

bet365 Group Limited

REPORT AND FINANCIAL STATEMENTS

29 March 2020

Company Registration No. 04241161

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bet365 Group Limited

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bet365 Group Limited

COMPANY INFORMATION

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bet365 Group Limited

STRATEGIC REPORT

The directors have pleasure in submitting their Strategic Report for bet365 Group Limited ('The Group') for the 52-week period ended 29 March 2020.

DENISE COATES CBE (JOINT GROUP CHIEF EXECUTIVE) - REVIEW OF THE BUSINESS

On behalf of the board I am pleased to report that the Group continued to make considerable progress during the period, particularly in the priority area of Safer Gambling, where significant investment and developments have been made.

The period also saw the initial impact of Covid-19, with sport at all levels halted across the world. I am delighted with how the Group responded and adapted to these challenging circumstances. We continued to operate the business successfully throughout the lockdowns with business continuity plans enacted resulting in staff being able to work from home whilst significant investment was also made to ensure the office environments were Covid secure.

The Group also continued to further evolve its sports offering, more detail of which is provided in the product development section. In addition, we launched our first US online operation in the state of New Jersey.

SAFER GAMBLING

The Group has continued to develop its global Early Risk Detection System (ERDS) with the introduction of new markers of harm. Bolstered by a new team of dedicated Quantitative Analysts, a new global risk prediction tool is being developed which will significantly improve the accuracy and precision of the Group's customer interaction measures.

Ongoing evaluation of ERDS indicates that resulting customer interactions have a positive impact on player behaviour and use of gambling management tools. During the period, the Group conducted a survey of customers recently interacting via ERDS. Of those who responded, 87% said ERDS made them more aware of the safer gambling tools and information on offer; 63% said it made them think about their own gambling behaviour.

Analysis of a large sample of UK customers shows a clear increased engagement with safer gambling tools by customers identified through ERDS. The customers receiving an interaction from ERDS are three times more likely to set a Deposit Limit and almost six times more likely to take a Time-Out. The same analysis showed that roughly 64% of customers reduce the amount they deposit, how often and how long they bet following an interaction.

During the period, the Group has been very active in gambling research and the next phase of the Group's partnership with the Behavioural Insights Team was launched. The purpose of this research was to explore how anchoring techniques could assist customers in setting sensible limits and sticking to them. This research has since been published. The last phase, launched in the subsequent period, will focus on helping users hold their future 'hot state' selves to account using behavioural science-informed commitment devices that highlight the social and reflective nature of limit commitments.

Additional research projects include the Group's ongoing partnership with Focal Research in relation to high risk gambling patterns, and engagement with the British Gambling Commission's "patterns of play" project.

The Group is committed to working with industry colleagues to deliver real change across the industry and, by way of its membership of the Betting and Gaming Council (BGC), is a cosignatory and key supporter of the BGC's Safer Gambling Commitments.

Important milestones for the BGC included the development of a new Industry Code of conduct for VIP (or high value) customers and Socially Responsible Advertising. During the period, the Group was involved in both work streams and was encouraged to see that the vast majority of industry commitments reflected our existing policies. The updates to the Industry Code will incorporate new advertising technology measures designed to limit exposure of online adverts to children and vulnerable adults. In the new financial year, the necessary resource will be allocated to ensure that any modifications resulting from the new code are implemented ahead of the agreed timetable.

SAFER GAMBLING - CONTINUED

The UK government has initiated a review of the current Gambling Act, primarily looking at improved customer protection from gambling harms. The Group fully expects that the review will firmly cement the UK as the standard bearer in this area. The Group stands ready to engage in constructive discussions to find balanced and evidenced based solutions to the various issues at hand and ultimately, to path a way to a new regulatory standard in the UK.

During the period the Group completed its accreditation against GamCare's Safer Gambling Standard. The Safer Gambling Standard is an independent quality standard that assesses the measures operators have put in place to protect people from experiencing gambling-related harm. Businesses are required to meet an extensive range of criteria, which are the foundation to building a safer gambling approach. These criteria include physical, technical and cultural measures alongside effective leadership and governance.

Businesses can be awarded from Base Level of the Standard up to Advanced Level 3 depending on the degree to which their approach to safer gambling goes beyond regulatory requirements. Advanced Level 3 operators have adopted a wide range of safer gambling measures that go beyond the social responsibility provisions of their gambling licence. The Group is pleased to report that bet365 were awarded Advanced Level 3 accreditation.

The Group continues to invest in technology-driven solutions to assist customers in managing their gambling. A new "Custom Time-Out" tool was launched in the period, allowing customers to specify which days and/or times they would like to block access to betting and gaming (such as personal curfew periods).

The development of a new "My Activity" tool was initiated in the period, to give customers clear information on their overall profit and loss, play behaviour and time management. The tool was launched in the subsequent period. The ability to switch off the "reverse withdrawal" facility online was also introduced in the period. In the following year, the facility was removed altogether in the UK within a week of the British Gambling Commission's request in May 2020.

The Group recognises that its efforts in relation to safer gambling cannot be confined to just one jurisdiction. The Group adopts a global approach to safer gambling and will always look to implement the highest standards across its worldwide customer base.

The Group continues to engage with regulators and industry bodies across the globe on future improvements to player protection regulations.

The culmination of the period saw the escalation of the Covid-19 pandemic across the globe. As lockdowns were introduced, the Group implemented a number of temporary measures in recognition of the heightened level of risk to potentially vulnerable players. These included a halt to TV and radio adverts promoting gaming products, the suspension of all external marketing communications (such as text and email), no paid or promoted content on social media and a significant reduction in organic social media activity, except for safer gambling messages, which materially increased in volume. Dedicated safer gambling communications were sent to customers during the period and the prominence of safer gambling information on the bet365 website was increased.

bet365 Group Limited

STRATEGIC REPORT

PRODUCT DEVELOPMENT

Alongside the aforementioned investment and development of the Group's safer gambling approach our sports offering has continued to evolve with improvements to our trading platform, website, mobile app, virtual sports, "Bet Builder" and gaming products.

The Group further invested in its trading platform and market offerings, including Esports. Esports now features both In-Play and Pre-Game markets with the Group continuing to offer industry leading customer value. There was also development, and post period end, the launch, of a new responsive and re-designed website, alongside a new native app intended to enhance the user experience for our mobile customer base.

Virtual sports saw a number of enhancements, including the addition of American Football and Basketball. We also enriched the graphics, added leagues and new markets for existing sports. Finally, on the sports product, our investment in "Bet Builder" continued, with the addition of new sporting classifications.

The Gaming product performed well in the period with Live Casino benefitting from the release of a number of new innovative game types, the growth of the bet365 exclusive table offering, improved user journeys and product positioning. A record number of new unique game titles were delivered which coupled with user interface upgrades led to an improved player experience. In addition, a number of new suppliers were integrated onto the bet365 proprietary platform and we delivered a strong roadmap of in-house games which helped position us for new markets.

All of the above helped to contribute to 'bet365' attaining top spot in eGaming Review's Annual Power 50, winning the award for the tenth consecutive year.

REGULATORY

Around the world the Sports and Gaming operations continue to adapt to the changing regulatory framework as jurisdictions revise their regulatory regimes. bet365 holds licences in various territories including; Australia, Bulgaria, Cyprus, Denmark, Estonia, Gibraltar, Great Britain, Greece, Ireland, Italy, Malta, New Jersey, Spain, Sweden and most recently Germany.

The Group will continue with its long standing policy of pursuing licences in regulated markets and, given its experience believes it is well placed to benefit long-term in those countries where commercially viable regulation is adopted.

bet365 Group Limited

STRATEGIC REPORT

SECTION 172(1) STATEMENT

The Directors recognise that effective engagement with stakeholders and consideration of their interests is fundamental to the success of the Group. The Directors discharge their duties in accordance with Section 172 of the Companies Act 2006, which requires a Director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole. In doing this section 172 requires the Directors to have regard, amongst other matters, to:

A. The likely consequences of any decisions in the long-term.

We refer to the bet365 Corporate Governance Code, central to which is taking decisions to protect the long term interests of the Company. Further details of which are disclosed in the Corporate Governance Statement on pages 14 to 16. Key decisions undertaken by the Board are documented below.

B. The interests of the Company's employees.

We refer to both our Corporate Governance Code, Value Statement and Code of Conduct, together with our Employee Engagement Statement on page 16 which demonstrate that valuing its employees is again central to the Company.

C. The need to foster the Company's business relationships with suppliers, customers and others.

We refer to both our Corporate Governance Code, and our Stakeholder Engagement Statement which sets out our “partnership approach” to our stakeholders, where an emphasis is placed on the benefit to the business of long term relationships.

D. The impact of the Company's operations on the community and environment.

We refer to our Stakeholder Engagement Statement. The Group has at all times and will continue to put the local community and environment at the heart of its business globally. A priority is placed on recruiting employees locally wherever possible, with a similar approach employed to suppliers. This is reinforced through the work of the Denise Coates Foundation which invests significantly in the local community supporting local and national charities and the work of Stoke City Football Club in the Community.

We refer to the Streamlined Energy and Carbon Reporting (SECR) for further detail of how the Group is working to reduce its carbon footprint.

E. The desirability of the Company maintaining a reputation for high standards of business conduct.

The Group's Value Statement and Code of Conduct ensure that the business conduct is of a high value standard.

F. The need to act fairly as between members of the Company.

There is regular dialogue with all members of the Company to ensure full alignment to the Group's purpose. This includes the payment of an annual dividend to shareholders together with ongoing communication throughout the year.

bet365 Group Limited

STRATEGIC REPORT

KEY DECISIONS

By understanding our stakeholders and their interests, the Group has been able to factor their interests into decision making throughout the year to promote the long term success of the Group. During the year the key principal decision taken was the relocation of the main operational hub, being the key operational management, and their teams, from Gibraltar to Malta in January 2020. In addition, the evolving Covid-19 pandemic towards the end of the period resulted in the principal decisions set out below being made. A summary of the stakeholder considerations that were taken into account in relation to these principal decisions were:

Relocation of the main operational hub from Gibraltar to Malta

Employees – The decision to relocate involved the transfer of significant numbers of staff from Gibraltar to Malta, and these staff were supported from both a practical and financial perspective. For those staff that did not wish to relocate, wherever possible they were retained within the Gibraltar business.

Regulators – The Gibraltar regulator was consulted throughout the decision making process with their view taken into account throughout.

Suppliers – Whilst the relocation had minimal impact on the Group's supplier base, the relocation did result in contracts being novated, or resulting in supplies being made by other entities in the supplier Group, consequently there was significant discussion with these around the time of the transfer.

Covid-19 pandemic

The Directors are mindful of the significant impact to all of the Group's stakeholders, as detailed in this statement, arising from the ongoing Covid-19 pandemic. As set out in this report the Group operates a robust and meaningful engagement strategy with all key stakeholders including employees and its supply chain.

The Group, and subsidiary Company Directors have been in active dialogue throughout this period with its key stakeholders which has informed the way the Boards of Directors have undertaken critical decisions in order to allow the business to be able to navigate through the crisis. This dialogue will remain active and continue to inform the way the Group operates and emerges from the crisis. The Directors expect to provide further details in the 2021 Financial Statements.

The Directors at the onset of the pandemic set a Group Policy of guaranteeing that until the end of August 2020, there would be no pay reductions and no redundancies within the Group. The Directors also set a policy of not making use of any government support, such as the Furlough Scheme, throughout the pandemic, together with paying all of its taxes and other liabilities on time and ensuring that all of its global workplaces were Covid secure, with home working policies in place as appropriate.

bet365 Group Limited

STRATEGIC REPORT

STAKEHOLDER ENGAGEMENT

The following are considered to be the key stakeholders of the Group:

Stakeholder	Important areas for our key stakeholders and measures taken to demonstrate their value to the business and engagement are set out below:
Employees	Please see Employee Engagement Statement (included in Corporate Governance section).
Suppliers	We value and foster strong business relationships. We aim to be a valued customer receiving best in class support and we achieve this by having supplier friendly payment terms and prompt payment together with regular dialogue, thereby building long term relationships with the organisations and individuals with which we do business.
Local Communities	Where possible and appropriate, use of local suppliers and local employees is encouraged to support the local economies in which we are located and ongoing engagement occurs as appropriate. The Group gives significant charitable donations to the Denise Coates Foundation, further detail of which can be found on page 12 and provides substantial support to "Stoke City Community Trust" which is actively involved in the provision of supporting facilities and education to the community in particular ensuring access to sport for underprivileged and disabled members of the community.
Customers	<p>We consider our customers' needs by:</p> <ul style="list-style-type: none">o a focus on delivering a safer gambling experience,o offering industry leading odds across the widest range of markets,o offering the best product ando providing the highest levels of customer service. <p>Full details of the high priority given to keeping our customers safe are set out in our Strategic Report</p> <p>With regards to our football supporters the Group:</p> <ul style="list-style-type: none">o ensures our Stadium is fully accessible to disabled supporters,o provides subsidised away travel,o has frozen the cost of season tickets for the past 12 seasons ando engages with our Supporters via regular meetings with the elected representatives of the Stoke City Supporters Council.
Regulators/Tax authorities	We have open and proactive engagement with regulators and tax authorities worldwide, we operate a strong control environment and have strict compliance procedures, details of our tax strategy are available on the Group website. Being a responsible corporate citizen we take the payment of our taxes seriously and appreciate that the tax contribution of the Group makes a sizable contribution to the economies in which it operates and the total tax contribution to the UK Exchequer by the bet365 Group was £614.6m (2019: £448.0m), including tax on dividends made by the Group.
Shareholders	The success of the business, ensures that shareholders are rewarded and that the value of the Group is enhanced.

bet365 Group Limited

STRATEGIC REPORT

FINANCIAL REVIEW OF THE BUSINESS

The Group's performance in the latter part of the financial year was impacted by the dramatic effect of the Covid-19 pandemic, where we experienced the almost complete cessation of international sporting events. This factor alongside the lack of a major football tournament and the comparison to a 53rd week of trading in the previous financial year led to overall revenues decreasing year-on-year by 8% to £2,811.4m (2019: £3,063.7m). This reduction in revenue alongside an increase in remuneration and other costs led to a reduction in operating profit by 74% to £194.7m (2019: £758.3m).

Amounts wagered on Sports decreased by 8%, whilst the number of active customers rose by 4%. In-Play represented 75% of Sports revenue in the period. Mobile Sports revenue declined by 7% in line with an overall decrease in Sports revenue and it still continues to be the most popular medium for Sports Betting.

Sports and Gaming revenue decreased year-on-year by 8%, to £2,757.2m (2019: £2,981.6m). However, excluding the impacts of the factors previously mentioned, the Group saw an underlying increase of 2% during the period in revenue from its Sports and Gaming Segment.

The operating profit decrease of 74% year-on-year can largely be attributed to increased remuneration and to the adverse impacts of the aforementioned events. Staff costs for the Sports and Gaming segment of the Group rose to £847.5m in the period (2019: £670.7m).

At the end of the financial period 5,014 staff (2019: 4,646) were employed within the Group's Sports, Gaming and associated support operations representing a significant year-on-year increase.

Over recent years the Sports and Gaming segment of the Group has made substantial charitable donations. This continued in the period with a total of £85.0m being donated (2019: £85.0m) to the Denise Coates Foundation, a registered charity. The size of the donation, and therefore the difference the Foundation will be able to make to people's lives over the coming years, are of great importance to the Group.

The Directors note that the Group's Fair value (losses)/gains on investments saw a c.£98m year-on-year reduction, with the vast majority of the losses arising in the last 2 months of the period, following the FTSE's drop to a near 8 year low during the Covid-19 pandemic.

Moving to the Statement of Financial Position, the directors note that, during the period, Creditors (Amounts falling due within one year) increased by c.£114m, primarily reflecting the timing of employee remuneration partially offset by a decrease in customer balances.

The directors are also pleased with the strength of the financial position reported on the balance sheet. With the funds being held for future trading purposes, that is, Cash at Bank and Current Asset Investments of £3,264.8m (2019: £3,081.4m). Due to the cash generative nature of the Group, the Directors are confident that the balance sheet will continue to strengthen.

FOOTBALL CLUB AND FACILITIES

In the 2019/20 season Stoke City Football Club ("the Club") once again competed in the English Football League Championship. As with most leagues around the world, the end of the Championship season was adversely affected by the restrictions imposed due to the Covid-19 pandemic. As a result, the Club's final match was eventually played 'Behind Closed Doors' on 22 July 2020.

The Club and its related facilities and operations company incurred a loss before taxation in the period of £87.2m (2019: £8.7m loss) on a turnover of £54.2m (2019: £82.0m). The reduction in turnover was principally due to a fall in central distributions/TV income following the Club's relegation from the Premier League and the subsequent reduction in the "parachute payments".

bet365 Group Limited

STRATEGIC REPORT

FOOTBALL CLUB AND FACILITIES - CONTINUED

During the period the Club charged amortisation on player registrations of £31.9m. The resulting book value of individual player registrations of £69.0m was assessed by the Directors as being greater than their market values. An impairment review resulted in an additional charge of £43.0m, of which £30.1m was directly attributed to the Covid-19 pandemic in accordance with the guidance issued by the English Football League.

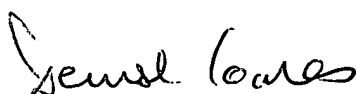
A more detailed overview of the Club's activities will be presented within the Report and Accounts relating to these companies which will cover the financial year to 31 May 2020.

PRINCIPAL RISKS AND UNCERTAINTIES

There are a number of material risks and uncertainties to the Group, which are also common to all the major providers of remote gambling services. These include:

1. Volume risk – Competitors could entice bet365's customers and/or bet365's marketing strategy may not be effective at attracting new and/or retaining existing customers.
2. Margin risk – Although the Group's trading teams are experienced in managing risk, there is always a range of profit/loss for different outcomes for an individual event. This means that a run of poor results could adversely affect margin over a period. However, historically, the Group has managed its margins to normal levels over a longer time period.
3. Regulatory risk – Regulatory, legislative, and fiscal regimes for betting and gaming in the Group's key markets can change, sometimes at short notice. Such changes could have an impact upon the results of the Group. Furthermore, additional costs might be incurred in order to comply with new laws and/or regulations. The Group's key markets are monitored for legislative and regulatory developments which enables swift assessment and, when and where necessary, adaptation to changes in the market's legal and regulatory environment.
4. Technology risk – The vast majority of the Group's business is transacted over the internet. The Group is continually investing at a high level to minimise technology risk, but there remains the possibility that a technology failure could adversely affect the Group's ability to trade for a period, and therefore affect its profits.

By order of the board



Denise Coates CBE
Director

26 MARCH 2021

bet365 Group Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of bet365 Group Limited ('The Group') for the 52-week period ended 29 March 2020. The separate corporate governance report also forms part of this statement.

PRINCIPAL ACTIVITIES

The principal activities of the Group are, the provision of Internet and Mobile Sports Betting along with Online Casino, Games, Bingo and Poker. The Group is the majority shareholder of Stoke City Football Club Limited and owns Stoke City (Property) Limited, in turn owning the stadium and training ground used by the Club. bet365 Group Limited is the holding Company of the Group.

RESULTS AND DIVIDENDS

The Group's profit was £224.2m (2019: £800.1m) from its gambling operations and a loss of £87.2m (2019: loss of £8.7m) on the Football Club and Stoke City (Property) Limited, resulting in a combined Group profit before taxation for the period of £137.1m (2019: £791.4m).

The directors paid a total dividend of £95.0m during the period (2019: £92.5m).

FUTURE DEVELOPMENTS

The changing worldwide gambling and leisure industries are likely to present opportunities for enhancing the Group's presence worldwide.

The Group will continue to invest in IT infrastructure and technology around the world to ensure it has both the flexibility and scalability to evolve with internal and external developments.

The Group encourages innovation in its product offerings, both by improving existing products and introducing new opportunities. Successful innovation attracts new customers and supports customer retention.

The Group will continue to focus on developing and improving our safer gambling processes, ensuring that this area remains one of our highest priorities, further details on steps being taken in this areas are included in the strategic report.

COVID-19 PANDEMIC

Despite the impact of the Covid-19 pandemic, we continued to operate the business successfully with business continuity plans enacted resulting in staff being able to work from home whilst significant investment was also made to ensure the office environments were Covid secure. These actions ensured all licensing objectives were upheld.

With the mass cancellation of International sporting events, between March and May 2020, the business switched its focus to alternative offerings, such as Virtual Sports and Esports betting whilst also experiencing a significant migration of customers from Sports Betting to Gaming.

Since the resumption of Sports the vast majority of European Football Leagues concluded their domestic seasons, although this did not fully compensate for those events that were permanently cancelled. As a result, for the 22 weeks ending 17 August 2020, year-on-year Turnover decreased c.21% with Sports down 26% partially offset by an 8% increase in Gaming.

BREXIT

The Group continued to review its organisational structure as part of our strategic and contingency planning to ensure continued EU market access, and as a result the Group further increased its operational presence in Malta whilst still maintaining a footprint in Gibraltar.

Significant investment was made in the period on our new Malta office development further enhancing the Group's Maltese operational hub. This expansion of our existing resource and infrastructure, alongside the relocation of certain functionality, has allowed the Group to maintain both operational effectiveness and assist with on-going regulatory and licensing strategies.

bet365 Group Limited

DIRECTORS' REPORT

STREAMLINED ENERGY AND CARBON REPORTING (SECR)

The Group is always actively working to reduce its carbon footprint by using both energy saving initiatives and effective waste control management.

ENVIRONMENTAL PERFORMANCE

The group has decided to follow and apply, for the SECR reporting, the widely-recognised Greenhouse Gas Reporting Protocol – Corporate Standard methodology.

Scope 1 Emissions

As at 29 March 2020 the Group's Scope 1 Energy and Carbon Emissions across Transport Gas and Other fuels equated to approximately 12,238k kWh or c.2,600 carbon dioxide equivalent tonnes (tCO₂e).

Scope 2 Emissions

As at 29 March 2020 the Group's Scope 2 Energy and Carbon Emissions from electricity equated to approximately 11,330k kWh or c.2,900 tCO₂e.

The Group's total energy consumption therefore was 23,568k kWh, producing c.5,500 tCO₂e which in turn represents c.0.2 tCO₂e per square metre of the Group's occupied commercial and residential floor space.

The transport analysis was calculated based on litres of fuel purchased for the Group's Fleet vehicles and total mileage for petrol and diesel journeys for the Grey Fleet using average emissions, published by the Environment Agency, whilst the Energy consumption was gathered from third party utility providers and internal recording procedures.

CARBON TARGETS

The Group is in the process of establishing carbon reduction targets based on the 2019/20 benchmark data but will include established initiatives such as;

- 100% of all waste recycled or diverted from landfill,
- 100% of electricity provided by renewable sources,
- Introduction of LED lighting technology where applicable; and
- Reviewing Heating, Ventilation, and Air Conditioning "HVAC" schedules to reduce energy and operating costs.

ENERGY EFFICIENCY PROJECTS

The Group will continue to implement energy saving initiatives across its property estate, such as replacing lighting systems with LED lamps and installing energy saving devices to heating systems. Additionally, the Group is actively looking to increase the number of electric vehicles in its fleet and therefore reducing the proportion of "Fossil Fuel" vehicles.

Moving to Stoke City where they have approved the installation of LED emergency lighting to improve light output and to reduce energy consumption. The Club are also exploring opportunities to replace light fittings with LED units to improve efficiency at the club's training ground.

It is worth noting that Carbon reduction will be challenging due to the majority of the buildings being of energy efficient modern construction.

BRANCHES

The Group has unincorporated branches in Gibraltar, Malta and Argentina.

bet365 Group Limited

DIRECTORS' REPORT

FINANCIAL INSTRUMENTS

The Group's cash flow fluctuates according to the timing of payments and receipts and the Group's overall profitability. The directors manage deposits to gain favourable interest rates commensurate with having funds available to meet the requirements on demand. Although interest received will vary according to interest rate levels, the differences to Group results arising are not sufficient to warrant the Group using derivatives or other methods to manage interest rates in any way.

The Group holds highly liquid investments in listed equities and unlisted investments for future use within the trade of the business. The Group does not hedge these investments as they consider the diversity in the investment portfolio is appropriate to cover any individual equity price risk with the overall portfolio expected to return positive returns to the Group.

During the period the Group transferred an additional £600.0m into its portfolio of investments, further ensuring that the Group is well placed, in a highly competitive and uncertain environment, to react quickly to the need for substantial investment in the future development of the Group's structure, brand, product, IT infrastructure and/or technology platform.

FOREIGN EXCHANGE TRANSACTIONS

The Group accepts bets in different currencies and as a result manages currency exposure by, where possible, the matching of assets and liabilities in those different currencies.

DIRECTORS

The following directors have held office since 1 April 2019, unless otherwise noted:

D Coates CBE

JF Coates

P Coates

WW Roseff

EMPLOYEES

It is the Group's policy that disabled persons should have the same consideration as others for all job vacancies for which they apply as suitable candidates and, depending entirely on their skills and abilities, they have the same opportunity for training, career development and promotion as other employees. Attention is paid to the training and other needs of persons who become disabled whilst in the Group's employment.

The Group places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on various factors affecting the performance of the Group. This is achieved through formal team briefings and informal meetings.

CHARITABLE CONTRIBUTIONS

The Group made charitable contributions during the period of £86.6m (2019: £86.3m), donating £85.0m (2019: £85.0m) to the Denise Coates Foundation. The Denise Coates Foundation is a registered charity created for the purposes of charitable giving.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

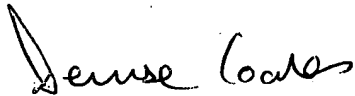
bet365 Group Limited

DIRECTORS' REPORT

AUDITOR

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

By order of the board



Denise Coates CBE
Director

26 MARCH 2021

bet365 Group Limited

CORPORATE GOVERNANCE

For the 52-week period ended 29 March 2020, under the Companies (Miscellaneous Reporting) Regulations 2018, the Company is required to provide a report on its Corporate Governance arrangements.

The Group has adopted the bet365 Corporate Governance Code and has not applied the Wates Corporate Governance Code or other recognised codes, as its own existing code, designed to a high standard, specifically for the Group, reflecting its own distinct culture and values was already embedded within the Group. The bet365 Corporate Governance Code, reflects the overall long term objectives of the Group, its core Code of Conduct and values and the unique challenges presented by the gambling and football industries.

At its core, bet365's governance code has the following key principles:

PURPOSE

The principal activities of the Group are, the provision of Internet and Mobile Sports betting along with Online Casino, Games, Bingo and Poker in a safe environment offering our customers industry leading odds across the widest range of markets together with the best product, whilst significantly contributing to wider society. The Group is the majority shareholder of Stoke City Football Club Limited and owns Stoke City (Property) Limited.

GROUP MISSION AND VISION

The Group's vision and mission is to be and continue to be the world's favourite online sports betting company, offering a global industry leading approach to safer gambling.

LONG TERM APPROACH TO DECISION MAKING

The Company aims to steer the business, through its Corporate Governance Code, in a direction consistent with its Mission and Vision. To achieve this, it takes a long term approach to its decision making to ensure that decisions put the Group's long term interests first.

CODE OF CONDUCT AND VALUE STATEMENT

The Group's Code of Conduct and Value statement are at the heart of its Corporate Governance Code. These core values govern all aspects of the Group's behaviours.

Core values include fairness; consistency; always valuing people (including employees, customers, and other stakeholders); recognition of individual contribution; the nurturing, development and training of staff looking at the individual in the round; a "family business" with multiple generations of different families employed globally in the business; and a partnership approach to all stakeholders.

These values are coupled with a Code of Conduct which ensures that the values permeate throughout the Group irrespective of geography and hierarchy, ensuring the Company whilst taking a longer term approach to its objectives has a strong governance framework embedded throughout both the Group and its interactions with all its stakeholders.

STAKEHOLDER ENGAGEMENT

Building trust working in partnership with suppliers, employees, customers, shareholders and other stakeholders ensures good stakeholder engagement throughout the business.

Stakeholder relationships have been key to the long standing success of the Group to date, and are key to the success of the Group going forward and will continue to be a key focus of the business.

Further details of our Stakeholder Engagement are set out in the Section 172(1) Statement.

bet365 Group Limited

CORPORATE GOVERNANCE

POSITIVE IMPACT ON LOCAL COMMUNITY AND ENVIRONMENT

The Group aims to achieve all of the above, whilst at the same time investing in and supporting its local communities and environment. Investing in local employees and suppliers wherever possible sits central to its governance with all stakeholders sharing in the success of the business.

REMUNERATION

The Group ensures that remuneration for all employees is appropriate and fair, and is reflective of the individuals input and contribution to the business as well as the overall performance of the Group. The Group Board is also mindful of the gender pay gap and the relevant Group subsidiaries report on this annually.

OVERALL STRATEGY AND STEWARDSHIP

The Group Board provides the overall strategic oversight and stewardship of the Group as follows:

- Overall Strategic Objectives – to set overarching expectations across the operating segments of the business.
- Stewardship of Group Resources – oversight and stewardship of the Company as an investor and shareholder managing group resources.
- bet365 Reputation and Brand – to maintain the value of the bet365 reputation and brand.

A key overall strategic objective is to deliver the highest standards of customer safety and we refer to the Strategic Report for more details.

RISK MANAGEMENT AND CONTROL ENVIRONMENT

The above is achieved by the Company ensuring that there is a framework of group wide policies and controls for the Group subsidiaries to operate within.

The Group has a clear organisational hierarchy with each Board having clearly defined objectives and roles. Each Director then has a clearly defined role on each Board.

The Operational Subsidiaries set their relevant policies and procedures and manage their relevant risks accordingly in line with the overall Group strategy and Code of Conduct.

ORGANISATIONAL HIERARCHY AND CAPABILITY

Operational responsibility for running the business is at the Operational Subsidiary level and the Group Board ensures these subsidiary Boards have suitable experience, skills and training to manage the risks arising in those businesses, whilst being able to take advantage of any opportunities arising.

The Group Board also ensures that the subsidiary companies have the financial and human resources required to manage these risks and opportunities and for operational efficiency.

GROUP BOARD

The Group Board is made up of four Directors which consists of two Joint Chief Executive Officers (CEO's), together with a Chairman and a non-Coates family member who provides an objective voice to help ensure the Group Board remains balanced.

The Group Board meets once a quarter. Agenda's, board packs and management information are prepared and circulated ahead of each meeting to ensure the Directors have access to timely, accurate information upon which to base its decisions. The Group Board reviews the financial and business performance of both the Sports betting and Gaming business as well as Stoke City Football Club. In addition, it receives an update from the Group Property Director on the bet365 estate which is owned by the Company itself as well as properties held elsewhere in the Group.

GROUP BOARD - CONTINUED

In addition to upholding their own responsibilities, as part of the Group Board's stewardship role, it ensures the subsidiary Board members are aware and compliant with their own director's responsibilities throughout the world, as well as ensuring the members of the Boards which they appoint uphold the core group values, principles, policies and standards of interaction with their stakeholders such as approaches to safer gambling.

EMPLOYEE ENGAGEMENT STATEMENT

Employees of the Group are key assets of the business. As a Group our policy is to demonstrate that all employees, regardless of role, seniority or where they are located in the world, feel an integral and valued part of our business. Employee satisfaction and involvement underpins the success of the business.

We set high standards and our employees are expected to work to the best of their ability. This is reciprocated and reflected in the competitive salaries and extensive benefits packages we aim to offer our staff. The Group also places particular emphasis on equal pay for equal jobs and strictly adheres to modern slavery standards. One of our core objectives is to be the 'employer of choice' within the local communities within which we operate.

Salaries and benefits are only part of the broader staff engagement factors. We also have a number of employee health and welfare programmes which target both physical and mental wellbeing. In November 2019 the Employee Assistance Programme was launched in the UK and has since been introduced in all geographical locations. This provides a complete support network offering confidential expert advice and guidance 24 hours a day, 365 days a year covering a wide range of issues including mental health support. In addition, we have a trained and dedicated internal team of Mental Health First Aiders providing a safe and secure means by which employees can raise their issues and concerns, and who can then be pointed in the right direction for professional help and support. Our workplaces are, of course, designed to be safe and secure and our facilities and health and safety teams ensure the removal of any risk, albeit our operations are inherently low risk environments.

The Group has always recognised that staff development and learning is an integral part of the organisation's strategic planning, equipping all staff with the knowledge and skills to perform their individual jobs effectively and in doing so ensure that the Group meets its strategic objectives.

As a Group an extensive programme of both internal and external training and development is offered. During the period the training and development team of Hillside (Shared Services 2018) Limited provided 154 different types of training courses totalling 9,878 training days to our employees worldwide. This is further supported by the utilisation of e-learning strategies and on-the-job training is further supported by dedicated instructors. Assessment and progression within pay bandings are both transparent and rigorous.

Feedback from employees is obtained on an ongoing real-time basis through normal reporting channels, including up to the Group Board where appropriate.

The Group is an equal opportunities employer and operates a zero tolerance non-discrimination policy. This is reflected in our recruitment and selection processes, and continues throughout the employee's career in providing opportunities for training, further development and progression based entirely on individuals' skills and abilities, with adjustments made to accommodate disabilities. A major part of the Group's success has been based on its ability to identify, develop and promote talent from within the organisation.

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This includes the implications arising from the Covid-19 pandemic as documented in the Strategic Report on page 6.

bet365 Group Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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

Company law requires the directors to prepare Group and Company financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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 the Company and of the profit or loss of the Group for that period.

In preparing those financial statements, the directors are required to:

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF bet365 GROUP LIMITED

Opinion

We have audited the financial statements of bet365 Group Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 29 March 2020 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 29 March 2020 and of the group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF bet365 GROUP LIMITED - CONTINUED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities statement set out on page 17, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

RSM UK Audit LLP

ADAM KRUPSKI (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Festival Way
Stoke-on-Trent
Staffordshire
ST1 5BB

26 March 2021

bet365 Group Limited

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 52 week period ended 29 March 2020

	Note	52 week period ended 29 March 2020			53 week period ended 31 March 2019
		Sports and gaming £000	Football Club and facilities £000	Total £000	£000
TURNOVER	2	2,757,176	54,224	2,811,400	3,063,651
Direct costs		(403,629)	-	(403,629)	(359,781)
GROSS PROFIT		2,353,547	54,224	2,407,771	2,703,870
Administrative expenses		(2,071,602)	(141,462)	(2,213,064)	(1,945,607)
OPERATING PROFIT/(LOSS)		281,945	(87,238)	194,707	758,263
Fair value (losses)/gains on investments		(76,277)	-	(76,277)	21,354
Interest receivable and similar income	6	19,014	88	19,102	12,019
Interest payable and similar expenses	7	(449)	-	(449)	(212)
PROFIT/(LOSS) BEFORE TAXATION	2-8	224,233	(87,150)	137,083	791,424
Taxation	9			(16,728)	(106,471)
PROFIT FOR THE FINANCIAL PERIOD				120,355	684,953
OTHER COMPREHENSIVE INCOME					
Currency translation differences arising on consolidation				11,586	(2,641)
Currency translation differences arising on deferred tax opening balances				(1,789)	-
Revaluation of land and buildings				(628)	(793)
Deferred tax on revalued assets				(259)	135
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD				129,265	681,654

Turnover and operating profit are derived from the Group's continuing operations for both financial periods.

Profit for the period and total comprehensive income is all attributable to the owners of the parent in 2020 and 2019.

bet365 Group Limited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 29 March 2020

	Note	29 March 2020		31 March 2019	
		£000	£000	£000	£000
FIXED ASSETS					
Intangible assets	11		36,736		115,340
Tangible assets	12		241,533		202,006
Investments	13		-		19,198
			<u>278,269</u>		<u>336,544</u>
CURRENT ASSETS					
Stock	14		374		293
Debtors	15		222,747		201,289
Investments	16		1,048,009		517,410
Cash at bank and in hand			2,216,832		2,563,952
			<u>3,487,962</u>		<u>3,282,944</u>
CREDITORS: Amounts falling due within one year	17		<u>(1,255,128)</u>		<u>(1,141,151)</u>
NET CURRENT ASSETS			<u>2,232,834</u>		<u>2,141,793</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,511,103</u>		<u>2,478,337</u>
CREDITORS: Amounts falling due after more than one year	18		<u>(6,300)</u>		<u>(7,770)</u>
PROVISION FOR LIABILITIES	19		<u>(217)</u>		<u>(246)</u>
NET ASSETS			<u>2,504,586</u>		<u>2,470,321</u>
CAPITAL AND RESERVES					
Called up share capital	20		3		3
Share premium account			18,998		18,998
Revaluation reserve			9,869		10,756
Profit and loss account			2,475,716		2,440,564
			<u>2,504,586</u>		<u>2,470,321</u>
Attributable to owners of the parent			<u>2,504,586</u>		<u>2,470,321</u>
Attributable to non-controlling interests	21		-		-
TOTAL EQUITY			<u>2,504,586</u>		<u>2,470,321</u>

The financial statements on pages 20 to 58 were approved by the board of directors and authorised for issue on 26 MARCH 2021 and are signed on its behalf by:

Denise Coates

Denise Coates CBE
Director

Company Registration No. 04241161

bet365 Group Limited
COMPANY STATEMENT OF FINANCIAL POSITION
At 29 March 2020

	Note	29 March 2020		31 March 2019	
		£000	£000	£000	£000
FIXED ASSETS					
Tangible assets	12		76,619		74,825
Investments	13		10,000		10,000
			<u>86,619</u>		<u>84,825</u>
CURRENT ASSETS					
Debtors	15	680,803		854,961	
Investments	16	1,048,009		517,410	
Cash at bank and in hand		1,001,564		1,355,854	
		<u>2,730,376</u>		<u>2,728,225</u>	
CREDITORS: Amounts falling due within one year	17	(669,896)		(532,728)	
NET CURRENT ASSETS			<u>2,060,480</u>		<u>2,195,497</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,147,099</u>		<u>2,280,322</u>
CREDITORS: Amounts falling due after more than one year	18		(6,300)		(4,770)
PROVISIONS FOR LIABILITIES	19		-		(696)
NET ASSETS			<u>2,140,799</u>		<u>2,274,856</u>
CAPITAL AND RESERVES					
Called up share capital	20		3		3
Share premium account			18,998		18,998
Profit and loss account			2,121,798		2,255,855
TOTAL EQUITY			<u>2,140,799</u>		<u>2,274,856</u>

The Company's loss for the period and total comprehensive expense for the period is £39,057,000 (2019: £600,870,000 profit).

The financial statements on pages 20 to 58 were approved by the board of directors and authorised for issue on 26 MARCH 2021 and are signed on its behalf by:



Denise Coates CBE
 Director

Company Registration No. 04241161

bet365 Group Limited
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
At 29 March 2020

	Note	Called up share capital £000	Share premium account £000	Revaluation reserve £000	Profit and loss account £000	Total £000	Controlling interests £000	Non- controlling interests £000 (see note 21)	Total £000
BALANCE AT 25 MARCH 2018		3	18,998	11,414	1,850,752	1,881,167	1,881,167	-	1,881,167
Profit for the period		-	-	-	684,953	684,953	684,953	-	684,953
Other comprehensive income, net of tax:									
Currency translation differences on overseas subsidiaries		-	-	-	(2,641)	(2,641)	(2,641)	-	(2,641)
Revaluation of land and buildings		-	-	(658)	-	(658)	(658)	-	(658)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-	-	(658)	682,312	681,654	681,654	-	681,654
Transactions with owners in their capacity as owners:									
Dividends	10	-	-	-	(92,500)	(92,500)	(92,500)	-	(92,500)
TOTAL TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS		-	-	-	(92,500)	(92,500)	(92,500)	-	(92,500)
BALANCE AT 31 MARCH 2019		3	18,998	10,756	2,440,564	2,470,321	2,470,321	-	2,470,321
Profit for the period		-	-	-	120,355	120,355	120,355	-	120,355
Other comprehensive income, net of tax:									
Currency translation differences on overseas subsidiaries		-	-	-	9,797	9,797	9,797	-	9,797
Revaluation of land and buildings		-	-	(887)	-	(887)	(887)	-	(887)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-	-	(887)	130,152	129,265	129,265	-	129,265
Transactions with owners in their capacity as owners:									
Dividends	10	-	-	-	(95,000)	(95,000)	(95,000)	-	(95,000)
TOTAL TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS		-	-	-	(95,000)	(95,000)	(95,000)	-	(95,000)
BALANCE AT 29 MARCH 2020		3	18,998	9,869	2,475,716	2,504,586	2,504,586	-	2,504,586

bet365 Group Limited
COMPANY STATEMENT OF CHANGES IN EQUITY
At 29 March 2020

	Note	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total £000
BALANCE AT 25 MARCH 2018		3	18,998	1,747,485	1,766,486
Profit for the period		-	-	600,870	600,870
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-	-	600,870	600,870
Transactions with owners in their capacity as owners:					
Dividends	10	-	-	(92,500)	(92,500)
TOTAL TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS		-	-	(92,500)	(92,500)
BALANCE AT 31 MARCH 2019		3	18,998	2,255,855	2,274,856
Loss for the period		-	-	(39,057)	(39,057)
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD		-	-	(39,057)	(39,057)
Transactions with owners in their capacity as owners:					
Dividends	10	-	-	(95,000)	(95,000)
TOTAL TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS		-	-	(95,000)	(95,000)
BALANCE AT 29 MARCH 2020		3	18,998	2,121,798	2,140,799

bet365 Group Limited
CONSOLIDATED STATEMENT OF CASH FLOWS
For the 52 week period ended 29 March 2020

	Note	52 week period ended 29 March 2020 £000	53 week period ended 31 March 2019 £000
OPERATING ACTIVITIES			
Cash generated from operations	22	454,229	997,841
Interest received		12,857	6,050
Dividend income from current asset investments		6,245	5,969
Interest paid		-	(1)
Income taxes paid		(76,159)	(86,308)
NET CASH FROM OPERATING ACTIVITIES		397,172	923,551
INVESTING ACTIVITIES			
Purchase of intangible assets		(48,012)	(77,572)
Proceeds on disposal of intangible assets		22,665	27,112
Purchase of tangible fixed assets		(74,581)	(79,971)
Proceeds on disposal of tangible fixed assets		6,713	6,844
Purchase of fixed asset investments		-	(16,294)
Proceeds on disposal of fixed asset investments		12,621	-
Net purchases of current asset investments		(305,731)	(50,760)
NET CASH USED IN INVESTING ACTIVITIES		(386,325)	(190,641)
FINANCING ACTIVITIES			
Dividends paid	10	(95,000)	(92,500)
NET CASH USED IN FINANCING ACTIVITIES		(95,000)	(92,500)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(84,153)	640,410
CASH AND CASH EQUIVALENTS AT START OF PERIOD		2,677,234	2,037,125
Effect of foreign exchange rate changes		5,431	(301)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		2,598,512	2,677,234
Relating to			
Cash equivalents held within current asset investments		336,349	35,800
Bank balances and short term deposits included in cash at bank and in hand		2,216,832	2,563,952
Short-term deposits included in debtors amounts falling due within one year		45,331	77,482
		2,598,512	2,677,234

bet365 Group Limited

ACCOUNTING POLICIES

GENERAL INFORMATION

bet365 Group Limited ('the Company') is a private company limited by shares and is registered, domiciled and incorporated in England.

The address of the Company's registered office and principal place of business is bet365 House, Media Way, Stoke-on-Trent, Staffordshire, ST1 5SZ.

The Group consists of bet365 Group Limited and all of its subsidiaries.

The Company's and the Group's principal activities and nature of its operations are included in the Directors' Report.

BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the requirements of the Companies Act 2006 including the provisions of the Large and Medium-sized Companies and Group (Accounts and Reports) Regulations 2008 and under the historical cost convention, modified to include the revaluation of certain freehold properties and certain financial instruments at fair value.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

GOING CONCERN

The financial statements have been prepared on a going concern basis, which assumes that the Group will be able to continue to trade for the foreseeable future.

The validity of the going concern basis is dependent upon the Group managing the risks of the business as identified in the Directors' Report and Strategic Report and its financial arrangements.

At the time the UK entered into "lockdown", following the Covid-19 pandemic, the Group saw a decline in revenue commensurate with the mass cancellation of International sporting events, during April and May 2020. However, the Group switched its focus to alternative offerings to, in part, mitigate the decline.

At this time the Group also modelled multiple cashflow scenarios, with all models forecasting that, despite the deterioration in trading performance, there would still be significant cash reserves for the forecasted 12-month period.

Since the resumption of Sports, the Group has benefitted from a condensed sporting calendar with the vast majority of European Football Leagues concluding their domestic seasons. Whilst this has not fully compensated for those events that were permanently cancelled the Group's trading performance has improved and returned to near pre-pandemic levels.

On this basis the directors consider it appropriate to prepare financial statements on a going concern basis.

REDUCED DISCLOSURES

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

bet365 Group Limited

ACCOUNTING POLICIES

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of bet365 Group Limited and all of its subsidiary undertakings for the period. Subsidiaries acquired during the period are consolidated using the purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 29 March 2020 or 30 March 2020 dependent on local filing requirements, except for Stoke City Holdings Limited and Stoke City Football Club Limited, which have a 31 May 2020 year end and Hillside (Bulgaria) EOOD which has a 31 December 2019 year end to align the financial year end with the commercial and legislative considerations of the individual entities. Detailed management accounts at 29 March 2020 have been used as a basis for the consolidation of these subsidiaries.

All intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

The cost of a business combination is the fair value at the acquisition date, of the assets given, equity instruments issued and liabilities incurred or assumed, plus directly attributable costs.

The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

As permitted by s408 Companies Act 2006, the Company has not presented its own statement of comprehensive income as it prepares Group accounts and the Company's individual statement of financial position shows the Company's profit or loss for the financial period.

FUNCTIONAL AND PRESENTATIONAL CURRENCIES

The consolidated financial statements are presented in sterling which is also the functional currency of the Group and Company.

INTANGIBLE FIXED ASSETS

Goodwill

Purchased goodwill representing the excess of the purchase price compared with the fair value of net assets acquired is capitalised.

The directors have considered each constituent component of intangible assets separately to determine the appropriate amortisation in order that the financial statements provide a true and fair view:

- Goodwill is being amortised over 10 years as no reliable estimate can be made of its useful economic life. The directors consider the useful economic life to significantly exceed 10 years due to the strength of the bet365 brand and Stoke City Football Club.
- The third party costs associated with the acquisition of players' registrations and coaching staff are capitalised and amortised on a straight line basis over the period of their respective contracts. Any transfer fees payable as a result of the occurrence of one or more uncertain future events are capitalised when it is probable such an event will occur. Provision for impairment is made when it becomes clear that the carrying amount exceeds the recoverable amount. Prior year impairments are reviewed and assessed by management and where the recoverable amount has increased above the carrying amount, the impairments are reversed. No amounts are included for the registrations attributable to players developed within the Club.

bet365 Group Limited

ACCOUNTING POLICIES

INTANGIBLE FIXED ASSETS - CONTINUED

Other intangible assets

Intangible assets purchased other than in a business combination are recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows:-

Other intangibles	-	over the period in which the asset is used
Purchased computer software	-	33.3% per annum straight line

Amortisation is revised prospectively for any significant change in useful life or residual value.

Amortisation is charged when the asset is brought into use by the business.

On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in profit or loss.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation is provided on tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Freehold and long leasehold land	-	No depreciation charged
Freehold buildings	-	2% per annum straight line
Long leasehold buildings	-	1 - 20% per annum straight line
Football stadium	-	2% per annum straight line
Fixtures and fittings	-	4% - 33% per annum straight line
Computer equipment	-	33.3% per annum straight line
Plant and motor vehicles	-	2% - 33% per annum straight line

Residual values are calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Land and buildings are accounted for separately even when acquired together.

ASSETS UNDER CONSTRUCTION

Properties in the course of construction are carried at cost, less any identified impairment loss. Cost includes professional fees and other directly attributable costs that are necessary to bring the property to its operating condition. Depreciation commences when the properties are ready for their intended use.

REVALUATION OF FOOTBALL STADIUM

The football stadium is revalued in accordance with FRS 102 Section 17 with a full valuation carried out by professionally qualified chartered surveyors on a depreciated replacement cost basis, in accordance with the Statement of Assets Valuation Practice No. 4. An external revaluation is obtained every 3 years unless deemed to be required sooner with interim valuations performed by management where no external valuation is obtained.

This calculation allows for the time depreciation of the Stadium, excluding the land element, of 50 years.

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or loss or a revaluation loss exceeds the accumulated revaluation gains recognised in equity; such gains and losses are recognised in profit or loss.

bet365 Group Limited

ACCOUNTING POLICIES

IMPAIRMENTS OF FIXED ASSETS

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Group and Company estimates the recoverable amount of the asset or, for goodwill, the recoverable amount of the cash-generating unit to which the goodwill belongs.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in profit or loss.

Any impairment loss recognised is not reversed for fixed assets other than goodwill, and recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

FIXED AND CURRENT ASSET INVESTMENTS

Group

Trade investments are classified as financial instruments and accounted for at fair value through profit and loss, in accordance with the accounting policy set out on page 32.

Trade investments are recorded as current asset investments where they are highly liquid and where they can be realised within 12 months.

Company

In the separate accounts of the Company interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries are assessed for indications of impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

SIGNING ON FEES

The directors consider that signing on fees represent a normal part of the employment cost of the player and as such should be charged to profit or loss over the period of the player's contract as the instalment payments are made, except in the circumstances of a player disposal. In that case any remaining signing on fees due are allocated in full against profit on disposal of players' registrations in the period in which the player disposal is made.

SOFTWARE DEVELOPMENT

Expenditure on software development is written off to profit or loss in the period in which it is incurred as it is considered by the directors to be revenue in nature.

STOCK

Stock held by the football club is valued at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first in, first out cost basis.

At each reporting date, the Group assesses whether stock is impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss.

Reversals of impairment losses are also recognised in profit or loss.

bet365 Group Limited

ACCOUNTING POLICIES

FOREIGN CURRENCIES

Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

Assets and liabilities of overseas subsidiaries (including goodwill and fair value adjustments in relation to overseas subsidiaries) are translated into the Group's presentation currency at the rate ruling at the reporting date. Income and expenses of overseas subsidiaries are translated at the average rate for the period as the directors consider this to be a reasonable approximation to the rate at the date of the transaction. Translation differences are recognised in other comprehensive income and accumulated in equity.

TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the period. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and because it includes items of income or expense that are never taxable or deductible for tax purposes. Current tax assets and liabilities are measured using statutory rates applying to the period when the asset or liability arises.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on statutory rates applying to the period when the asset or liability arises. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income or expenses from subsidiaries and branches that will be assessed to or allow for tax in a future period except where the Group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

For non-depreciable assets measured using the revaluation model, deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

bet365 Group Limited

ACCOUNTING POLICIES

DEFERRED INCOME

Deferred income relates to Stoke City Football Club Limited and consists of season tickets, sponsorship and other elements of income which have been received prior to the period end in respect of future events, matches or seasons.

LEASED ASSETS AND OBLIGATIONS

Group and Company leases that do not give rights approximating to ownership are “operating leases” and the annual rentals are charged to profit or loss on a straight line basis over the lease term.

Rental income from assets leased under operating leases is recognised on a straight-line basis over the term of the lease. Rent free periods or other incentives given to the lessee are accounted for as a reduction to the rental income and recognised on a straight-line basis over the lease term.

EMPLOYEE BENEFITS AND COSTS

The entitlement to compensated absences for Stoke City Football Club Limited ends at 30 June annually. The cost of any unused entitlement is recognised in the period in which the employee’s services are received. All other Group entities have a compensated absence period in line with the accounting period.

In the event of payments made in respect of termination benefits, these are recognised in the income statement when there is an obligation at the reporting date as a result of a past event that will or has resulted in the transfer of economic benefits and that obligation can be estimated reliably. The costs incurred in the period were £1,275,000 (2019: £1,212,000) and are included in wages and salaries and social security costs of the Company and Group.

RETIREMENT BENEFITS

The Group contributes to a number of schemes.

There are two defined contribution (money purchase) pension schemes whose assets are held separately from those of the Group in an independently administered fund. The amount charged to profit or loss in respect of pension costs and other post retirement benefits is the contributions payable for the period.

Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments.

Certain employees of the Group participate in the Football League Pension and Life Assurance scheme and the Football League Players’ Benefit scheme. Both schemes are defined benefit schemes co-sponsored by the FA Premier League and the Football League. The Group makes contributions to the schemes in accordance with the recommendations of the actuaries to the schemes. As Stoke City Football Club Limited is one of a number of participating employers in the schemes, it is not possible to allocate that part of any actuarial surplus or deficit owing to the club’s employees.

Consequently, contributions are charged to profit or loss as they become payable. In addition a provision has been established for future enhanced contributions following instruction from the actuaries of the schemes.

Contributions are also paid to individuals’ money purchase pension schemes. The contributions are charged to profit or loss in the period in which they become payable.

DUTY COSTS AND OTHER TAX LEVIES

Duty and other overseas levies are charged in the financial statements of the Group based on the prevailing duty and levy rates applicable to local legislative requirements of the country where bets are placed.

CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement cash and cash equivalents at the end of the period relate to bank balances and short term deposits included in cash at bank and in hand, current asset investments and short term deposits included in debtors falling due within one year. The cash in respect of current asset investments relates solely to cash balances and excludes bonds held.

bet365 Group Limited

ACCOUNTING POLICIES

TURNOVER

Revenue is recognised under an exchange transaction with a customer when and to the extent that the Group obtains the rights to consideration in exchange for its performance.

Turnover is recognised at the fair value of the consideration received.

Turnover is the revenue resulting from exchange transactions under which the Group supplies to customers the services that it is in the business to provide and is net of marketing inducements, VAT and other sales related taxes and is recognised as set out below:

In the case of Internet and Mobile Sports Betting and Online Casino operations (including Games and Bingo), turnover represents gains and losses from betting activity in the period and is stated on a gross win basis in line with industry best practice.

In the case of Online Poker, turnover represents the net income from fees and rakes earned from poker in the period.

In respect of Stoke City Football Club Limited, turnover represents match receipts, FA Premier League receipts, English Football League receipts and other income arising from the Club's activities. Revenue is recognised when substantially all of the obligations under a sales contract have been fulfilled. Revenue received from the FA Premier League and English Football League is recognised in the financial statements on the basis of the number of matches played up to the period end. This is in accordance with the FA Premier League and English Football League guidelines on income recognition. Performance related awards have not been recognised until achieved by the Club, as the income cannot be assessed with certainty.

OTHER INCOME

Interest income

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

FINANCIAL INSTRUMENTS

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Trade, group and other debtors

Trade, group and other debtors (including accrued income) which are receivable within one year are initially measured at the transaction price. Trade, group and other debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors and group debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade and group debtors over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

bet365 Group Limited

ACCOUNTING POLICIES

FINANCIAL INSTRUMENTS - CONTINUED

Total debtors for the Group are stated net of a provision of £551,000 (2019: £1,600,000) and for the Company £164,887,000 (2019: £86,900,000).

Trade investments

Trade investments are equity investments over which the Group has no significant influence, joint control or control and are initially measured at transaction price. Transaction price includes transaction costs, except where trade investments are measured at fair value through profit or loss when transaction costs are expensed to profit or loss as incurred.

Trade investments in non-convertible and non-puttable preference shares or non-puttable ordinary shares are measured at fair value through profit or loss.

The fair value of trade investments quoted on a recognised stock exchange is the quoted bid price. The fair value of unlisted trade investments is valued at the single market price as advised by the investment manager.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting date. Fair value gains and losses are recognised in profit or loss.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Trade and other creditors

Trade and other creditors (including accruals) payable within one year are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

DIVIDENDS

Dividends are recognised as liabilities once they are no longer at the discretion of the Company.

RESERVES

Reserves for the Group and Company represent the following:

Share premium account

Consideration received for shares issued above their nominal value net of transaction costs.

Revaluation reserve for the Football Stadium

The cumulative revaluation gains and losses on the Football Stadium and associated deferred tax that have been recognised in profit or loss have been subsequently transferred to this reserve as permitted by FRS 102 paragraph 17.15E.

Profit and loss account

Cumulative profit and loss net of distributions to owners.

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 March 2020

1 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

Critical areas of judgement

Stadium valuation

The Group values its Football Stadium on a depreciated replacement cost basis. This takes into account the split of the land value and buildings. It estimates the cost of rebuilding the Football Stadium at a set rate per capacity and the cost of buying the land at the valuation date. An external qualified independent surveyor has performed a valuation of the Football Stadium in March 2018 and the directors have reassessed and adjusted the valuation as necessary applying the same methodology in the current period.

Key management personnel

The directors consider the directors of the Group and all senior staff in the Group and their roles in planning, directing and controlling the Group to ensure the disclosure of remuneration of key management personnel is complete.

Duty, other overseas taxes and levy accruals

Duty, other overseas taxes and levy accruals are calculated and recorded in the financial statements of the Group, based on the prevailing or prospective rate relevant to the jurisdictional requirements of the country under which the bets were placed. The directors are continually monitoring and appraising events in all countries in which the Group operates.

Player impairment

In accordance with the accounting policy, the Directors have continued to amortise the cost of player registrations on a straight line basis over the period of their respective contracts.

Player impairment is considered annually by the Directors. The Directors have considered the market value less costs to sell for each individual player taking account of factors such as the player's age, injury record and individual performance as well as considering the Club's performance, the Club's league status and market conditions for the transfer of player registrations. The Directors then considered the first team squad players as a whole, to give their collective market value. This data has then been utilised to assess the total impairment of the squad value incurred in the year.

Where an individual player is not part of the first team squad and therefore highly unlikely to contribute to future cashflows, the registration and carrying value of that player is assessed individually rather than as part of the squad, taking account of the factors noted above.

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 March 2020

1 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT - CONTINUED

During this year the Directors also observed overall a substantial deterioration in the general market value for player registrations at 31 May 2020. Accordingly, the Directors engaged a professional independent expert to assist them in assessing the deterioration in the Club's player registration values. The professional independent expert quantified a series of factors contributing to the deterioration in value of individual player registrations and a further deterioration in the value of all player values as a result of the Covid-19 pandemic. They assessed that in the market in which the Club operates and the markets to which its players are most likely to be sold there was a 70% - 85% reduction in the market value of players as a result of Covid-19. The Directors have considered the above factors and identified that these were also present at 29 March 2020 and have therefore accepted and used these ratios in their assessment in these financial statements.

The collective impairment attributed to individual players in this review prior to Covid-19 considerations totalled £12.2m. A further directly attributable impact which was due to the Covid-19 pandemic was applied to the cash generating unit and individual players which amounted to £30.1m.

Company - Carrying value of its investments and debtors

The Company regularly reviews and assesses the carrying value of its investments and debtors by monitoring profitability, cash flows and transactional activities in the relevant sectors. If there were any indication that the recoverability of such items had been materially impacted the Group would recognise any such changes in the financial statements as necessary. The recoverability of the debt held with the Stoke City group of companies in the year was impacted in the year by the impairment of player registrations as documented above. As a result of the above a provision has been included within these financial statements.

2 TURNOVER

A geographical analysis of turnover has not been given as in the opinion of the directors such disclosure would be severely prejudicial to the interests of the Group.

Details for the current period of turnover and profit by class of business is given in the profit and loss account and comparative information for the 53 week period ended 31 March 2019 is shown below:

	53 week period ended 31 March 2019		
	Sports and gaming £000	Football Club and facilities £000	Total £000
TURNOVER	2,981,606	82,045	3,063,651
Direct costs	(359,781)	-	(359,781)
GROSS PROFIT	2,621,825	82,045	2,703,870
Administrative expenses	(1,854,685)	(90,922)	(1,945,607)
OPERATING PROFIT/(LOSS)	767,140	(8,877)	758,263
Fair value gains on investment	21,354	-	21,354
Interest receivable and similar income	11,859	160	12,019
Interest payable and similar expenses	(211)	(1)	(212)
PROFIT/(LOSS) BEFORE TAXATION	800,142	(8,718)	791,424

bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 29 March 2020

3 EMPLOYEES

The average monthly number of persons (including directors) employed by the Group and Company during the period was:

	GROUP		COMPANY	
	52 week period ended 29 March 2020 Number	53 week period ended 31 March 2019 Number	52 week period ended 29 March 2020 Number	53 week period ended 31 March 2019 Number
Managers and supervisors	511	477	4	4
Operations and service support staff – betting and gaming group	4,337	3,912	-	-
Operations staff – football group	261	251	-	-
Full time playing staff and scholars	68	68	-	-
	<u>5,177</u>	<u>4,708</u>	<u>4</u>	<u>4</u>

In addition to the above the Group employed an average of 217 (2019: 248) match-day staff during the period.

	GROUP		COMPANY	
	52 week period ended 29 March 2020 £000	53 week period ended 31 March 2019 £000	52 week period ended 29 March 2020 £000	53 week period ended 31 March 2019 £000
Staff costs for the above persons:				
Wages and salaries	794,499	624,514	535,030	372,879
Social security costs	99,836	78,313	73,623	51,976
Other pension costs	10,058	8,389	-	-
	<u>904,393</u>	<u>711,216</u>	<u>608,653</u>	<u>424,855</u>

DIRECTORS' REMUNERATION

	52 week period ended 29 March 2020 £000	53 week period ended 31 March 2019 £000
Emoluments	529,402	373,029
	<u>529,402</u>	<u>373,029</u>

bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 29 March 2020

3 EMPLOYEES - CONTINUED

No directors were accruing benefits under the money purchase pension scheme (2019: none).

	Highest paid director	
	52 week period ended 29 March 2020 £000	53 week period ended 31 March 2019 £000
Emoluments	421,157	276,585

4 REMUNERATION OF KEY MANAGEMENT PERSONNEL

The total compensation of the directors and managers who are considered to be the key management personnel of the Group was £607,392,000 (2019: £428,431,000).

5 PENSION COMMITMENTS

The Group operates a number of defined contribution pension schemes whose assets are held separately from those of the Group in independently administered funds. The pension cost charge represents contributions payable by the Group to the funds and amounted to £10,058,000 (2019: £8,389,000). Contributions amounting to £226,000 (2019: £67,000) were payable to the scheme at the period end and are included in other creditors. In respect of the multi-employer defined benefit scheme, a provision amounting to £217,000 (2019: £246,000) is included in provisions (note 19).

6 INTEREST RECEIVABLE AND SIMILAR INCOME	52 week period ended 29 March 2020 £000	53 week period ended 31 March 2019 £000
Bank interest	12,852	6,050
Dividend income from current asset investments	6,245	5,969
Other interest receivable	5	-
	19,102	12,019

7 INTEREST PAYABLE AND SIMILAR EXPENSES	52 week period ended 29 March 2020 £000	53 week period ended 31 March 2019 £000
On bank loans and overdrafts	-	1
Unwinding of discount on certain amounts payable due after more than one year	449	211
	449	212

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 March 2020

8 PROFIT BEFORE TAXATION

	52 week period ended 29 March 2020 £000	53 week period ended 31 March 2019 £000
Profit before taxation is stated after charging/(crediting):		
Depreciation and amounts written off tangible fixed assets:		
Charge for the period – owned assets	30,518	23,521
Amortisation of player registrations	31,925	25,420
Amortisation of goodwill	135	135
Amortisation of other intangibles	7,134	6,413
Impairment of players' registrations	43,014	1,324
Profit on sale of fixed assets	(469)	(917)
Profit on disposal of players' registrations	(2,102)	(18,284)
Loss on disposal of fixed asset investment	5,981	-
Operating lease rentals		
Other	11,037	12,808
Software development	58,287	44,885
Exchange losses	51,617	33,810
Fair value losses/(gains) on current asset investments	75,681	(18,450)
Fair value losses/(gains) on fixed asset investment	596	(2,904)

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 March 2020

8 PROFIT BEFORE TAXATION - CONTINUED

	52 week period ended 29 March 2020 £000	53 week period ended 31 March 2019 £000
Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:		
Audit services:		
Statutory audit of parent and consolidation accounts	40	22
Other services:		
Audit of subsidiaries where such services are provided by RSM associates	198	173
Audit of subsidiaries where such services are provided by RSM UK Audit LLP	508	369
Tax services:		
Compliance services	88	70
Advisory services	274	179
Further assurance services	32	34
All other non-audit services	10	20
	1,150	867
Comprising:		
Audit services	778	564
Non-audit services	372	303
	1,150	867

Further assurance services includes fees paid in respect of auditing assignments to meet specific industry requirements including industry levy calculations and licence applications. The above fees are exclusive of VAT.

The figures presented are for bet365 Group Limited and subsidiaries as if they were a single entity.

bet365 Group Limited has taken the exemption permitted by SI 2008/489 to omit disclosure of auditor's remuneration in respect of non-audit services provided to the Company, since this is included in the consolidation.

bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 29 March 2020

9	TAXATION	52 week period ended 29 March 2020 £000	53 week period ended 31 March 2019 £000
	Current tax:		
	UK corporation tax on profits of the period	28,957	42,979
	Overseas tax	15,039	55,127
	Adjustments in respect of previous period - UK	(1,210)	7,053
	Adjustments in respect of previous period – overseas	(48)	(65)
	Total current tax	42,738	105,094
	Deferred tax:		
	Origination and reversal of timing differences	(24,795)	572
	Effect of tax rate change on opening liability	(409)	-
	Adjustments in respect of previous period	(806)	805
	Total deferred tax	(26,010)	1,377
	Tax on profit	16,728	106,471
	Factors affecting tax charge for the period:	52 week period ended 29 March 2020 £000	53 week period ended 31 March 2019 £000
	The tax assessed for the period is lower (2019: lower) than the average standard rate of corporation tax in the UK 19% (2019: 19%). The differences are explained below:		
	Profit before tax	137,083	791,424
	Profit before tax multiplied by the average standard rate of corporation tax in the UK 19% (2019: 19%)	26,046	150,371
	<i>Effects of:</i>		
	Expenses not deductible for tax purposes	2,807	233
	Non taxable income	(1,232)	(2,275)
	Difference in tax rate of overseas subsidiaries	(13,245)	(48,618)
	Movement in deferred tax not recognised	4,825	-
	Adjustments in respect of previous period and effect of tax rate change	(2,473)	7,525
	Adjustments relating to property sales	-	(765)
	Total tax charge	16,728	106,471

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 March 2020

9 TAXATION - CONTINUED

The standard rate of corporation tax in the United Kingdom for the year was 19% (2019: 19%). The Finance Act 2016 enacted a further reduction in the main rate of corporation tax to 17% with effect from 1 April 2020. However, the Budget which took place on 11 March 2020 confirmed the rate of corporation tax will remain at 19% from 1 April 2020, cancelling the enacted rate reduction to 17%. The 19% rate was substantively enacted on 17 March 2020 when the Budget Provisional Collection of Taxes Act resolution was passed. Deferred tax has therefore been provided at a rate of 19% (2019: 17%).

10 DIVIDENDS

	52 week period ended 29 March 2020 £000	53 week period ended 31 March 2019 £000
Ordinary and A Ordinary shares: Dividends paid	95,000	92,500

During the period 2 equal tranches (2019: 2 tranches) of dividends of £157.64 (2019: £153.49) per share were paid by the Company amounting to £95,000,000 (2019: £92,500,000) in total.

bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 29 March 2020

11 INTANGIBLE FIXED ASSETS

	Goodwill – Sports and gaming £000	Goodwill – Football Club and facilities £000	Other intangibles £000	Player registrations £000	Purchased computer software £000	Total £000
GROUP						
<i>Cost</i>						
At beginning of period	14,378	7,635	22,392	214,345	32,662	291,412
Transfers	-	-	-	-	42	42
Additions	-	-	-	11,040	2,373	13,413
Disposals	-	-	(9,530)	(32,929)	(1,968)	(44,427)
Translation differences	-	-	-	-	137	137
At end of period	14,378	7,635	12,862	192,456	33,246	260,577
<i>Amortisation and impairment</i>						
At beginning of period	14,378	6,958	2,250	124,066	28,420	176,072
Charge for the period	-	135	4,258	31,925	2,876	39,194
Transfers	-	-	-	-	11	11
Disposals	-	-	-	(32,622)	(1,828)	(34,450)
Impairment	-	-	-	43,014	-	43,014
At end of period	14,378	7,093	6,508	166,383	29,479	223,841
<i>Carrying value</i>						
At 29 March 2020	-	542	6,354	26,073	3,767	36,736
At 31 March 2019	-	677	20,142	90,279	4,242	115,340

The amortisation of goodwill, player registrations and software in the period and impairment losses are recognised in administration expenses.

bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 29 March 2020

12 TANGIBLE FIXED ASSETS

	Assets under construction	Freehold land and buildings	Leasehold land and buildings	Football Stadium	Fixtures, fittings and computer equipment	Plant and motor vehicles	Total
	£000	£000	£000	£000	£000	£000	£000
GROUP							
<i>Cost or valuation</i>							
At beginning of period							
- Cost	9,016	97,458	628	-	203,235	22,049	332,386
- Valuation	-	-	-	41,131	-	-	41,131
Revaluation	-	-	-	(628)	-	-	(628)
Transfers	-	(17)	-	(6)	-	(19)	(42)
Additions	37,094	2,581	-	219	28,381	6,306	74,581
Disposals	-	(8)	-	-	(41,010)	(2,300)	(43,318)
Translation differences	285	-	-	-	2,031	51	2,367
	<u>46,395</u>	<u>100,014</u>	<u>628</u>	<u>40,716</u>	<u>192,637</u>	<u>26,087</u>	<u>406,477</u>
At end of period							
- Cost	46,395	100,014	628	-	192,637	26,087	365,761
- Valuation	-	-	-	40,716	-	-	40,716
	<u>46,395</u>	<u>100,014</u>	<u>628</u>	<u>40,716</u>	<u>192,637</u>	<u>26,087</u>	<u>406,477</u>
<i>Depreciation and impairment</i>							
At beginning of period	-	4,767	449	-	153,268	13,027	171,511
Charged in the period	-	1,305	29	-	25,286	3,898	30,518
Transfers	-	(3)	-	-	-	(8)	(11)
On disposals	-	(2)	-	-	(36,519)	(553)	(37,074)
At end of period	-	6,067	478	-	142,035	16,364	164,944
<i>Carrying amount</i>							
At 29 March 2020	<u>46,395</u>	<u>93,947</u>	<u>150</u>	<u>40,716</u>	<u>50,602</u>	<u>9,723</u>	<u>241,533</u>
At 31 March 2019	<u>9,016</u>	<u>92,691</u>	<u>179</u>	<u>41,131</u>	<u>49,967</u>	<u>9,022</u>	<u>202,006</u>

bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 29 March 2020

12 TANGIBLE FIXED ASSETS - CONTINUED

Included in the Football Stadium is land with a carrying amount of £4,450,000 (2019: £4,450,000).

In March 2018 the football stadium was revalued by GVA Grimley Limited, Chartered Surveyors. The Chartered Surveyors used the depreciated replacement costs method of valuation for Financial Reporting in accordance with the guidance notes issued by The Royal Institution of Chartered Surveyors for Asset Valuations. The directors have used the same methodology in the current period to give rise to a market value of the bet365 Stadium, for accounting purposes, of £40,716,000.

On an historical cost basis the football stadium would have been included at:

	29 March 2020 £000	31 March 2019 £000
Cost of Football Stadium	28,215	28,002
	<u> </u>	<u> </u>
Aggregate depreciation	-	-
	<u> </u>	<u> </u>

The net book value of leasehold land and buildings comprises:

	29 March 2020 £000	31 March 2019 £000
Short leasehold	150	179
	<u> </u>	<u> </u>

Depreciation in respect of long leasehold properties in the period was £nil (2019: £8,000) and short leasehold properties in the period was £29,000 (2019: £30,000).

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 March 2020

12 TANGIBLE FIXED ASSETS - CONTINUED

COMPANY	Freehold land and buildings £000
<i>Cost</i>	
At beginning of period	75,948
Additions	2,479
	<hr/>
At end of period	78,427
	<hr/>
<i>Depreciation</i>	
At beginning of period	1,123
Charge for the period	685
	<hr/>
At end of period	1,808
	<hr/>
<i>Carrying amount</i>	
At 29 March 2020	76,619
	<hr/>
At 31 March 2019	74,825
	<hr/>

Freehold property rented to another group entity

At 29 March 2020 the carrying amount of Freehold property held by the Company and rented to other entities in the Group which the Company has elected to measure using the cost model was £76,619,000 (2019: £74,825,000).

CAPITAL COMMITMENTS

At the period end the Group and Company had the following capital commitments:

	Group		Company	
	29 March 2020 £000	31 March 2019 £000	29 March 2020 £000	31 March 2019 £000
Capital expenditure contracted for but not provided in the financial statements	27,456	55,120	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 March 2020

13	FIXED ASSET INVESTMENTS	Shares in listed investments £000
	GROUP	
	<i>Valuation</i>	
	Carrying amount at 1 April 2019	19,198
	Fair value loss	(596)
	Disposal	(18,716)
	Exchange gain	114
		<hr/>
	Carrying amount at 29 March 2020	-
		<hr/>

In November 2018 the Group entered into a long-term commercial arrangement with Resorts World Catskills, which included consideration of \$50m for equity shares in NASDAQ listed Empire Resorts Inc. ("Empire") and right to access certain assets payable in 2 tranches. The first tranche was payable on completion of the initial contract; the second was conditional on certain factors including Empire maintaining its listing on NASDAQ. The value of the equity shares has been recognised as an investment and the remaining consideration as an intangible asset. In the period the majority shareholder of Empire, proposed to and subsequently acquired all the equity of Empire owned by other shareholders releasing the Group from its obligation to pay the additional consideration. Therefore no further payments were required by the Group resulting in the investment and intangible asset held reducing to \$nil and \$19m respectively.

The fair values of the listed investments are based on quoted market prices for the equity shares using the current mid price.

	Shares in group undertakings £000
COMPANY	
<i>Cost and carrying amount</i>	
At beginning and end of period	10,000
	<hr/>

The Group holds more than 20% of the equity (and no other share or loan capital) of the following undertakings:

<i>Subsidiary undertaking</i>	<i>Country of registration and address</i>	<i>Nature of business</i>	<i>Proportion of nominal value</i>	
			<i>Group</i>	<i>Company</i>
Hillside (New Media Holdings) Limited	UK - see note A	Holding Company	100%	100%
Hillside (New Media Midco) Limited	UK - see note A	Limited Partner in partnerships providing Online Sports Betting	100%	-
Hillside (Shared Services) Limited	UK - see note A	Limited Partner in partnerships providing Online Sports Betting	100%	-
Hillside (Shared Services 2018) Limited	UK - see note A	Provision of Administration Support Services	100%	100%
Hillside (Trader Services) Limited	UK - see note A	Provision of Trader Support Services	100%	100%

bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 29 March 2020

13 FIXED ASSET INVESTMENTS - CONTINUED

<i>Subsidiary undertaking</i>	<i>Country of registration and address</i>	<i>Nature of business</i>	<i>Proportion of nominal value</i>	
			<i>Group</i>	<i>Company</i>
Hillside (Media Services) Limited	UK – see note A	Provision of Media Services	100%	100%
Hillside (Technology) Limited	UK – see note A	Provision of Software and Technology Support Services	100%	100%
Hillside (Spain New Media) Plc	UK – see note A	Holding Company	100%	-
Hillside (Sports) GP Limited	Gibraltar – see note B	General partner in limited partnerships providing Online Betting	100%	-
Hillside (Gibraltar) Limited	Gibraltar – see note B	Limited partner in partnerships offering Online Gaming	100%	-
Hillside (Gaming) GP Limited	Gibraltar – see note B	General partner in limited partnerships providing Online Gaming	100%	-
Hillside (New Media Holdings Malta) Limited	Malta – see note C	Holding Company	100%	-
Hillside (New Media Malta) Plc	Malta – see note C	Provision of Internet and Mobile sports betting along with Online Casino, Games, Bingo and Poker	100%	-
Hillside (Technology Malta) Limited	Malta – see note C	Provision of Technology Support Services	100%	-
Hillside (New Media Malta Property) Limited	Malta – see note C	Property Holding Company	100%	-
Hillside (Marketing Malta) Limited	Malta – see note C	Provision of Marketing Support Services	100%	-
Hillside (Shared Services Malta) Limited	Malta – see note C	Dormant	100%	-
Lucky Stream Limited	Malta – see note C	Provision of Internet and Mobile sports betting along with Online Casino, Games, Bingo and Poker	100%	-
Hillside (Australia New Media) Pty Limited	Australia – see note D	Provision of Internet, Mobile and Telephone sports betting	100%	-
Hillside Espana Leisure, S.A.	Spain – see note E	Provision of Online Casino, Poker, Bingo and Games	100%	-
Hillside (Bulgaria) EOOD	Bulgaria – see note F	Provision of Software Development services	100%	-
Hillside (New Media Cyprus) Limited	Cyprus – see note G	Provision of Internet and Mobile sports betting	100%	-
Stoke City Holdings Limited	UK – see note H	Holding Company	100%	100%

bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 29 March 2020

13 FIXED ASSET INVESTMENTS – CONTINUED

<i>Subsidiary undertaking</i>	<i>Country of registration and address</i>	<i>Nature of business</i>	<i>Proportion of nominal value</i>	
			<i>Group</i>	<i>Company</i>
Stoke City Football Club Limited	UK – see note H	Football Club	98.1%	-
Stoke City (Property) Limited	UK – see note H	Provision of Stadium and Training Ground Facilities	100%	-
bet365 International NV	Netherlands Antilles – see note I	Holding company	100%	-
Hillside (Gibraltar Holdings) Limited	Gibraltar – see note B	Dormant	100%	-
Hillside (Gibraltar New Media) Limited	Gibraltar – see note B	Dormant	100%	-
Hillside (Leisure) Limited	UK – see note A	Dormant	100%	-
Hillside (Alderney) Limited	Alderney – see note J	Dormant	100%	-
Hillside (New Media Holdings US) Inc	USA – see note K	Holding Company	100%	-
Hillside (Sports) MP Limited	Malta – see note C	Managing partner in partnerships providing Online Betting	100%	-
Hillside (Gaming) MP Limited	Malta – see note C	Managing partner in partnerships providing Online Gaming	100%	-
Hillside (Technology Product) Limited	UK – see note A	Dormant	100%	-
Hillside (Infrastructure Ireland) Limited	Ireland – see note L	Provision of Technology Support Services	100%	-

The Group controls more than 20% of the equity of the following Partnerships and Limited Partnerships:

<i>Undertaking</i>	<i>Country of registration and address</i>	<i>Principal activity</i>	<i>Percentage of control</i>	
			<i>Group</i>	<i>Company</i>
Hillside (International Sports) LP	Gibraltar – see note B	Provision of Internet and Mobile sports betting	100%	-
Hillside (Sports) LP	Gibraltar – see note B	Provision of Internet and Mobile sports betting	100%	-
Hillside (UK Sports) LP	Gibraltar – see note B	Provision of Internet and Mobile sports betting	100%	-
Hillside (International Gaming) LP	Gibraltar – see note B	Provision of Online Casino, Poker, Bingo and Games	100%	-

bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 29 March 2020

13 FIXED ASSET INVESTMENTS - CONTINUED

<i>Undertaking</i>	<i>Country of registration and address</i>	<i>Principal activity</i>	<i>Percentage of control</i>	
			<i>Group</i>	<i>Company</i>
Hillside (Gaming) LP	Gibraltar – see note B	Provision of Online Casino, Poker, Bingo and Games	100%	-
Hillside (Gaming) ENC	Malta – see note C	Provision of Online Casino, Poker, Bingo and Games	100%	-
Hillside (Sports) ENC	Malta – see note C	Provision of Internet and Mobile sports betting	100%	-
Hillside (UK Gaming) ENC	Malta – see note C	Provision of Online Casino, Poker, Bingo and Games	100%	-
Hillside (International Gaming) ENC	Malta – see note C	Dormant	100%	-
Hillside (UK Sports) ENC	Malta – see note C	Provision of Internet and Mobile sports betting	100%	-
Hillside (International Sports) ENC	Malta – see note C	Dormant	100%	-
Hillside (New York) LLC	USA – see note K	Provision of support services	100%	-
Hillside (Indiana) LLC	USA – see note K	Dormant	100%	-
Hillside (Shared Services US) LLC	USA – see note K	Provision of Administration Support Services	100%	-
Hillside (New Jersey) LLC	USA – see note K	Provision of Internet and Mobile sports betting along with Online Casino, Games, Bingo and Poker	100%	-
Hillside (US New Media) LLC	USA – see note K	Holding Company	100%	-
Hillside (Technology US) LLC	USA – see note K	Provision of Technology Support Services	100%	-
Hillside New Media Malta Plc – Pasteko S. A, UT	Argentina – see note M	Online gambling services	85%	-

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 March 2020

13 FIXED ASSET INVESTMENTS - CONTINUED

Note A: bet365 House, Media Way, Stoke-on-Trent, ST1 5SZ, United Kingdom

Note B: Unit 1.1, 1st Floor Waterport Place, 2 Europort Avenue, Gibraltar

Note C: Office 1/2373, Level G, Quantam House 75, Abate Rigord Street, Ta'Xbiex, XBX 1120, Malta

Note D: Level 4, 90 Arthur Street, North Sydney, NSW 2060, Australia

Note E: 20, Calle Conde de Aranda, Madrid, Spain

Note F: 1463 Sofia City, Sofia District (capital city) Municipality Stolichna, Triaditza Region 82, Patriarch Evtimii Boulevard, Bulgaria

Note G: Omrania Centre, 313 28th October Ave, Limassol, 3105, Cyprus

Note H: bet365 Stadium, Stanley Matthews Way, Stoke-on-Trent, ST4 4EG, United Kingdom

Note I: New Haven Centre, Emancipatie Boulevard 31, Post Box 6052, Curacao, Netherland Antilles

Note J: Century House, 12 Victoria Street, Alderney, GY9 3UF

Note K: National Registered Agents, Inc., 160 Greentree Drive, Suite 101, Dover, Delaware 19904.

Note L: 1st and 2nd Floor, The Mill, Greenmount Industrial Estate, Harolds Close, Dublin 12, Ireland

Note M: Luis Garcia 695, 9th Floor, Municipality of Tigre, Province of Buenos Aires, Argentina

Subsequent to the period end the Group have established the following new Group entities:

Hillside (Colorado) LLC

Hillside (Virginia) LLC

Hillside Colombia S.A.S

14 STOCK

	Group		Company	
	29 March 2020 £000	31 March 2019 £000	29 March 2020 £000	31 March 2019 £000
Finished goods	374	293	-	-

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 March 2020

15 DEBTORS

	Group		Company	
	29 March	31 March	29 March	31 March
	2020	2019	2020	2019
	£000	£000	£000	£000
<i>Amounts falling due within one year:</i>				
Trade debtors	1,106	12,722	-	-
Amounts owed by Group undertakings	-	-	662,461	848,171
Other debtors	83,473	54,559	5,823	5,354
Cash equivalents	45,331	77,482	-	-
Prepayments and accrued income	40,676	27,857	93	83
Deferred tax asset (see note 19)	51,278	27,316	11,543	-
	221,864	199,936	679,920	853,608
<i>Amounts falling due after more than one year:</i>				
Other debtors	883	1,353	883	1,353
	222,747	201,289	680,803	854,961

16 CURRENT ASSET INVESTMENTS

	Group		Company	
	29 March	31 March	29 March	31 March
	2020	2019	2020	2019
	£000	£000	£000	£000
Listed investment	362,215	281,891	362,215	281,891
Unlisted investment:				
- Cash and Bonds	640,374	188,901	640,374	188,901
- Trade investments	45,420	46,618	45,420	46,618
	1,048,009	517,410	1,048,009	517,410

The fair values of the listed investments are based on quoted market prices for the equity shares using the current mid price. The fair value of trade investments are valued at the single market price as advised by the investment manager. The historical cost of the listed investments is £425,087,000 (2019: £275,404,000) and unlisted investments £698,020,000 (2019: £240,856,000). The Group and Company holds a diverse portfolio of investments to help reduce and mitigate any risks arising from changes in market conditions. The investments held are highly liquid and held for the future use within the trade of the business.

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 March 2020

17 CREDITORS: Amounts falling due within one year

	Group		Company	
	29 March	31 March	29 March	31 March
	2020	2019	2020	2019
	£000	£000	£000	£000
Trade creditors	251,779	336,394	49	-
Corporation tax	8,177	41,318	3,743	2,750
Other taxation and social security costs	9,027	7,581	2,265	2,376
Other creditors	289,201	261,629	115,097	170,077
Accruals and deferred income	696,944	494,229	548,742	357,525
	<u>1,255,128</u>	<u>1,141,151</u>	<u>669,896</u>	<u>532,728</u>

Included in trade creditors is an amount of £221,730,000 (2019: £285,526,000) in respect of amounts due to customers. This is offset by an amount, held in segregated accounts, equivalent to these funds in cash at bank and cash equivalents.

Included within other creditors in the prior period was an obligation to acquire shares in a listed entity at a future date. The corresponding entry has been included in investments. A discount rate of 5.25% has been applied to the creditor. The directors consider that this rate is appropriate as it is consistent with the rate of interest charged by the Group on loans to other Group undertakings. This obligation was waived during the year.

18 CREDITORS: Amounts falling due after more than one year

	Group		Company	
	29 March	31 March	29 March	31 March
	2020	2019	2020	2019
	£000	£000	£000	£000
Trade creditors	-	3,000	-	-
Accruals and deferred income	6,300	4,770	6,300	4,770
	<u>6,300</u>	<u>7,770</u>	<u>6,300</u>	<u>4,770</u>

bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 29 March 2020

19 PROVISION FOR LIABILITIES

	Pension obligations £000
GROUP	
At start of period	246
Credit in the period	(29)
At end of period	217

Pension obligations

Certain staff of the Group are members of either the Football League Limited Players Retirement Income Scheme, a defined contribution scheme, or the Football League Limited Pension and Life Assurance Scheme ("FLLPLAS"), a defined benefit scheme. As the Group is one of a number of participating employers in the FLLPLAS, it is not possible to allocate any actuarial surplus or deficit on a meaningful basis and consequently contributions are expensed in the profit and loss account as they become payable. The assets of the scheme are held separately from those of the Group, being invested with insurance companies. In addition a provision has been established for future enhanced contributions following instruction from the actuaries of the schemes. The expected contributions to the scheme for the next financial period are £49,000 (2019: £31,000).

GROUP

DEFERRED TAXATION ASSET	£000
At beginning of period	27,316
Credit to the profit and loss account	26,010
Charge to other comprehensive income – on currency translation differences	(1,789)
Charge to other comprehensive income - on revalued assets	(259)
At end of period	51,278

bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 29 March 2020

19 PROVISION FOR LIABILITIES - CONTINUED

The elements of the deferred tax asset are as follows:

	Provided		Unprovided	
	29 March 2020 £000	31 March 2019 £000	29 March 2020 £000	31 March 2019 £000
Fixed asset timing differences	5,977	3,482	-	26
Other timing differences	9,623	3,497	1	68
Tax losses	25,928	23,325	1,595	870
Capital gains and losses	9,750	(2,988)	-	-
	<u>51,278</u>	<u>27,316</u>	<u>1,596</u>	<u>964</u>

In respect of the Group there are unutilised tax losses available for future use of £1,595,000 (2019: £870,000) relating to certain overseas subsidiaries.

A deferred tax asset has not been reflected as the recovery of this asset cannot be assessed with reasonable certainty.

COMPANY

DEFERRED TAXATION	£000
At beginning of period – liability	696
Credit to the profit and loss account	(12,239)
	<u> </u>
At end of period – asset	(11,543)

	Provided		Unprovided	
	29 March 2020 £000	31 March 2019 £000	29 March 2020 £000	31 March 2019 £000
Fixed timing differences - liability	1,624	1,240	-	-
Other timing differences - asset	(958)	(859)	-	-
Capital (losses)/gains	(12,209)	315	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
(Asset)/liability at end of period	(11,543)	696	-	-

bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 29 March 2020

20	SHARE CAPITAL	29 March 2020 £000	31 March 2019 £000
	GROUP AND COMPANY		
	Allotted, called up and fully paid		
	284,313 ordinary shares of 1 pence each	3	3
	17,000 "A" ordinary shares of 1 pence each	-	-
		<u>3</u>	<u>3</u>
		<u>3</u>	<u>3</u>

The ordinary shares and the "A" ordinary shares carry the same rights and rank pari passu.

Ordinary and "A" ordinary share rights

The Company's ordinary shares and "A" ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

21	NON-CONTROLLING INTEREST	29 March 2020 £000	31 March 2019 £000
	Non-controlling share of loss for the period	(1,455)	(166)
	Additional provision against non-controlling interest	1,455	166
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>

The directors have made a provision against the non-controlling interest debtor as they consider the Group would have an obligation to provide finance that they may not be able to recover in respect of the accumulated losses in its subsidiary which are attributable to the non-controlling interests.

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 March 2020

22 RECONCILIATION OF PROFIT AFTER TAX TO NET CASH GENERATED FROM OPERATIONS

	52 week period ended 29 March 2020 £000	53 week period ended 31 March 2019 £000
Profit after tax	120,355	684,953
Depreciation of tangible fixed assets	30,518	23,521
Impairment of intangible fixed assets	43,014	1,324
Amortisation of player registrations	31,925	25,420
Amortisation of goodwill	135	135
Amortisation of other intangible fixed assets	7,134	6,413
Profit on sale of fixed assets	(469)	(917)
Profit on disposal of player registrations	(2,102)	(18,284)
Fair value loss/(gain) on current asset investment	75,681	(21,354)
Fair value gain on fixed asset investments	596	-
Loss on disposal of fixed asset investment	5,981	-
Interest receivable	(19,102)	(12,019)
Interest payable	449	212
Taxation	16,728	106,471
OPERATING CASH FLOWS BEFORE MOVEMENTS IN WORKING CAPITAL	310,843	795,875
(Increase)/decrease in stock	(81)	232
Increase in debtors	(28,497)	(8,700)
Increase in creditors	171,993	210,290
(Decrease)/increase in provisions	(29)	144
CASH GENERATED FROM OPERATIONS	454,229	997,841

CONSOLIDATION ANALYSIS OF CHANGES IN NET DEBT

	1 April 2019 £000	Cash flow £000	Exchange rate movements £000	29 March 2020 £000
CASH AT BANK AND IN HAND	2,563,952	(352,551)	5,431	2,216,832

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 29 March 2020

23 COMMITMENTS UNDER OPERATING LEASES

The total future minimum lease payments under non-cancellable operating leases of the Group are as follows:

	Group		Company	
	52 week period ended 29 March 2020 £000	53 week period ended 31 March 2019 £000	52 week period ended 29 March 2020 £000	53 week period ended 31 March 2019 £000
Amounts due within one year	19,432	5,274	698	-
Amounts due between one and five years	21,725	5,762	2,734	-
Amounts due after five years	7	32	-	-
	<u>41,164</u>	<u>11,068</u>	<u>3,432</u>	<u>-</u>

24 COMMITMENTS

a) Security

Barclays Bank plc holds a charge dated 18 December 2012 which provides cash cover against bank guarantees provided in relation to the Group's entry into certain regulated markets. This totalled €26,800,000 (Euros) (2019: €28,800,000) at the period end date, a further guarantee of AUD \$1,853,000 (2019: \$746,000) is also in place at the period end.

b) Contingent liabilities

bet365 Group Limited has confirmed they will provide financial support to Stoke City Holdings Limited and Stoke City Football Limited.

The directors do not consider it practicable to estimate the financial impact of this support on the Group and it is in place for at least 12 months from the date of signing of the subsidiaries' statutory accounts.

In accordance with the Group's accounting policies for transfer fees linked to player contracts and other contracts in place, any additional fees are accounted for under these agreements in the period that it becomes probable that the condition is fulfilled.

Additional fees under these contracts that may therefore be payable if certain conditions are met in the future, have been estimated by the directors at the period end date at £5,038,000 (2019: £3,000,000).

bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 29 March 2020

25 RELATED PARTY TRANSACTIONS

Transactions between the Group and members of the Group which are not wholly owned are disclosed below:

	2020				2019			
	Sales and other income £000	Purchases and other charges £000	Loans (paid)/received £000	Net amount owed from the company £000	Sales and other income £000	Purchases and other charges £000	Loans (paid)/received £000	Net amount owed from the company £000
Subsidiary undertakings	8,408	(7,993)	(35,000)	(209,478)	1,813	(4,011)	(38,600)	-

In addition, the following transactions took place during the period with companies that are associated with the Group:

	2020			2019		
	Sales and other income £000	Purchases and other charges £000	Net amount owed from the company £000	Sales and other income £000	Purchases and other charges £000	Net amount owed to the company £000
Other related parties (common control)	391	(1,164)	(160)	493	(1,378)	(326)

During the period the Group donated £85,000,000 (2019: £85,000,000) to the Denise Coates Foundation, a charity of which certain directors are trustees.

The Foundation receives support from the bet365 Group Limited in respect of office space and other costs including management time, but the Group believe that this support is not material to disclose in the period.

During the period, dividends of £85,183,000 (2019: £82,941,000) were paid to the directors of the Company.

GROUP AND COMPANY

At the period end Denise Coates CBE was due monies from the Group of £112,334,000 (2019: £92,965,000) and John Coates was due monies from the Group of £1,024,000 (2019: £171,000). During the period the maximum debtor balance owed by Denise Coates CBE was £nil (2019: £nil) and John Coates £nil (2019: £nil).

During the period the Group made purchases from a partnership in which one of the directors is a partner, of £886,000 (2019: £870,000). At the period end £77,000 (2019: £nil) was owed to the partnership.

26 CONTROLLING INTEREST

bet365 Group Limited is under the control of Denise Coates CBE and her family.