

Austrian betting and gaming taxes

Since the acquisition of bwin.party in 2016, the Group has fully provided for, but not fully paid, betting and gaming taxes on Austrian revenues as a result of ongoing litigation over the Austrian authority's right to charge taxes on overseas companies. As at 31 December 2019, the amount accrued by the Group amounts to €91m. The litigation is expected to be resolved during 2020.

33 RELATED PARTY DISCLOSURES

Other than its associates and joint venture, the related parties of the Group are the Executive Directors, Non-executive Directors and members of the Executive Committee of the Group.

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 and joint venture and other related parties are disclosed below.

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

	2019 £m	2018 £m
Equity investment		
– Joint venture[1]	–	44.4
– Associates[2]	–	20.2
Loans		
– Movement in loan balance with joint venture partner	(1.8)	1.8
Dividends received		
– Associates[3]	1.2	9.4
Sundry expenditure		
– Associates[4]	82.3	79.6

1. Equity investment in Roar Digital, LLC.
2. Equity investment in Asia Gaming Technologies Limited, Sports Information Services (Holdings) Limited and bwin eK Neugersdorf.
3. Dividend received from Sports Information Services (Holdings) Limited.
4. Payments in the normal course of business made to Sports Information Services (Holdings) Limited and bwin eK Neugersdorf.

Details of related party outstanding balances

	2019 £m	2018 £m
Loan balances outstanding		
– Joint venture	–	1.8
Other amounts outstanding		
– Associates	0.3	0.2
– Joint venture	–	0.3

Terms and conditions of transactions with related parties

Sales to, and purchases from, related parties are made at market prices and in the ordinary course of business. Outstanding balances at 31 December 2019 are unsecured and settlement occurs in cash. For the year ended 31 December 2019, the Group has not raised any provision (2018: £nil) for doubtful debts relating to amounts owed by related parties as the payment history has been good. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Transactions with Directors and key management personnel of the Group

Lee Feldman received dividends during the year of £0.1m (2018: £0.2m) in respect of his beneficial interest in the Ordinary Share capital of the Group. Lee Feldman is the Managing Partner of Twin Lakes Capital, a private equity firm based in New York.

Kenneth Alexander received dividends during the year of £0.4m (2018: £0.3m).

The remuneration of key management personnel is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. Key management personnel comprise Executive Directors, Non-executive Directors and members of the Executive management team. Further information about the remuneration of individual Directors is provided in the Directors' Remuneration Report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2019

33 RELATED PARTY DISCLOSURES CONTINUED

	2019 £m	2018 £m
Short-term employee benefits	12.7	11.8
Share-based payments	5.5	20.8
Total compensation paid to key management personnel	18.2	32.6

The consolidated financial statements include the financial statements of GVC Holdings PLC and its subsidiaries. The companies listed below are those which were part of the Group at 31 December and therefore the results, cash flows and balance sheets of all subsidiaries listed are consolidated into the Group financial statements, furthermore the results of joint ventures and associates are accounted for in accordance with the policy set out in note 4.

Subsidiaries based in the United Kingdom

		% equity interest	
Registered address	**Company**	**2019**	2018
3rd Floor One New Change London United Kingdom EC4M 9AF	Arbiter & Weston Limited(4)(5)	100.0	100.0
	Ladbrokes Coral Group Limited(2)	100.0	100.0
	Bartletts Limited(5)	100.0	100.0
	Birchgree Limited(4)	100.0	100.0
	Chequered Racing Limited(5)	100.0	100.0
	Competition Management Services Co. Limited(5)	97.5	97.5
	E.F. Politt & Son Limited(5)	100.0	100.0
	Forestal Land, Timber and Railways Company Limited (The)(5)	100.0	100.0
	Gable House Estates Limited(5)	100.0	100.0
	Ganton House Investments Limited	100.0	100.0
	Greatmark Limited(5)	100.0	100.0
	GVC Administration Services Limited	100.0	100.0
	Hindwain Limited	100.0	100.0
	J. Ward Hill & Company(5)	100.0	100.0
	Jack Brown (Bookmaker) Limited	100.0	100.0
	Jerusalem Development (Mamilla) Co. Limited(5)	100.0	100.0
	Jerusalem Development Corporation (Holdings) Limited(4)(5)	100.0	100.0
	Krullind Limited(5)	100.0	100.0
	Ladbroke & Co., Limited(4)(5)	100.0	100.0
	Ladbroke (Course) Limited(5)	100.0	100.0
	Ladbroke (Rentals) Limited(5)	100.0	100.0
	Ladbroke City & County Land Company Limited(4)(5)	100.0	100.0
	Ladbroke Coral Corporate Director Limited(5)	100.0	100.0
	Ladbroke Coral Corporate Secretaries Limited(5)	100.0	100.0
	Ladbroke Dormant Holding Company Limited(4)(5)	100.0	100.0
	Ladbroke Entertainments Limited	100.0	100.0
	Ladbroke Group(4)(5)	100.0	100.0
	Ladbroke Group Homes Limited(5)	100.0	100.0
	Ladbroke Group International(5)	100.0	100.0
	Ladbroke Group Properties Limited(4)(5)	100.0	100.0
	Ladbroke Land Limited(5)	100.0	100.0
	Ladbroke Leasing (South East) Limited(5)	100.0	100.0
	Ladbroke Racing (Reading) Limited(5)	100.0	100.0
	Ladbroke Racing (South East) Limited(5)	100.0	100.0
	Ladbroke Retail Parks Limited(5)	100.0	100.0
	Ladbroke US Investments Limited(4)(5)	100.0	100.0
	Ladbrokes (CLJEA) Limited(5)	100.0	100.0
	Ladbrokes (CLJHC) Limited(5)	100.0	100.0
	Ladbrokes (CLJSW) Limited(5)	100.0	100.0
	Ladbrokes Betting & Gaming Limited(2)(3)(4)	100.0	100.0
	Ladbrokes Contact Centre Limited(5)	100.0	100.0
	Ladbrokes CPCB Limited(5)	100.0	100.0
	Ladbrokes E-Gaming Limited	100.0	100.0
	Ladbrokes Group Finance plc(2)	100.0	100.0
	Ladbrokes Group Holdings Limited(4)(5)	100.0	100.0

33 RELATED PARTY DISCLOSURES CONTINUED

Subsidiaries based in the United Kingdom continued

Registered address	Company	% equity interest 2019	% equity interest 2018
	Ladbrokes Investments Holdings Limited(4)(5)	100.0	100.0
	Ladbrokes IT & Shared Services Limited	100.0	100.0
	Ladbrokes PT Limited(5)	100.0	100.0
	Ladbrokes Trustee Company Limited	100.0	100.0
	Maple Court Investments Limited(5)	100.0	100.0
	Margolis and Ridley Limited(4)	100.0	100.0
	New Angel Court Limited(5)	100.0	100.0
	Paddington Casino Limited(5)	100.0	100.0
	Sabrinet Limited(5)	100.0	100.0
	Sponsio Limited(4)(5)	100.0	100.0
	Techno Land Improvements Limited(5)	100.0	100.0
	Town and County Factors Limited(2)	100.0	100.0
	Travel Document Service(4)(5)	100.0	100.0
	Ventmear Limited	100.0	100.0
	Vernons Competitions Company(5)	100.0	100.0
	Arthur Prince (Turf Accountants) Limited(5)	100.0	100.0
	Bloxhams Bookmakers Limited(5)	100.0	100.0
	Brickagent Limited	100.0	100.0
	CE Acquisition 1 Limited(4)	100.0	100.0
	Chas Kendall (Turf Accountant) Limited(5)	100.0	100.0
	Choicebet Limited(5)	100.0	100.0
	C L Jennings (1995) Limited(5)	100.0	100.0
	Coral (Holdings) Limited(4)	100.0	100.0
	Coral (Stoke) Limited(5)	100.0	100.0
	Coral Estates Limited	100.0	100.0
	Coral Eurobet Limited	100.0	100.0
	Coral Eurobet Holdings Limited(4)	100.0	100.0
	Coral Group Limited(4)	100.0	100.0
	Coral Group Trading Limited(4)	100.0	100.0
	Coral Limited(4)	100.0	100.0
	Coral Racing Limited(2)(3)(4)	100.0	100.0
	Coral Stadia Limited(3)(4)	100.0	100.0
	Forster's (Bookmakers) Limited(5)	100.0	100.0
	Gala Coral Nominees Limited(5)	100.0	100.0
	Ladbrokes Coral Group Life Benefits Trustee Limited(5)	100.0	100.0
	Gala Coral Properties Limited(5)	100.0	100.0
	Gala Coral Secretaries Limited(5)	100.0	100.0
	J G Leisure Limited(5)	100.0	100.0
	Joe Jennings (1995) Limited(5)	100.0	100.0
	Joe Jennings Limited(5)	100.0	100.0
	Lightworld Limited(4)(5)	100.0	100.0
	London & Leeds Estates Limited(5)	93.5	93.5
	Reg.Boyle Limited(5)	100.0	100.0
	Reuben Page Limited(4)(5)	100.0	100.0
	Romford Stadium Limited(3)	100.0	100.0
	Rousset Capital Limited	100.0	100.0
	Sports (Bookmakers) Limited(5)	100.0	100.0
	Vegas Betting Limited(5)	100.0	100.0
	GVC Marketing (UK) Limited	100.0	100.0
	Cashcade Limited	100.0	100.0
	GVC Holdings (UK) Limited(1)(2)	100.0	100.0
	Hillford Estates Limited(5)	97.5	97.5
	Interactive Sports Limited	100.0	100.0
	Sporting Odds Limited(2)(3)	100.0	100.0
	Sportingbet (IT Services) Limited(5)	100.0	100.0
	Sportingbet (Management Services) Limited	100.0	100.0

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33 RELATED PARTY DISCLOSURES CONTINUED

Subsidiaries based in the United Kingdom continued

Registered address	Company	% equity interest 2019	% equity interest 2018
	Sportingbet (Product Services) Limited(5)	100.0	100.0
	Sportingbet Holdings Limited(5)	100.0	100.0
	Sportingbet Limited(5)	100.0	100.0
77A Andersonstown Road, Belfast, BT11 9AH	Ladbrokes (Northern Ireland) (Holdings) Limited(4)	100.0	100.0
	Ladbrokes (Northern Ireland) Limited(5)	100.0	100.0
	North West Bookmakers Limited(2)(3)	100.0	100.0
35 Great St. Helen's, London, United Kingdom, EC3A 6AP	Techno Limited	84.0	84.0
28 la Porte Precinct, Grangemouth, FK3 8BG	Moffat Lodge Motor Inn Limited(5)	100.0	100.0
Belmont Chambers, Road Town, Tortola, British Virgin Islands	Creative Trend Limited	100.0	100.0
	CTL Holdings International Limited(4)	100.0	100.0
	SRL Holdings International Limited(4)	100.0	100.0
	Sunrise Resources Limited	100.0	100.0
Jayla Place, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	Westman Holdings Limited	100.0	100.0
Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands	Cayman Investments Number 1(4)	100.0	100.0
	International Finance Investment	100.0	100.0

Registered address	Company	% equity interest 2019	% equity interest 2018
13/F, Gloucester Tower, The Landmark, 15 Queen's Road, Central Hong Kong, China	GVC Technology Consulting (Asia) Co Limited	100.0	–
Inchalla, Alderney, GY9 3UL, Guernsey	Exchange Platform Solutions Limited(3)	100.0	100.0
	ElectraWorks (Alderney) Limited	100.0	100.0
1st Floor, Otter House, Naas Road, Dublin 22, Ireland	Ace Racing Limited(5)	100.0	100.0
	Dara Properties Limited	100.0	100.0
	Harney Bookmakers Limited(5)	100.0	100.0
	Ladbroke (Ireland) Limited(2)(3)(4)	100.0	100.0
	Ladbroke Leisure (Ireland) Limited(2)(3)	100.0	100.0
	Ladbrokes Payments (Ireland) Limited(5)	100.0	100.0
	M D Betting Limited(5)	100.0	100.0
25/28 North Wall Quay, Dublin 1, D01 H104, Ireland	Fort Anne Limited(1)	100.0	100.0
	Garton Admin Services Limited	100.0	100.0
	M.L.B. Limited	100.0	100.0
4th Floor, IFSC House, Custom House Quay, Dublin 1, Ireland	Ladbroke Services (Ireland) Limited	100.0	100.0
Menahem Begin 125, Tel Aviv, Israel	Gala Interactive (Services) Limited	100.0	100.0
	Ladbrokes Israel Limited(2)	100.0	100.0
Via Alessandro Marchetti No.105, Rome 00148, Italy	Eurobet Holding SRL(4)	100.0	100.0
	Eurobet Italia SRL(2)(4)(3)	100.0	100.0
1st Floor, Liberation House, Castle Street, St. Helier, JE1 1GL, Jersey	IHF (Jersey) Limited(5)	100.0	100.0
	Ladbroke (Channel Islands) Limited(3)	100.0	100.0

33 RELATED PARTY DISCLOSURES CONTINUED

Subsidiaries based overseas

Registered address	Company	% equity interest 2019	2018
461-473 Lutwyche Road Lutwyche Queensland QLD 4030 Australia	Gaming Investments Pty Limited(4)	100.0	100.0
	GVC Australia Pty Ltd(2)(3)	100.0	100.0
	Sportingbet IP Enterprises PTY Ltd(3)	100.0	100.0
	LB Australia Holdings Pty Limited(4)	100.0	100.0
	Panda Gaming Pty Limited	100.0	100.0
	Neds International Pty Ltd(2)(3)	100.0	–
	Neds.com.au Pty Ltd	100.0	–
	Nedscoin Pty Ltd	100.0	–
IFC 5 ST. HELIER, JE1 1ST Jersey	Maple Court Investments (Jersey) Limited(5)	100.0	100.0
	PartyGaming Finance Limited	100.0	100.0
	GVC Finance Limited	100.0	–
Chaussée de Wavre 1100/3 1160 Auderghem Belgium	Ladbroke Belgium S.A.(4)	100.0	100.0
	Pari Mutuel Management Services S.A.	100.0	100.0
	Redsports.be SPRL	100.0	–
	S.A. Derby N.V.(2)(3)(4)	100.0	100.0
	Tierce Ladbroke S.A.(3)	100.0	100.0
29 Avenue Lavoisier, 1300 Wavre, Belgium	Professional Gaming Services Sprl	100.0	–
6F Tower 3 Double Dragon Plaza EDSA Ext. cor. Macapagal Avenue, Pasay City, Philippines	NCH Customer Support Services, Inc	100.0	100.0
	InteractiveSports Asia Limited Inc.	100.0	100.0
24A 18th Street Menlo Park, Pretoria 0081, South Africa	Ladbrokes (SA) (Pty) Limited	60.0	60.0
Castello 82 4 IZQ, 28006 Madrid, Spain	Ladbrokes Betting and Gaming Spain, S.A.	100.0	100.0
270 E. Park Street, Suite 1 Butte, Montana 59701	Ladbrokes Holdco, Inc.(4)	100.0	100.0
608 Lander Street Reno Nevada 89509 United States	Stadium Technology Group, LLC(3)	100.0	79.0
15 Agion Omologiton, Nicosia, 1080, Cyprus	Bellingrath Enterprises Limited	100.0	100.0
1565 Carling Avenue, Suite 400, Ottawa, Ontario K1Z 8R1	Canada Limited	100.0	100.0
19 Boulevard Malesherbes, 75008, Paris, France	B.E.S. S.A.S	100.0	100.0
2nd Floor, St Mary's Court, 20 Hill Street Douglas, IM1 1EU, Isle of Man	Cozy Games Management Limited	100.0	100.0
32 Athol Street, Douglas, IM1 1JB, Isle of Man	GVC Investments Limited(1)	100.0	100.0
820 Bear Tavern Road, Trenton, New Jersey, 08628, USA	bwin.party entertainment (NJ) LLC	90.0	90.0
	bwin.party (USA) Inc	100.0	100.0
	bwin.party services (NJ) Inc	100.0	100.0
701 S. Carson Street, Suite 200, Carson City 89701, Nevada	Ladbrokes Subco LLC	100.0	–
Harborside Plaza 3, 210 Hudson Street Jersey City, New Jersey 07311	GVC Holdings (USA) Inc	100.0	–
50 Raffles Place, 32-01 Singapore Land Tower Singapore (048623)	Cozy Games Pte Limited	100.0	100.0
	Florent Pte Limited	100.0	100.0
55 Nikola Vaptsarov Blvd, Office Park Expo 2000 Building Phase 4, Floor 3, Lozenets Area, Sofia 1407, Bulgaria	GVC Services (Bulgaria) EOOD	100.0	100.0
5th Floor, Divyasree Omega, Block – B Hitec City Road, Kondapur, Hyderabad Andhra Pradesh, 500081, India	IVY Comptech Private Limited	100.0	100.0
6th Floor, Divyashree omega, Block-B, Plot No. 13/E, Survey no.13(part), Kondapur, Hyderabad 500081, Andhra Pradesh, India	IVY Global Shared Services Private Limited	100.0	100.0
	IVY Software Development Services Private Limited	100.0	99.9
	IVY Foundation Limited	100.0	100.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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33 RELATED PARTY DISCLOSURES CONTINUED

Subsidiaries based overseas continued

Registered address	Company	% equity interest 2019	% equity interest 2018
85 St John Street, Valletta, VLT 1165, Malta	Dominion Entertainment Limited	100.0	100.0
	Gaming VC Corporation Limited	99.0	99.0
	GVC Support Services Limited	99.0	99.0
	Scandic Bookmakers Limited	99.0	99.0
	Spread Your Wings Bravo Limited	99.0	99.0
	Spread Your Wings Germany Limited	100.0	100.0
	Headlong 2 Limited(1)	100.0	100.0
Avenida de Fuencarral 44, Edificio Tribeca 1 modulo B, CP 28108, Alcobendas, Madrid, Spain	Winner Apuestas S.A.	100.0	100.0
Bertolt – Brecht – Allee 24, 01309, Dresden Germany	DSG Deutsche Sportwelt GmbH	100.0	100.0
Box 3095, 350 33 Växjö, Sweden	Webdollar Sweden AB	100.0	100.0
c/o Kilpatrick Townsend & Stockton Advokat KB Box 5421, 114 84 Stockholm, Sweden	bwin.party Games AB	100.0	100.0
Calle Amador de los Ríos n°1, 6 planta, 28010 Madrid, Spain	bwin Interactive Marketing Espana S.L.	100.0	100.0
c/o The Corporation Trust Company, 1209 Orange Street, County of New Castle, Wilmington Delaware, 19801, USA	GVC Finance LLC(1)	100.0	100.0
Calle Josep Plá, número 2, planta 5ªD, Edificio Torre Diagonal Litoral, 08019, Barcelona	Javari Marketing Consultancy Services S.L.	100.0	100.0
Century House, 12 Victoria Street, Alderney, GY9 3UF, Channel Islands	Interactive Sports (C.I.) Limited	100.0	100.0
Global Gateway 8, Rue de la Perle, Providence Mahe, Seychelles	InterTrader International Limited	100.0	100.0
Emancipatie Boulevard Dominico F. "Don" Martina 29, Curaçao	First Slip N.V	100.0	100.0
	GVC Services BV	100.0	100.0
	Intera N.V	100.0	100.0
	Luther Properties N.V	100.0	100.0
Fruebjergvej 3, Copenhagen, 2100, Denmark	Interactive Sports (Denmark) ApS	100.0	100.0
Lagoas Park, Edificio 11, Piso 0 Sul, 2740-244 Porto Salvo, Portugal	Infield – Servicos de Consultoria Marketing Unipessoal LDA.	100.0	100.0
Marxergasse 1b, 1030 Vienna, Austria	bwin.party services (Austria) GmbH	100.0	100.0
	Websports Entertainment Marketing Services GmbH	100.0	100.0
Moskovská 13, Bratislava, 81108,Slovakia	VTD Media(1)	100.0	100.0
Penthouse, Palazzo Spinola Business Centre Number 46, St Christopher Street, Valletta VLT 1464, Malta	bwin.party services (Malta) Limited	100.0	100.0
	bwin.party International Malta Limited	100.0	100.0
	bwin.party holding Malta Limited	100.0	100.0
	ElectraWorks (Malta) PLC	100.0	100.0
	ElectraWorks (France) Limited	100.0	100.0
	ElectraWorks (Kiel) Limited	100.0	100.0
	ElectraWorks (Svenska) Limited	100.0	100.0
	bwin Holdings (Malta) Limited	100.0	100.0
	ElectraWorks Europe Ltd	100.0	–
	bwin (Deutschland) Limited	100.0	–
	Sportingbet (Deutschland) Limited	100.0	–
	Gamebookers (Deutschland) Limited	100.0	–
	Ladbrokes (Deutschland) Limited	100.0	–
	Martingale Malta 2 Limited	100.0	100.0
	Martingale Europe Limited	100.0	–
Oficina nr.201-2015, edeficio@3, ruta 8, km. 17,500, Uruguay	Gomifer S.A.	100.0	100.0
Quay House South Esplanade St Peter Port GUERNSEY GY1 4EJ, PO Box 132	Longfrie Limited	100.0	100.0

33 RELATED PARTY DISCLOSURES CONTINUED

Subsidiaries based overseas continued

Registered address	Company	% equity interest 2019	2018
Sea Meadow House, Blackburne Highway, Road Town, Tortola, British Virgin Islands, PO BOX 116	Cream Legbar Limited	100.0	100.0
	Wavecrest Providers Limited	100.0	100.0
CL Conde de Aranda 20, 28001, Madrid, Spain	Sportingbet Spain S.A.	100.0	–
Suite 4, Constantia House, Steenberg Office Park Constantia, 7800, South Africa	SBT Software Operations (SA) (Pty)	100.0	100.0
	Main Street 1013 Pty Limited	100.0	100.0
Vake District, Kavtaradze Str., No 5, Entrance 2 Floor 2, Office Space No 2, Tbilisi, Georgia	MARS LLC(2)	51.0	51.0
Suite 6, Atlantic Suites, Europort Avenue Gibraltar	GVC Holdings (Gibraltar) Limited(1)	100.0	100.0
	GVC Corporate Services Limited	100.0	100.0
	bwin.party services (Gibraltar) Limited	100.0	100.0
	bwin.party holdings Limited	100.0	100.0
	ElectraGames Limited	100.0	100.0
	ElectraWorks Limited(2)(3)	100.0	100.0
	IGM Domain Name Services Limited	100.0	100.0
	InterTrader Limited(2)(3)	100.0	100.0
	PartyGaming IA Limited	100.0	100.0
	ISG (Gibraltar) Limited	100.0	100.0
	Argon Financial Limited(2)(3)	100.0	100.0
	GVC Trustees Limited	100.0	100.0
	ITL Holdings Limited	100.0	100.0
	Greyjoy Limited	100.0	100.0
	Party Ventures Limited	100.0	100.0
	GVC Services Limited	100.0	100.0
	Claymore Interactive Entertainment Holdings Limited	100.0	100.0
	Gala Interactive (Gibraltar) Limited(2)(3)	100.0	100.0
	Coral Interactive (Gibraltar) Limited(2)(3)	100.0	100.0
	Gala Coral Interactive (Gibraltar) Limited(4)(5)	100.0	100.0
	LC International Limited(2)(3)(4)	100.0	100.0
	Ladbrokes Sportsbook Limited Partnership(2)(3)	100.0	100.0
	Bingo Marketing Limited	100.0	100.0
	Balltree (International) Limited	100.0	100.0
Via Gaetano Previati 9, 20149, Milan, Italy	bwin Italia S.R.L.(3)	100.0	100.0
	bwin European Markets Holding SpA	100.0	100.0

1. Company that is directly owned by GVC Holdings PLC.
2. Company that forms part of the Group as at 31 December 2019 and which, principally affected the Group's reported results for the year.
3. Trading entity engaged in activity associated with betting and gaming.
4. Holding company.
5. Dormant company.

Joint ventures

Registered address	Company	% equity interest 2019	2018
Corporation Service Company 251 Little Falls Drive Wilmington Delaware 19808	Roar Digital, LLC	50.0	50.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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33 RELATED PARTY DISCLOSURES CONTINUED

Subsidiaries based overseas continued

33 RELATED PARTY DISCLOSURES CONTINUED

Associates

		% equity interest	
Country of incorporation	**Company**	**2019**	2018
China	Asia Gaming Technologies (Beijing) Co., Ltd[(1)]	**49.0**	49.0
	Asia Gaming Technologies (Tianjin) Co., Ltd[(1)]	**49.0**	49.0
	Asia Gaming Technologies Limited	**49.0**	49.0
Germany	bwin E.K. Neugersdorf	**50.0**	50.0
United Kingdom	49's Limited	**66.6**	66.6
	Games For Good Causes PLC	**36.3**	36.3
	Lucky Choice Limited[(2)]	**66.6**	66.6
	Sports Information Services (Holdings) Limited	**23.4**	23.4

1. Subsidiary of Asia Gaming Technologies Limited.
2. GVC Holdings PLC hold 66.6% of the equity of the investment. The associate is not consolidated in the Group financial statements on the basis that the Group does not exercise management control over the associate.

34 NON-CONTROLLING INTERESTS

Non-controlling interests includes a 10% holding in bwin.party entertainment (NJ) LLC, a company incorporated in the United States and a 49% holding in Mars LLC a company incorporated in Georgia.

The profit attributable to non-controlling interests was £13.0m (2018: £6.1m profit attributable).

The balance of retained earnings attributable to non-controlling interest is disclosed in the table below:

	Total £m
As at January 2018	(1.5)
Profit attributable to non-controlling interests	6.1
Acquired through business combinations	35.0
Payment of dividends	(1.4)
As at 31 December 2018	38.2
Profit attributable to non-controlling interests	**13.0**
Payment of dividends	**(8.1)**
As at 31 December 2019	**43.1**

35 SUBSEQUENT EVENTS

On 14 February 2020, GVC Holdings PLC completed the repricing and allocation of its existing $786m First Lien Term Loan B. As part of the transaction, the debt was transferred to GVC Holdings (Gibraltar) Limited, with an inter-company loan of $786m arising between GVC Holdings PLC and GVC Holdings (Gibraltar) Limited. The new USD Term Loan B's pricing is USD LIBOR+225bps and was allocated at par, which represented a saving of 25bps versus the existing pricing.

COMPANY BALANCE SHEET

for the year ended 31 December 2019

At 31 December	Note	2019 £m	2018 £m
Assets			
Non-current assets			
Investments	6	3,950.9	1,638.6
Current assets			
Trade and other receivables	7	897.5	3,934.2
Derivative financial assets		47.4	43.3
Cash and cash equivalents		12.8	4.8
		957.7	3,982.3
Total assets		4,908.6	5,620.9
Liabilities			
Current liabilities			
Trade and other payables	8	(683.4)	(652.5)
Interest bearing loans and borrowings	9	(17.0)	(6.2)
		(700.4)	(658.7)
Net current assets		257.3	3,323.6
Non-current liabilities			
Interest bearing loans and borrowings	9	(573.5)	(1,689.2)
Other financial liabilities		(10.5)	(22.5)
		(584.0)	(1,711.7)
Net assets		3,624.2	3,250.5
Shareholders' equity			
Called up share capital	11	4.8	4.8
Share premium account		1,198.0	1,196.5
Merger reserve		2,527.4	2,527.4
Retained earnings		(106.0)	(478.2)
Total shareholders' equity		3,624.2	3,250.5

The Company generated a profit for the year of £555.0m (2018: loss of £19.0m).

Under the Companies Act 2006 section 49 (Isle of Man), the Directors are satisfied that the Company satisfies the solvency test for distributions to be made.

The notes on pages 180 to 183 are an integral part of these financial statements.

The financial statements on pages 178 to 183 were approved by the Board of Directors on 5 March 2020 and signed on its behalf by

KJ Alexander
(Chief Executive Officer)

RM Wood
(Chief Financial Officer)

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2019

	Called up share capital £m	Share premium account £m	Merger Reserve account £m	Retained earnings £m	Total £m
At January 2018	2.3	1,170.4	34.5	(359.2)	848.0
Profit for the year	–	–	–	19.0	19.0
Total comprehensive expense	–	–	–	19.0	19.0
Issue of shares	2.4	–	2,492.9	–	2,495.3
Share options exercised	0.1	26.1	–	–	26.2
Share-based payments charge	–	–	–	0.8	0.8
Equity dividends	–	–	–	(138.8)	(138.8)
At 31 December 2018	4.8	1,196.5	2,527.4	(478.2)	3,250.5
Profit for the year	**–**	**–**	**–**	**555.0**	**555.0**
Total comprehensive expense	**–**	**–**	**–**	**555.0**	**555.0**
Share options exercised	**–**	**1.5**	**–**	**–**	**1.5**
Share-based payments charge	**–**	**–**	**–**	**12.7**	**12.7**
Equity dividends	**–**	**–**	**–**	**(195.5)**	**(195.5)**
At 31 December 2019	**4.8**	**1,198.0**	**2,527.4**	**(106.0)**	**3,624.2**

The notes on pages 180 to 183 are an integral part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2019

1 GENERAL INFORMATION

GVC Holdings PLC ("the Company") is a limited company incorporated and domiciled in the Isle of Man. The address of its registered office and principal place of business is disclosed in the Directors' report.

The financial statements of the Company for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the Directors on 5 March 2020.

The parent Company profit for the year was £555.0m (2018: £19.0m).

The Company has taken advantage of the exemption from preparing a cash flow statement under paragraph 8(g) of the disclosure exemptions from EU-adopted IFRS for qualifying entities included in Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The GVC Holdings PLC consolidated financial statements for the year ended 31 December 2019 contain a consolidated statement of cash flows.

The Company is exempt under paragraph 8(k) of the disclosure exemptions from EU-adopted IFRS included in FRS 101 for qualifying entities from disclosing related party transactions with entities that form part of the GVC Holdings PLC group of which GVC Holdings PLC is the ultimate parent undertaking.

The Company's financial statements are presented in Pounds Sterling (£), which is also the Company's functional currency, and all values are rounded to the nearest million (£m) except when otherwise indicated. The Company's financial statements are individual entity financial statements.

2 BASIS OF PREPARATION

These financial statements were prepared in accordance with FRS 101 and Isle of Man Companies Act 2006. The financial statements are prepared on a going concern basis under the historical cost convention except for certain financial liabilities measured at fair value.

The accounting policies which follow in note 3 set out those policies which apply in preparing the financial statements for the year ended 31 December 2019 and have been applied consistently to all years presented.

The Company has taken advantage of the following disclosure exemptions under FRS 101 in respect of:

- IFRS 3 Business Combinations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- IFRS 13 Fair Value Measurement;
- Share-based payments;
- Intra-Group-related party transactions; and
- Related party transactions.

Income statement

For details of audit fees, see note 7 of the consolidated financial statements.

As permitted by the Isle of Man Companies Act 2006, the income statement and the statement of comprehensive income of the parent Company have not been separately presented in these financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments

Investments held as fixed assets are stated at cost less provision for impairment.

The Company assesses these investments for impairment wherever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

Cash and cash equivalents

Cash and short term deposits in the balance sheet consist of cash at banks and in hand, short-term deposits with an original maturity of less than three months.

Financial assets

Financial assets are recognised when the Company becomes party to the contracts that give rise to them.

The Company classifies financial assets at inception as either financial assets at fair value or loans and receivables. On initial recognition, loans and receivables are measured at fair value. Financial assets at fair value comprise guarantees provided to the Company. Financial assets at fair value through profit or loss are measured initially at fair value, with transaction costs taken directly to income statement. Subsequently, the fair values are remeasured and gains and losses from changes therein are recognised in the income statement.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Financial assets continued

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. On initial recognition, loans and receivables are measured at fair value plus directly attributable transaction costs. Subsequently, such assets are measured at amortised cost, using the effective interest ("EIR") method, less any allowance for impairment.

Financial liabilities

Financial liabilities comprise guarantees given to third parties and contingent consideration. On initial recognition, financial liabilities are measured at fair value plus transaction costs where they are not categorised as financial liabilities at fair value through profit or loss. Financial liabilities at fair value through profit or loss are measured initially at fair value, with transaction costs taken directly to the income statement. Subsequently, the fair values are remeasured and gains and losses from changes therein are recognised in the income statement.

Derecognition of financial assets and liabilities

Financial assets are derecognised when the right to receive cash flows from the assets has expired or when the Company has transferred its contractual right to receive the cash flows from the financial assets or has assumed an obligation to pay the received cash flows in full without material delay to a third party, and either:

- Substantially all the risks and rewards of ownership have been transferred; or
- Substantially all the risks and rewards have neither been retained nor transferred but control is not retained.

Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is recognised using the tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply then the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are only recognised to the extent it is probable that there will be suitable taxable profits from which they can be recovered.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. Deferred tax balances are not discounted.

Foreign currency translation

The presentation and functional currency of the Company is Pounds Sterling (£).

Transactions in foreign currencies are initially recorded in Pounds Sterling (£) at the foreign currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into Pounds Sterling (£) at the rates of exchange ruling at the balance sheet date (the closing rate).

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

Dividends

Final dividends proposed by the Board of Directors and unpaid at the year end are not recognised in the financial statements until they have been approved by shareholders at the Annual General Meeting. Interim dividends are recognised when paid.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received net of direct issue costs.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2019

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Share-based payments

The cost of equity settled transactions with employees is measured by reference to the fair value at the date on which they are granted (see note 30 of the consolidated financial statements for further details).

The cost of equity settled transactions is recharged to the respective employing entities.

4 JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make assumptions, estimates and judgements that affect the amounts reported as assets and liabilities as at the balance sheet date and the amounts reported as revenues and expenses during the year. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future may differ from those reported. In this regard, management believes that the accounting policies where judgement is necessarily applied are those that relate to:

Investment in subsidiaries

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. The following estimates are dependent upon assumptions which could change in the next financial year and have a material effect on the carrying amounts of assets and liabilities recognised at the balance sheet date.

5 DIVIDENDS

Pence per share	**2019 pence**	2018 pence	**2019 Shares in issue number**	2018 Shares in issue number
Prior year final dividend paid	**16.0**	15.2	**581.9**	303.7
Interim dividend paid	**17.6**	16.0	**581.9**	578.8

A second interim dividend of 16.0 pence (2018: 15.2 pence) per share, amounting to £93.1m (2018: £46.2m) in respect of the year ended 31 December 2018 was proposed by the directors on 5 March 2019. The 2019 interim dividend of 17.6 pence per share (£102.4m) was paid on 20 September 2019.

6 INVESTMENTS

	Total £m
Cost and net book value	
At 1 January 2018	1,244.9
Additions	467.4
Disposals	(73.7)
At 31 December 2018	1,638.6
Cost and net book value	
At 1 January 2019	1,638.6
Additions	**2,312.3**
At 31 December 2019	**3,950.9**

Subsidiaries and other related entities are listed in note 33 of the consolidated financial statements.

On 28 January 2019, the Company subscribed for 2,300,000,000 shares in GVC Holdings UK Limited in exchange for the redemption of loan notes to equal value resulting in an additional investment in the year.

7 TRADE AND OTHER RECEIVABLES

	2019 £m	2018 £m
Amounts due from Group companies	895.8	3,933.2
Other debtors	1.0	0.7
Prepayments	0.7	0.3
	897.5	3,934.2

Amounts owed by other group undertakings are included under amounts falling due within one year as they are repayable on demand, unsecured, and accumulate interest in a range between 0% and 5.095%.

8 TRADE AND OTHER PAYABLES

	2019 £m	2018 £m
Current		
Amounts due to Group companies	683.2	651.3
Other payables	0.2	1.2
	683.4	652.5

Amounts owed to other group undertakings are included under amounts falling due within one year as they are repayable on demand, unsecured, and accumulate interest in a range between 0% and 5.095%.

9 INTEREST BEARING LOANS AND BORROWINGS

	2019 £m	2018 £m
Current		
Euro denominated loans	1.9	–
USD denominated loans	17.8	6.2
Sterling denominated loans	(2.7)	–
	17.0	6.2
Non-current		
Euro denominated loans	–	818.8
USD denominated loans	581.0	609.1
Sterling denominated loans	(7.7)	261.3
	573.5	1,689.2

As at 31 December 2019, £460.0m of committed bank facilities were undrawn (2018: £495.0m).

10 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objectives and policies applied by the Company are in line with those of the Group as disclosed in note 24 to the consolidated financial statements.

11 CALLED UP SHARE CAPITAL

Details of the share capital of the Company are given in note 27 of the consolidated financial statements.

12 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly-owned subsidiaries. See note 33 of the consolidated financial statements for disclosure of remuneration of key management personnel.

13 SUBSEQUENT EVENTS

See note 35 of the Group accounts for disclosure of subsequent events related to the Company.

GLOSSARY
DEFINITION OF TERMS

DEFINITION OF TERMS

AAMS	Automated accounts management systems
Adjusted fully diluted EPS cents	Fully diluted earnings per share based on adjusted PBT
Adjusted PBT	Profit before exceptional items, amortisation associated with acquisition, dividends from previously sold businesses
B2B	Business-to-business
B2C	Business-to-consumer
BI	Business intelligence
bwin.party	bwin.party digital entertainment plc
CAGR	Compound annual growth rate
CGUs	Cash-generating units
CMS	Customer marketing services
Constant currency basis	Each month in the prior period re-translated at the current periods exchange rate
Contribution	Revenue less betting taxes, payment service provider fees, software royalties, affiliate commissions, revenue share and marketing costs
Contribution margin	Contribution as a percentage of NGR
CRM	Customer relationship management
CS	Customer services
CSR	Corporate Social Responsibility
DTR	Disclosure and transparency rules
Enlarged Group	GVC Holdings PLC incorporating Ladbrokes Coral Group
EPS	Earnings per share
H2GC	H2 Gambling Capital – independent providers of gambling market data and estimates
IA	Internal audit and risk management
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IOT	Internet of things
KPIs	Key performance indicators
KYC	Know your customer – customer verification tools
Ladbrokes Coral	Ladbrokes Coral Group Plc
LTIP	Long-term incentive plan
MIP	Management incentive plan
Net debt	Cash and cash equivalents (including amounts recorded as assets in disposal groups classified as held for sale), less customer liabilities less interest bearing loans and borrowings
Net Gaming Revenue ("NGR")	Revenue before deducting VAT
NGR YTD	Net Gaming Revenue in the year to date
Revenue	Net Gaming Revenue less VAT (imposed by certain EU jurisdictions on either sports or gaming revenue)
Sports Gross Win Margin	Sports wagers less payouts
Sports Gross Win Margin %	Sports Gross Win Margin divided by Sports wagers
Sports Net Gaming Revenue ("Sports NGR")	Sports Gross Win Margin less free bets and promotional bonuses
Underlying EBITDA	Stated pre separately disclosed items and shared based payments

SHAREHOLDER INFORMATION

ANNUAL GENERAL MEETING

The 2020 AGM will be held on 30 April 2020 at The Mermaid, Puddle Dock, London EC4V 3DB. Details of each resolution to be considered at the meeting and voting instructions are provided in the Notice of AGM which is available on the Company's website at www.gvc-plc.com. The voting results of the 2020 AGM will be accessible on the Company's website at www.gvc-plc.com shortly after the meeting.

COMMUNICATIONS

Information about the company, including details of the current share price, is available on the website, www.gvc-plc.com

SHAREHOLDING CONTACTS

For any queries regarding your shareholding, please contact Link Asset Services.

SHARE FRAUD WARNING

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment. While high profits are promised, if you buy or sell shares in this way you will probably lose your money. Should you receive any unsolicited calls or documents to this effect, you are advised not to give out any personal details or to hand over any money without ensuring that the organisation is authorised by the UK Financial Conduct Authority (FCA) and doing further research.

If you are unsure or you think you have been targeted, you should report the organisation to the FCA. For further information, please visit the FCA's website at www.fca.org.uk, email consumer.queries@fca.org.uk or call the FCA consumer helpline on 0800 111 6768 if calling from the UK or +44 20 7066 1000 if calling from outside the UK.

CORPORATE INFORMATION

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DQ Advocates

PRINCIPAL UK BANKERS
Barclays Bank PLC
The Royal Bank of Scotland plc

DIVIDEND TIMETABLE

05 March	Dividend declared
12 March	Ex-dividend date
13 March	Record date
23 April	Payment

FUTURE TRADING UPDATES AND FINANCIAL CALENDAR

30 April	AGM
July	Post close trading update
August	Interim results
October	Q3 trading update

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