

REGISTERED NUMBER: 10598447 (England and Wales)

FP MIDCO 1 LIMITED

**Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 December 2020**

BDO LLP
55 Baker Street
London
W1U 7EU

FP MIDCO 1 LIMITED

Contents of the Financial Statements
for the Year Ended 31 December 2020

	Page
Company Information	1
Strategic Report	2
Report of the Directors	6
Statement of Directors' Responsibilities	8
Report of the Independent Auditors	9
Statement of Profit and Loss and Other Comprehensive Income	16
Balance Sheet	17
Statement of Changes in Equity	18
Notes to the Financial Statements	19

FP MIDCO 1 LIMITED
Company Information
for the Year Ended 31 December 2020

DIRECTORS: C W Lynn
D T Lloyd

SECRETARY: P Curtis

REGISTERED OFFICE: Walton House
55 Charnock Road
Liverpool
L67 1AA

REGISTERED NUMBER: 10598447 (England and Wales)

AUDITORS: BDO LLP
55 Baker Street
London
W1U 7EU

FP MIDCO 1 LIMITED
Strategic Report
for the Year Ended 31 December 2020

The directors present their strategic report for the year ended 31 December 2020.

The principal activity of the Company is to act as an intermediate holding company for FP TopCo Limited. Investments held by the Company are those which relate to FP TopCo Limited's Football Pools business.

REVIEW OF BUSINESS

The profit before tax for the financial year was £38,000 (2019: £10,000 loss).

There are no plans to diversify into any other activity.

The subsidiaries are trading in-line with managements' expectations and the Directors consider future prospects to be reasonable.

COVID-19

Business impact

During the first quarter of the year the COVID-19 pandemic unfolded globally. The immediate business impact was the suspension of global live sport (including football) from the middle of March 2020 which disrupted the operations of the Classic Pool game and the Sportsbook operations of the Pay-to-Play business unit. Live sport and football in particular started to resume during May 2020 and more fully in June 2020 along with Horse Racing, all behind closed doors. During the period that live football was paused, the Classic Pools game continued thanks to the independent Pools Panel which has adjudicated on postponed Football fixtures since 1962. During this period the business switched its growth focused activities to its non-football subscription based products (such as Lottery Betting using the Lucky Clover brand) to partially mitigate any shortfall from the lack of live Football. Across all subscribers the initial impact of the sport related pause due to COVID-19 on the subscriber base was a reduction of around 5% from March - May 2020. However, with the resumption of live football the subscriber base broadly stabilised.

TFP's Pay-to-Play business proved to be remarkably resilient to the crisis, with the business pivoting its focus from sports-betting on live sporting events to virtual sports and casino.

In line with the Government guidance the Group temporarily closed its head office in Liverpool in both spring and autumn and successfully enabled its employees to work from home with no notable reduction in either productivity or customer service.

Maintaining financial resilience

Fortunately, because of the Group's subscriber model, resilience and the liquidity profile of such operations, the Group has strong cash reserves. However, because of the on-going uncertainty around COVID-19, the Group explored all options available to it to preserve the maximum liquidity level possible. These included deferral of payment of indirect taxes as well as taking advantage of the government's employee furlough scheme.

The Group concluded discussions with its external loan providers in October 2020, to revise its financial covenants, to take account of the impact of COVID-19 on current and projected business performance. Further details of the Group's negotiations with the lenders, both during the period and since the balance sheet date, can be found on pages 6 and 7 of the Director's report.

During the period the Group's shareholders provided the Group with two downstream loans of £6m and £2m respectively. Since the balance sheet date and prior to the termination dates of the loans, these instruments including accrued interest, have been converted into preference shares.

FP MIDCO 1 LIMITED
Strategic Report
for the Year Ended 31 December 2020

Supporting our colleagues

Our priorities in dealing with the exceptional challenges posed by COVID-19 are ensuring the safety of our colleagues.

We have taken steps to protect those of our colleagues who are considered by the government to be particularly vulnerable to the effects of the virus. The Group has ensured that its Liverpool office is COVID-19 secure. To this end a COVID-19 risk assessment has been undertaken and shared with colleagues. Clear handwashing and hygiene measures have been put in place, and steps have been taken to ensure employees maintain a 2 metre distance whilst in the office and where this is not possible, 1 metre plus appropriate mitigations. Those employees, whose roles permit them to do so effectively, are working from home for part of the week and from the office for the remainder of the week. We have significantly increased our IT and other processes to support this.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board has reviewed the risks associated with its activities, and continues to do so, and ensures that appropriate systems and controls are in place to mitigate the occurrence and impact of such risks.

The Company's business risks are in respect of its principal trading subsidiary, The Football Pools Limited, and are summarised below;

COVID-19:

At the time of writing the UK has emerged from the latest lockdown and is on a cautious path to recovery with live sport having continued uninterrupted since June 2020.

Classic Pools is the flagship product of TFP. Notwithstanding the impact of COVID-19 described earlier in this report, Classic Pools was able to mitigate against the worst effects of the suspension of live football by utilising the Pools Panel, an independent body of ex-professional footballers who adjudicate on postponed fixtures.

Pools.com, the Pay-to Play channel was impacted by the effect of COVID-19 on the sports calendar, particularly football and horseracing. However, with the suspension of live sports, many players switched to online casino and virtual sports.

The Group has also benefited from the significant investment it has made in recent years, in both front and back end technology, enabling the business to be operated remotely from home by its loyal and dedicated workforce.

As a result, the Company continues to be confident that it can meet its short term commitments to its customers, stake holders and employees and react to any further business disruption.

Regulatory: The business works closely with the UK Gambling Commission to ensure that its business activities are correctly licensed and that it does not inadvertently breach the terms of any of its licences. To minimise against the threat of legal action from jurisdictions where gambling is either illegal or restricted, the Company closely monitors business activity by geographical area and employs a Security Officer to ensure that all staff are fully trained and capable of identifying illegal gambling activity.

FP MIDCO 1 LIMITED

Strategic Report - continued **for the Year Ended 31 December 2020**

PRINCIPAL RISKS AND UNCERTAINTIES - continued

Decline of subscribers: The Board has taken steps to mitigate the threat posed to the business posed by the historic decline in Football Pools customer numbers, under previous ownership. These include investing more resources to recruit new players and retain existing players, expanding revenue channels to allow customers greater choice of how they play and converting existing players from card and cheque to direct debit. This is in addition to entering into partnerships with football clubs and national media outlets, to promote new innovative pools competitions.

Technology: The Board ensure that the risk posed by technology is mitigated where possible. It does so by continuing to invest heavily in technology via its subsidiary company; Football Pools 1923 Limited. Insurance cover is obtained to mitigate the cost of business interruption.

Brexit: The UK left the EU on 31 January 2020 and operated under a transition period whilst it negotiated a trade deal with the EU, which was concluded and commenced on January 1st 2021.

The Board has undertaken a review to consider the various possible outcomes of the trade negotiations and their potential impact on the Group. The review considered all areas of business such as customers, suppliers, regulation and employees and concluded that as UK based business with few overseas customers and no overseas operations, Brexit, whatever the outcome, will have a minimal impact on the Group.

Cash flow interest rate risk: The Company's interest bearing assets and liabilities are in respect of loans receivable from another group company and loan notes issued. Each has a fixed coupon of 12%. The Company therefore, has no direct exposure to interest rate risk.

Credit risk: The company's operations are UK based and have limited exposure to credit risk. Transactions within the Football Pools are predominantly either weekly cash receipts in advance or multiple weeks in advance by credit card, debit card or direct debit.

Liquidity risk: Cash flow forecasting is performed on a weekly basis. This weekly forecasting recognises committed short-term payables of the Company which are monitored and managed through regular discussions with suppliers. The Finance department along with the Directors, monitor rolling forecasts of the Company's liquidity requirements to ensure the Company has sufficient cash to meet its operational needs.

KEY PERFORMANCE INDICATORS

The Group's operations are managed on a divisional basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of FP TopCo Limited which includes the Company, is discussed in the Strategic Report of the Group's Annual Report for the year ended 31 December 2020 which does not form part of this report.

FP MIDCO 1 LIMITED

Strategic Report - continued
for the Year Ended 31 December 2020

FUTURE DEVELOPMENTS

The development, performance and position of FP TopCo Limited, which includes the company, is discussed in the Strategic Report of the Group's Annual Report for the year ending 31 December 2020, which does not form part of this report.

APPROVED AND AUTHORISED ON BEHALF OF THE BOARD:



C W Lynn - Director

Date: 30th June 2021

FP MIDCO 1 LIMITED
Report of the Directors
for the Year Ended 31 December 2020

The directors present their report with the financial statements of the company for the year ended 31 December 2020.

POST BALANCE SHEET EVENTS

On the 4th January 2021 the Government announced a UK wide lockdown. However, unlike the first lockdown, professional sport continued. This second lockdown has not had a noticeable impact on the operations of either the Company or its subsidiaries.

Since the balance sheet date the Directors have entered into negotiations with its banks to amend the H1 2022 banking covenants to align them with the business' latest forecasts as a condition subsequent to the October 2020 amendment. These negotiations were successfully concluded in April 2021.

Since the balance sheet date the two shareholder loans of £6m and £2m and accrued interest, have been converted into £8.1m of preference shares. The conversion rate reflects the cost of funds to the shareholders for obtaining the finance for the loans.

RESULTS

The profit before tax for the financial year amounted to £38,000 (2019 loss: £10,000).

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2020.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

C W Lynn
D T Lloyd

DIRECTORS' THIRD-PARTY INDEMNITY PROVISIONS

During the period and up to the date of approval of the financial statements, qualifying indemnity insurance was provided to the Directors of the company and also all Directors within the FP TopCo Group. No Claim was made under the provision.

FP MIDCO 1 LIMITED

Report of the Directors - continued **for the Year Ended 31 December 2020**

GOING CONCERN

The Company's subsidiary, The Football Pools Limited, is the principal trading company of the FP TopCo group ("the Group"). The directors of the Group have considered the going concern position of each company within the Group and of the Group as a whole. The viability of the company cannot therefore, be considered in isolation from the Group. The directors of the Group have provided a letter of support to the Company outlining its intention to support the Company for the next 12 months.

The Directors have performed an assessment of going concern, including a review of the Group's current cash position and available working capital, financial forecasts for 2021 and 2022, and the ability to adhere to the covenants contained within the Group's financing agreements.

The Group has banking facilities in place with CVC Credit Partners Investment Management Limited and National Westminster Bank PLC. The Group has a refinancing requirement immediately after the 12 month going concern review period and the intention is to review the options with lenders in Q4 2021, so that this refinancing is in place well in advance of the renewal date.

The Group's forecasts demonstrate that, following the amendment of the agreement disclosed in note 27, the Group can comfortably operate within the level of its current facilities, meet term loan repayments as they fall due and comply with its banking covenant measures. It is on this basis that the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least twelve months from the date of approval of these financial statements. The Group is a profitable, cash generative business. Group EBITDA was £7,057k (2019: £8,215 and has cash balances of £6,501k (2019: £3,869k). From this ongoing trade the Group has sufficient access to cash to meet any working capital commitments as they fall due. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

MATTERS INCLUDED IN THE STRATEGIC REPORT

In accordance with s414(C)(11) of the Companies Act, included in the Strategic Report is information relating to financial risk management and future developments which would otherwise be required by Schedule 7 of the 'large and medium sized companies and groups (accounts and reports) regulation 2008 to be contained in a Directors' Report.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

APPROVED AND AUTHORISED ON BEHALF OF THE BOARD:



C W Lynn - Director

Date: 30th June 2021

FP MIDCO 1 LIMITED

Statement of Directors' Responsibilities **for the Year Ended 31 December 2020**

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

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

Independent auditor's report to the members of
FP Midco 1 Limited

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of the Company's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of FP Midco Limited 1 (the 'Company') for the year ended 31 December 2020 which comprise the Statement of profit and loss, the Balance sheet, Statement of changes in equity 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 Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- A critical evaluation of management's assessment of the entity's ability to continue as a going concern, covering the period of 12 months from the date of approval of the financial statements by:
 - Evaluating the process management followed to make its assessment, including confirming whether the assessment and underlying projections were prepared by appropriate individuals with sufficient knowledge of the detailed figures as well as an understanding of the entities markets, strategies and risks.
 - Understanding, challenging and corroborating the key assumptions, such as the expected growth in the average Football Pools subscriber numbers in 2021 and 2022, included by management in their cash flow forecasts against prior year, our knowledge of the business and industry, and other areas of the audit.

Independent auditor's report to the members of
FP Midco 1 Limited

Conclusions relating to going concern – continued

- Considering through enquiry with management, review of board minutes and review of external resources for any key events that may have been omitted from cash flow forecasts and assessing the impact these could have on future cash flows and cash reserves.
- Assessing management's stress test scenarios, including those in respect of COVID-19 considerations, and challenging whether other reasonably possible scenarios could occur and including in our assessment where appropriate.
- Sensitised cashflow forecasts prepared by management included the preparation of a reverse stress test to analyse the level of reduction in trade that could be sustained before a covenant breach would be indicated. We assessed the assumptions included within this stress test by comparing to historic performance, projected subscriber growth and industry trends. We also checked the accuracy of these calculations.
- Confirming the financing facilities, repayment terms and financial covenants to supporting documentation. We reviewed management's assessment of covenant compliance throughout the forecast period to 30 June 2022, in line with periods of relaxed and normal covenants, including compliance within sensitised cash flow forecasts.
- Considering the adequacy of the disclosures relating to Going Concern included within the annual report against the requirements of the accounting standards and consistency of the disclosure against the forecasts and going concern assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Key audit matters	Valuation of investments in subsidiaries and amounts owed by group undertakings 2020 □
Materiality	£1,200k based on 1.8% of Total assets.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Independent auditor's report to the members of
FP Midco 1 Limited

Key audit matters

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

Key audit matter		How the scope of our audit addressed the key audit matter
Valuation of investments in subsidiaries and amounts owed by group undertakings (with reference to Note 9 and Note 10, the investments paragraph found in the Accounting policies found in note 2 and the critical accounting judgments and key sources of estimation uncertainty in note 3)	<p>Investments in subsidiaries are accounted for at cost less impairment and loans to group undertakings are held at amortised cost. There is significant level of judgement involved in the assessment of impairment indicators and determining the carrying values of investments in subsidiaries and amounts owed by group undertakings with the impairment calculation based on the forecasted financial performance and future prospects of the group undertakings. This takes into consideration a range of factors such as the trading performance of the group undertakings, specifically growth of earning before interest, tax, depreciation and amortisation (EBITDA) within the Football Pools offering driven by growth in the average subscriber numbers between 2021 and 2022.</p> <p>Due to this significance of these balances compared to the Balance sheet and the significant judgement required by management, this was considered to be an area of audit focus.</p>	<p>We challenged management's assumptions, including the EBITDA and average subscriber growth rates, and assessed the achievability of these assumptions and the forecasts included in the investment impairment model using a number of techniques including industry trends and our knowledge of the business and industry.</p> <p>We utilised our own valuation specialists, particularly around the mechanics and mathematical accuracy of the modelling and assessing the adequacy of the discount rates applied, comparing this against the cost of capital of the company and other comparable companies in the industry.</p> <p>We considered management's sensitivities and performed our own sensitivities in respect of key assumptions, including short and long term trading performance, to assess the potential impairment of the investment.</p> <p>Key observations:</p> <p>Based on the procedures we performed we did not identify any matters which may suggest that the carrying value of the investments in subsidiaries or the value of amounts owed by group undertakings was not materially correct.</p>

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

Independent auditor's report to the members of
FP Midco 1 Limited

Our application of materiality – continued

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Company financial statements
	2020 £000
Materiality	1,200
Basis for determining materiality	1.8% of Total assets
Rationale for the benchmark applied	We considered total assets to be the most appropriate measure for the basis of materiality as the Company is primarily an investment holding company.
Performance materiality	840
Basis for determining performance materiality	70% of materiality taking into consideration our assessment of the entity's control environment.

Reporting threshold

We agreed with the Board that we would report to them all individual audit differences in excess of £65k. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Strategic Report, Report of the Directors and Financial Statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report to the members of
FP Midco 1 Limited

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none">• the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and• the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. <p>In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.</p>
Matters on which we are required to report by exception	<p>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:</p> <ul style="list-style-type: none">• adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or• the 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 Statement of Directors' Responsibilities, 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 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 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.

Independent auditor's report to the members of
FP Midco 1 Limited

Auditor's responsibilities for the audit of the financial statements – continued

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, we considered the following:

- the nature of the industry, control environment and business performance
- whether there was any instances of non-compliance with specific laws and regulations including compliance with Companies Act 2006 requirements and regulations as dictated by the International Stock Exchange.
- the results of our enquiries of management and the board about their own identification of the risk of irregularities;
- any matters we identified through the review of the Company's documentation of their policies and procedures; and
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.
- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur, by meeting with management to understand where they considered there was a susceptibility to fraud. Our audit planning identified fraud risks in relation to management override.

Our procedures included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- identifying and testing journal entries, in particular focussing on unusual journal entries such as unusual account combinations, unusual journal amounts, journals posted outside of normal working hours and journals posted by unexpected users;
- enquiries with management and the board;
- review of minutes of Board meetings throughout the year;
- review of correspondence between the group and the regulatory bodies;
- review of tax compliance and involvement of our tax experts in the audit;
- We obtained an understanding of the processes and controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how management monitors that processes and controls

Independent auditor's report to the members of
FP Midco 1 Limited

Auditor's responsibilities for the audit of the financial statements – continued

- challenging assumptions and judgements made by management in their significant accounting estimates and judgements, specifically in relation to the carrying value of investments in subsidiaries and amounts owed by group undertakings as highlighted as a key audit matter above

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: 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.

DocuSigned by:
Kieran Storan
B74264A83FEC4B7...

Kieran Storan (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom
30th June 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

FP MIDCO 1 LIMITED

Statement of Profit and Loss
for the Year Ended 31 December 2020

	Notes	2020 £'000	2019 £'000
TURNOVER		-	-
Administrative expenses		<u>53</u>	<u>(8)</u>
OPERATING PROFIT/(LOSS)		53	(8)
Interest receivable and similar income	5	<u>3,538</u>	<u>3,120</u>
Interest payable and similar expenses	6	<u>(3,553)</u>	<u>(3,122)</u>
PROFIT/(LOSS) BEFORE TAXATION	7	38	(10)
Tax on profit/(loss)	8	<u>(778)</u>	<u>(86)</u>
LOSS FOR THE FINANCIAL YEAR		<u>(740)</u>	<u>(96)</u>

All activity is derived wholly from continuing operations.

The Company has no other comprehensive income to recognise in the current year and therefore no statement of other comprehensive income has been presented.

FP MIDCO 1 LIMITED (REGISTERED NUMBER: 10598447)

Balance Sheet
31 December 2020

	Notes	2020 £'000	2019 £'000
FIXED ASSETS			
Investments	9	31,501	31,501
Loans to Group undertakings	10	<u>40,226</u>	<u>28,687</u>
		71,727	60,188
CURRENT ASSETS			
Trade and other receivables	11	-	2
Cash and cash equivalents		<u>21</u>	<u>31</u>
		21	33
CREDITORS			
Amounts falling due within one year	12	<u>(8,861)</u>	<u>(40)</u>
NET CURRENT LIABILITIES		<u>(8,840)</u>	<u>(7)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		62,887	60,181
CREDITORS			
Amounts falling due after more than one year	13	<u>(32,155)</u>	<u>(28,709)</u>
NET ASSETS		<u>30,732</u>	<u>31,472</u>
CAPITAL AND RESERVES			
Called up share capital	15	31,501	31,501
Retained earnings	16	<u>(769)</u>	<u>(29)</u>
SHAREHOLDERS' FUNDS		<u>30,732</u>	<u>31,472</u>

The financial statements were approved by the Board of Directors and authorised for issue on 30th June 2021 and were signed on its behalf by:



C W Lynn - Director

The notes form part of these financial statements

FP MIDCO 1 LIMITED

Statement of Changes in Equity
for the Year Ended 31 December 2020

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2019	31,501	67	31,568
Changes in equity			
Total comprehensive income	-	(96)	(96)
Balance at 31 December 2019	<u>31,501</u>	<u>(29)</u>	<u>31,472</u>
Changes in equity			
Total comprehensive income	-	(740)	(740)
Balance at 31 December 2020	<u>31,501</u>	<u>(769)</u>	<u>30,732</u>

The following describes the nature and purpose of each reserve within equity:

Share capital represents the nominal value of equity shares issued.

Retained earnings represents cumulative profit/(loss) and any other items of other comprehensive income.

FP MIDCO 1 LIMITED

Notes to the Financial Statements **for the Year Ended 31 December 2020**

1. STATUTORY INFORMATION

FP Midco 1 Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The nature of the Company's operations and its principal activities are set out in the strategic report on pages 2 to 5.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements. The Company is exempt from the preparation and delivery of consolidated financial statements, because it is included in the group account of FP TopCo Limited. The group accounts of FP TopCo Limited are available and can be obtained as set out in note 18.

2. ACCOUNTING POLICIES

BASIS OF PREPARATION

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

The Company's account reference date is 31 December. The actual date to which the statement of financial position has been drawn up is 3 January 2021 (2019: 5 January 2020). For ease of reference all references to the results for the year, are to 3 January 2020 (2019: 5 January 2020).

OTHER CHANGES

Standards adopted during the year ended 31 December 2020

The Company has adopted the following new IFRS standards which were mandatorily effective from 1 January 2020:

IAS 1 (amended)	Presentation of Financial Statements
	Accounting Policies, Changes in Accounting
IAS 8 (amended)	Estimates and Errors

Amendments to IAS 1 and IAS 8: Definition of Material

The IASB refined its definition of material to make it easier to understand. It is now aligned across IFRSs and the Conceptual Framework. Adoption of this standard has not had a material impact on the Company's financial statements.

Other changes

The other accounting standards which are effective from 1 January 2020 have had no impact on the Company's accounting policies, as they cover areas that are not material and/or relevant to the Company.

FP MIDCO 1 LIMITED

Notes to the Financial Statements - continued **for the Year Ended 31 December 2020**

2. ACCOUNTING POLICIES - continued

Standards in issue but not effective

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

IAS 1 (amended)	Presentation of Financial Statements
	Provisions, Contingent Liabilities and Contingent
IAS 37 (amended)	Assets
IFRS 16 (amended)	Leases

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

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions.

Where relevant, equivalent disclosures have been given in the group accounts of FP Top Co Limited.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates (the 'functional' currency). The consolidated financial statements are presented in Sterling (£), which is the Company's functional currency and the Group's presentation currency.

TAXATION

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

The current income tax charge is calculated on the basis of UK tax law enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Tax is recognised in the Statement of Profit and Loss and Other Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

2. ACCOUNTING POLICIES - continued

TAXATION - continued

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit and loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

RELATED PARTIES

The Company has taken advantage of the exemption under FRS 101 in respect of transactions with related parties, on the grounds that it is a wholly owned subsidiary of a group headed by FP Top Co Limited, whose financial statements are publicly available. Accordingly no transactions with other FP Top Co Limited group members are disclosed. There were no other related party transactions in the year.

GOING CONCERN

The Company's subsidiary, The Football Pools Limited, is the principal trading company of the FP TopCo group ("the Group"). The directors of the Group have considered the going concern position of each company within the Group and of the Group as a whole. The viability of the company cannot therefore, be considered in isolation from the Group. The directors of the Group have provided a letter of support to the Company outlining its intention to support the Company for the next 12 months.

The Directors have performed an assessment of going concern, including a review of the Group's current cash position and available working capital, financial forecasts for 2021 and 2022, and the ability to adhere to the covenants contained within the Group's financing agreements.

The Group has banking facilities in place with CVC Credit Partners Investment Management Limited and National Westminster Bank PLC. The Group has a refinancing requirement immediately after the 12 month going concern review period and the intention is to review the options with lenders in Q4 2021, so that this refinancing is in place well in advance of the renewal date. The Group's forecasts demonstrate that, following the amendment of the agreement disclosed in note 27, the Group can comfortably operate within the level of its current facilities, meet term loan repayments as they fall due and comply with its banking covenant measures. It is on this basis that the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least twelve months from the date of approval of these financial statements. The Group is a profitable, cash generative business. Group EBITDA was £7,057k (2019: £8,215 and has cash balances of £6,501k (2019: £3,869k). From this ongoing trade the Group has sufficient access to cash to meet any working capital commitments as they fall due. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

2. ACCOUNTING POLICIES - continued

LOAN NOTES

Loan notes carry a fixed coupon of 12%. Unpaid interest is rolled up onto the outstanding loan balance. The loan notes are redeemable at the discretion of the Company or upon the sale of The Football Pools Limited, its principal trading subsidiary.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents shown on the balance sheet represents cash held in current accounts. Bank overdrafts are shown within current liabilities.

INVESTMENTS

Investments held as fixed assets are stated at cost less provision for any impairment.

INTERCOMPANY DEBTORS & CREDITORS

Current intercompany balances are unsecured. No interest is charged on the amounts outstanding and there is no specified repayment date although they are repayable on demand.

Impairment provisions for Intercompany receivables and Intercompany loans are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

EXCEPTIONAL ITEMS

The Company defines exceptional items as those items which, by their nature or size, would distort the Company's results.

INTEREST RECEIVABLE AND SIMILAR INCOME

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

INTEREST PAYABLE

Interest on external amounts payable is charged to the statement of profit and loss and other comprehensive income in the period in which it accrues and is added to the outstanding capital balance in the balance sheet.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below;

Carrying value of investments

A key source of estimation uncertainty is in the carrying value of investments:

To determine whether an impairment of the investments held in any of the Company's subsidiaries is required, management estimate the recoverable value of each of those items. Estimating this recoverable value is subject to a number of key assumptions in forecasting future cash flows for value-in-use. The key assumptions in the value-in-use calculations were;

- Spend per player
- Rates of player retention and acquisition
- The benefit of the Company's continued investment in technologies
- Discount rates which appropriately reflect the risks associated with those specific assets
- Discount rate of 13.25% which reflects the pre-tax weighted average cost of capital for the group

Those assumptions, and the judgements of management that are based on them, are subject to change as new information becomes available. Economic conditions and government policy changes can also impact on the discount rates applied, which are reviewed annually.

Management consider that the calculated recoverable amount is most sensitive to changes in EBITDA growth and WACC. If all other variables held constant, then growth rates would have to reduce to 5% from 2023 and 0% in perpetuity before there was an impairment. WACC would have to increase over 16.3% before any additional impairment was required.

Critical judgements in applying the Company's accounting policies

In the opinion of the directors, there are no critical judgements that have been made in applying the Company's accounting policies.

FP MIDCO 1 LIMITED

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

4. EMPLOYEES AND DIRECTORS

The company has no employees (2019: nil).

The Directors' remuneration is borne by The Football Pools Limited and is not recharged as management believe that the proportion of remuneration to be allocated to FP MidCo1 Limited is negligible.

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2020	2019
	£'000	£'000
Bank interest	-	1
Interest - Group Undertakings	<u>3,538</u>	<u>3,119</u>
	<u>3,538</u>	<u>3,120</u>

Interest receivable from related parties is derived from a downstream loan of £21,500k to another Group company. Interest accrues at 12% per annum. During the period the Company made a further two downstream loans of £6m and £2m to its principal subsidiary, The Football Pools Limited. Interest is charged as the same rate at which is charged on the loans made by OpCapita to the Company (see note 6).

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£'000	£'000
Agent fees	3	3,122
Interest - loan notes	3,445	-
Interest - shareholder loans	<u>105</u>	<u>-</u>
	<u>3,553</u>	<u>3,122</u>

Interest payable is in respect of loan notes issued of £21,520k. Interest is charged at 12% per annum. Unpaid interest is added to the loan balance. The loan notes are redeemable at the discretion of the Company, or upon the sale of The Football Pools Limited; its principal subsidiary. During the period Op Capita Consumer Opportunities Fund 2 ("OpCapita") made 2 short term loans to the Company of £6m and £2m respectively. Each loan is for 12 months duration. Interest is charged at a rate which represents the cost of funds to the lender (see note 19).

7. PROFIT/(LOSS) BEFORE TAXATION

The profit before taxation (2019 - loss before taxation) is stated after charging:

	2020	2019
	£'000	£'000
Audit fees	<u>8</u>	<u>6</u>

FP MIDCO 1 LIMITED

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

8. **TAXATION**

Analysis of tax charge

	2020 £'000	2019 £'000
Current tax:		
Tax	426	(2)
Adjustments in respect of prior years	352	88
	778	86
Total tax charge in statement of profit and loss and other comprehensive income	778	86

FACTORS AFFECTING THE TAX EXPENSE

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2020 £'000	2019 £'000
Profit/(loss) before income tax	38	(10)
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	7	(2)
Effects of:		
Adjustment in respect of prior years	352	88
Permanent differences	419	-
Tax charge	778	86

Factors that may affect future tax charges

Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%. The Company has no deferred tax assets or liabilities.

9. **INVESTMENTS**

	2020 £'000	2019 £'000
Shares in group undertakings	31,501	31,501

FP MIDCO 1 LIMITED

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

9. INVESTMENTS - continued

Additional information is as follows:

	Shares in subsidiaries £'000
COST	
At 1 January 2020 and 31 December 2020	<u>31,501</u>
NET BOOK VALUE	
At 31 December 2020	<u>31,501</u>
At 31 December 2019	<u>31,501</u>

The following table shows details of the Company's principal subsidiaries:

<u>Name of company</u>	<u>Holding</u>	<u>Proportion of voting rights</u>	<u>Country of incorporation</u>	<u>Nature of business</u>
Invenio Group Limited*	Ordinary shares	100%	England and Wales	Holding company
The Football Pools Limited**	Ordinary shares	100%	England and Wales	Pool betting and gaming
UK Lottery Management Limited**	Ordinary shares	100%	England and Wales	Management of charity lotteries
Football Pools 1923 Limited**	Ordinary shares	100%	England and Wales	Asset hiring
TFPL Financial Services Limited**	Ordinary shares	100%	England and Wales	Database income
Pools Gaming Limited**	Ordinary shares	51%	England and Wales	Online gambling

* Investment held directly.

** Investment held indirectly.

10. LOANS TO GROUP UNDERTAKINGS

	Loans to group undertakings £'000
At 1 January 2020	28,687
New in year	<u>11,539</u>
At 31 December 2020	<u>40,226</u>

Loans to group undertakings consist of loan notes with a fixed interest rate of 12% per annum and additional downstream loans of £8m made during the period, with interest accruing at the same rate as the cost of funds to the shareholder.

FP MIDCO 1 LIMITED

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£'000	£'000
Prepayments and accrued income	<u>-</u>	<u>2</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£'000	£'000
Shareholder loans (see note 14)	8,105	-
Trade creditors	1	-
Amounts owed to group undertakings	223	32
Corporation tax	521	-
Accruals and deferred income	<u>11</u>	<u>8</u>
	<u>8,861</u>	<u>40</u>

Amounts owed to group undertakings are unsecured, non-interest bearing and repayable on demand

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020	2019
	£'000	£'000
Loan Notes (see note 14)	<u>32,155</u>	<u>28,709</u>

FP MIDCO 1 LIMITED

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

14. FINANCIAL LIABILITIES - BORROWINGS

	1 year or less £'000	2-10 years £'000	Total £'000
Loan notes	-	32,155	32,155
Shareholder loans	8,105	-	8,105
	<u>8,105</u>	<u>32,155</u>	<u>40,260</u>

Loan notes carry a coupon of 12%. Accrued loan note interest at the end of the period was £10,638k (2019: £7,193k)

The Company is party to a Group bank loan facility agreement and as such there is a fixed and floating charge over all present and future assets of the Company and its subsidiaries.

During the period OpCapita Consumer Opportunities Fund 2 ("OpCapita") made 2 short term loans to the Company of £6m and £2m respectively. Each loan is for 12 months duration. Interest is charged at a rate which represents the cost of funds to the lender (see note 19).

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020 £'000	2019 £'000
31,500,601	Ordinary shares	£1	<u>31,501</u>	<u>31,501</u>

16. RESERVES

	Retained earnings £'000
At 1 January 2020	(29)
Deficit for the year	<u>(740)</u>
At 31 December 2020	<u>(769)</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

17. RELATED PARTY DISCLOSURES

The Company has taken advantage of the exemption under FRS 101 in respect of transactions with related parties, on the grounds that it is a wholly owned subsidiary of a group headed by FP TopCo Limited, whose financial statements are publicly available. All transactions of related parties were with entities which are wholly owned subsidiaries of the Group, which is headed by FP TopCo Limited. Accordingly no transactions with other FP TopCo Limited group members are disclosed. There were no other related party transactions in the period.

18. ULTIMATE CONTROLLING PARTY

The immediate parent undertaking is FP TopCo Limited, incorporated in Great Britain.

The ultimate parent undertaking is FP TopCo Limited, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. These financial statements are available from the Company Secretary, address details are provided on the Company information page.

The ultimate controlling party is OpCapita LLP.

19. POST BALANCE SHEET EVENTS

On the 4th January 2021 the Government announced a UK wide lockdown. However, unlike the first lockdown, professional sport continued. This second lockdown has not had a noticeable impact on the operations of either the Company or its subsidiaries.

Since the balance sheet date the Directors have entered into negotiations with its banks to amend the H1 2022 banking covenants to align them with the business' latest forecasts as a condition subsequent to the October 2020 amendment. These negotiations were successfully concluded in April 2021.

Since the balance sheet date the two shareholder loans of £6m and £2m and accrued interest provided to the Group, have been converted into £8.1m of preference shares. The conversion rate reflects the cost of funds to the shareholders for obtaining the finance for the loans.