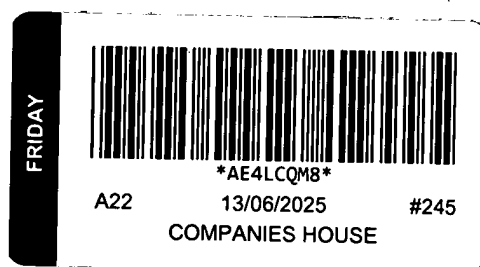


Merkur Casino Holdings UK Limited
Strategic Report, Directors' Report and
Financial Statements for the Year Ended 31 December 2024



Merkur Casino Holdings UK Limited

Contents of the Financial Statements for the Year Ended 31 December 2024

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Merkur Casino Holdings UK Limited

Company Information
for the Year Ended 31 December 2024

Directors:

E Coskun
M S Schertle
S Blodau

Registered office:

Second Floor Matrix House
North Fourth Street
Milton Keynes
MK9 1NJ

Registered number:

07833708 (England and Wales)

Independent auditors:

BDO LLP
55 Baker Street
London
W1U 7EU

Merkur Casino Holdings UK Limited

Strategic Report for the Year Ended 31 December 2024

The directors present their Strategic Report for the year ended 31 December 2024.

Business Review

Principal activity

The Company operates as a centralised head office, providing a range of shared services to its subsidiaries in exchange for a management fee. These services include Compliance, Learning and Development, Finance, Human Resources, IT, Marketing, and Administration, all of which support the efficient operation of the subsidiaries' business activities. While the Company does not engage in direct trading, it plays a crucial role in ensuring the smooth functioning of the operational subsidiaries by centralising key functions.

The Company is responsible for managing group-wide strategies, resource allocation, policy development, and ensuring compliance with relevant laws and regulations. Additionally, it serves as a holding company for the Merkur Casino UK Limited Group's ("Group") non-trading entities. A list of all of the Company's subsidiaries is shown in note 16 to these financial statements.

The subsidiary companies are focused on providing leisure services and entertainment facilities.

The directors are not aware, at the date of this report, of any likely major changes in the Company's principal activities in the forthcoming year.

Principal risks and uncertainties

Management continually monitor the key risks (as disclosed in the Directors' Report) facing the Company together with assessing the controls used for managing these risks. The Board of directors formally reviews and documents the principal risks facing the business at least annually.

Regulation

The evolving landscape within the gambling and leisure industry, driven by government legislation, presents a key risk to the future profitability of the Company. It is the belief of the directors that appropriate strategies have been implemented, and are continually refined, to ensure the Company is able to take advantage of any favourable developments arising within the sector, whilst minimising the impact of any adverse changes that could affect profitability.

In April 2023, the UK Government released their White Paper on gambling. Due to the change of government in July 2024, there has been a delay in the conclusion of various consultations and the subsequent updates on the resulting changes. The directors are closely monitoring the situation and will adjust the Company's future operations to comply with the new regulations once they are finalised and come into effect.

Economic climate

The directors consider short- and long-term economic uncertainty to be a principal risk to the Company. Factors such as inflationary pressures, changes in consumer spending, fluctuations in disposable income, and broader economic uncertainty may influence customer behaviour and demand for our services. To address these risks, the Company has incorporated them into its budgets and forecasts where possible. The directors are actively mitigating these risks, including, for example, purchasing energy in advance to secure the most favourable hedged rates.

Further information on the risks and strategies are disclosed in the Directors' Report and the consolidated financial statements of Merkur Casino UK Limited, the ultimate parent undertaking in the United Kingdom.

Key performance indicators

Management use a range of performance measures to monitor and manage the business as set out below.

The Operating result (including exceptional items) for the year was a profit of £3.6m (2023: profit of £0.1m). The increase in the operating result is attributed to administrative expenses and exceptional items in the prior year, which were not recharged to the subsidiary companies.

Merkur Casino Holdings UK Limited

Strategic Report for the Year Ended 31 December 2024

Key performance indicators (continued)

The directors have also put a concentrated effort into cost optimisation across the whole business. The Company has diligently implemented and effectively executed a series of cost optimisation initiatives in order to safeguard the Company's profitability, and the profitability of its subsidiaries. These measures have been instrumental in fortifying the Company's financial performance, despite the challenges posed by an unpredictable economic environment. By successfully executing these cost optimisation strategies, the Company has demonstrated resilience and adaptability, ensuring the protection and enhancement of its profits amidst fluctuating market conditions.

Creditor days for the Company were 22 for the year (2023: 37 days).

Financial position at the reporting date

The Statement of Financial Position shows that the Company's net assets at the year-end increased by £18.4m, from £59.8m to £78.2m, primarily due to a dividend in specie received from a subsidiary company.

Business development during the year

The Company provides central administrative support and expertise and arranges funding for activities outside the normal operations of its subsidiary companies. The provision of these functions by the Company is integral to, and contributed directly, to the delivery of the Group's strategy.

In 2024, the directors played a key role in driving the profitability of the Company's subsidiaries by offering strategic support and expertise. Furthermore, they actively pursued opportunities to expand the land-based adult gaming centre and casino operations of the Group.

During the year, the directors continued to prioritise employee satisfaction, recognising employees as the Company's most valuable asset. Further pay rises were awarded in April 2024, in addition to those awarded in both October 2022 and April 2023 to help alleviate the rising cost of living and support staff retention. These actions underscore the Company's ongoing dedication to fostering a positive work environment and enhancing the well-being of its workforce. By investing in its employees, the Company aims to strengthen its culture and ensure long-term success.

The directors of the Company anticipate that the regulatory framework surrounding customer welfare, particularly in relation to gambling machines, will become more stringent. In response, the Company, through its centralised Compliance, Learning and Development, and Operational teams, is committed to supporting the implementation of, and ensuring compliance with, any additional social responsibility measures that may be required.

Statement by the directors in performance of their Statutory duties in accordance with s172(1) of the Companies Act 2006

The directors, in accordance with s172 of the UK Companies Acts 2006, must comply with the duties outlined in summary as follows:

A director of a company must act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a) the likely consequences of any decision in the long term;
- b) the interests of the Company's employees;
- c) the need to foster the Company's business relationships with suppliers, customers, and others;
- d) the impact of the Company's operations on the community and the environment;
- e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
- f) the need to act fairly as between members of the Company.

In discharging their duties, the directors have regard to such factors and take them into consideration when decisions are made. It is acknowledged that not every decision made will necessarily result in a positive outcome for all stakeholders. However, by considering the Company's purpose, objectives, and values together with its strategic priorities and having a process in place for decision-making, the directors aim to ensure that their decisions are consistent and fair.

Merkur Casino Holdings UK Limited

Strategic Report for the Year Ended 31 December 2024

Statement by the directors in performance of their Statutory duties in accordance with s172(1) of the Companies Act 2006 (continued)

In the normal course of business, authority for day-to-day management of the Company is delegated to executives with management engaged in settling, approving, and overseeing execution of the business strategy and related policies. The executives review matters relating to financial and operational performance; business strategy; key risks; stakeholder related matters; diversity and inclusion; health and safety; and legal, governance and regulatory matters. This is done through the consideration and discussion of reports which are sent in advance of each Board meeting and through presentations to the Board.

Much of the activity of the Company is driven by the activities of the Group and as such stakeholders of the Group are considered stakeholders of the Company. The key stakeholders are our customers, employees, suppliers, the local communities in which it operates and regulators. The views of and the impact of the Company's activities on those stakeholders are an important consideration for the directors when making decisions. While there are cases where the Board itself judges that it should engage directly with certain stakeholder groups on certain issues, the size, and the spread of both our stakeholders and operations means that generally our stakeholder engagement takes place at an operational level. We find that as well as being a more efficient and effective approach, this also helps us achieve a greater positive impact than by working alone as an individual company.

Customers

The directors place significant emphasis on customer experience and player protection in their engagement with customers. To support its subsidiaries, the Company has facilitated investments aimed at enhancing the customer experience, including the introduction of new and relevant gaming machines, as well as the refurbishment and improvement of gaming environments.

Employee engagement

The directors are fully committed to ensuring that engagement with employees across all regions of the business is sought and factored into their decision-making process. The measures in place to engage with the Company's employees are described in full in the Directors' Report. Through this engagement the directors can gather opinions and ideas from the wider employee population, identify any gaps in communication or areas of concern and consider these in their decision-making process.

Suppliers

The Group has a dedicated procurement function which engages with the Company's suppliers with the aim of optimising the working relationships between the parties.

Local communities

Community links remain important, and the directors continue to actively encourage participation in the Company's corporate social responsibility agenda. The Group supports a range of local charities as well as other charities including the Young Gamers and Gamblers Education Trust (YGAM), Gamcare (a charity to raise awareness of and aid those affected by problem gambling across Britain), and Gambleaware.

Regulators

Throughout 2024, both the Company and the Group continued to build relationships and maintain an open dialogue with regulators and local authorities. This has included:

- embedding measures within our venues to support the National strategy to Reduce Gambling Harms;
- working with employees, local communities, customers, and regulators to help public understanding of the gaming offers it provides;
- participating in trade bodies' representations to political and regulatory bodies to ensure that such stakeholders clearly understand the positive contribution that its business provides to the economy; and
- senior managers holding key positions on trade association executive and social responsibility committees.

Environment

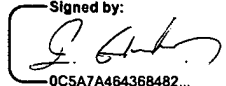
The Company is focussed on ensuring that it reduces its impact on the environment. Events during 2024 continue to highlight the need for energy efficiency to assist with the Company's cost management along with, where possible, minimising its energy demands. To this end, the Company has upgraded all lighting in its Milton Keynes offices to LED with PIR sensors, installed energy-efficient water heaters, and reconfigured air conditioning zones to enhance overall energy efficiency.

Merkur Casino Holdings UK Limited

Strategic Report for the Year Ended 31 December 2024

This report was approved by the board on 18 March 2025 and is signed on its behalf.

On behalf of the board:

Signed by:

0C5A7A464368482...
E Coskun - Director

18 March 2025

Merkur Casino Holdings UK Limited

Directors' Report for the Year Ended 31 December 2024

The directors present their report with the financial statements of the Company for the year ended 31 December 2024.

Dividends

No dividend was paid during the year (2023: £8,000,008). The directors have not proposed that a final dividend be paid (2023: £nil).

Future developments

In 2025, the directors will continue to explore strategic opportunities to enhance shareholder value, including potential acquisitions, divestitures, and continued expansion into the land-based casino market.

The Company will continue to support its subsidiaries in the following ways to aid them achieve their growth initiatives:

Operational Efficiencies

The Company remains committed to investing in innovative technologies and pursuing process enhancements, with the dual goal of reducing costs and improving service delivery at both a company level and for its subsidiaries.

Enhanced Service Offerings

The Company will prioritise the continuous improvement of the range and quality of services provided to its subsidiaries. Furthermore, the Company will support its subsidiaries in elevating the quality of services offered to their customers while exploring opportunities to introduce new services that could bring mutual benefits to both the subsidiaries and the Group.

Talent Development and Workforce Optimisation

The Company plans to enhance its employee development programs, invest in leadership training, and attract top talent in key areas such as marketing and operations, to strengthen the leadership pipeline and maintain competitive advantage.

Compliance and Regulatory Adaptations

The Company anticipates ongoing changes to the regulatory landscape (see Business Risk below), particularly regarding amendments to the Licence Conditions and Codes of Practice (LCCP), gambling harms, and operators' adherence to the Social Responsibility Code within the LCCP. To stay ahead of these developments, the Company plans to actively participate in consultations on any regulatory changes and, where necessary, further enhance its compliance function to ensure the Company's and its subsidiaries' full alignment with emerging regulations.

Directors

The directors shown below have held office during the whole of the period from 1 January 2024 to the date of this report.

E Coskun
M S Schertle

Other changes in directors holding office are as follows:

I Ruf - resigned 23 July 2024
S Blodau - appointed 4 November 2024

Merkur Casino Holdings UK Limited

Directors' Report for the Year Ended 31 December 2024

Business risk

Regulatory risk

In April 2023, the UK Government published the "Gambling Act Review White Paper" in the House of Commons. Following its release, the Gambling Commission stated that it would take "a number of years" to implement the various proposals outlined in the White Paper. These changes are expected to be delivered through the Commissions "Licence Conditions and Codes of Practice" ("LCCP"), which serves as the regulatory framework for gambling operators. Any amendments to the LCCP require a full consultation process. In 2023, consultations on specific areas, including direct marketing and incentives, age verification and frequency of regulatory returns, began. However, the change of government in July 2024 has led to delays in progressing these consultations. As at the date of this report, the directors are awaiting the conclusion of these consultations and any updates or revisions that may follow.

Representatives of the Company and its subsidiaries participate in all consultations that affect the land-based sector and the directors remain committed to addressing any changes to the LCCP and legislation as these changes come into force. Until such time that changes are made as a result of consultation or legislation, the rules and regulations for the industry will remain the same as they are today.

From 6 April 2025, the Department for Culture, Media and Sport ("DCMS") will introduce a mandatory, statutory levy on all licensed gambling operators to increase their contributions towards research, education and treatment (RET). Currently, a voluntary contribution of 0.1% of Gross Gambling Yield ("GGY") is suggested, which the Company has consistently paid on behalf of its subsidiaries (see Charitable and Political Donations below). However, from 6 April 2025, the contribution rate will rise to 0.2% of GGY.

In addition to the above, as part of the Gaming Act review the government are proposing to introduce a Gambling Industry Ombudsman. The Code of Conduct has been drafted by the Betting and Gaming Council and is currently under review by the DCMS. Once finalised the position of Ombudsman will be put out to tender, which is expected to take place during 2025. The remit of the Ombudsman is to adjudicate on customer complaints in regard to gambling harm and failures of operators to uphold the Social Responsibility Code of their LCCP obligations.

The directors welcome the strengthening of compliance and player protection that the White Paper promises to enhance in the UK, both through the land-based and online sectors of the industry and remain committed to the organisation's social responsibility agenda. The political and social environment in the UK continues to perceive the gambling industry in a concerned light however, and there is a risk that negative publicity may lead to adverse changes in regulation and legislation in the future. The Company works hard to ensure that its subsidiaries' venues actively provide and promote an environment in which customers play safely. Key personnel including Senior Management, Operations Directors and members of the Compliance team hold Personal Management Licences ("PML"), and training is provided for our PML holders via our specialist gambling licensing solicitors – Poppleston Allen.

The measures implemented across the Company's subsidiaries' venues to align with the national strategy for reducing gambling harms are overseen and managed by the Company's Compliance, Learning and Development, and Marketing teams. These measures include:

- Internal Safer Gambling campaigns and participation in Safer Gambling Week;
- Appointment of a dedicated Safer Gambling team, including a Safer Gambling Officer, a Safer Gambling Analyst and Regional Compliance Officers;
- A Learning and Development team that delivers face-to-face and online training to employees;
- Point of sale safer gambling messaging on Category B and C machines;
- Customer Interactions and self-exclusion scheme;
- Think 25 Policy;
- Independent Age Verification Tests;
- Time and limit settings on gaming machines;
- City & Guilds accredited training delivered by YGAM/Betknowmore using 'lived experience' facilitators; and
- Specific training for personal licence holders through "igaming" Learning Management System ("LMS").

Merkur Casino Holdings UK Limited

Directors' Report for the Year Ended 31 December 2024

Business risk (continued)

Regulatory risk (continued)

The board challenge management and staff to continually raise standards of operation, safer gambling, and player protection initiatives. An example of this is the G4 Responsible Gambling Accreditation, which was retained under a full audit review in November 2023. The actions taken from this audit have focussed the business to further improve the staff training on customer interaction and gambling harm; and to develop machine training to enable staff to advise customers on the types of machine games, how they play and to provide them with an informed choice.

In 2025, the Company's Learning & Development team will roll-out a twelve-week training plan for all new employees. This comprehensive programme, developed over the last year, covers all areas of the business but places special emphasis on compliance, including Customer Interactions, Self-Exclusions, Licensing Objectives, and Machine Ratios. The 'Back to Basics' and 'Understanding your Customer' training programs have continued throughout 2024 and will extend into 2025. The 'Back to Basics' training is designed for all venue staff to identify knowledge gaps and raise awareness about machine categories and self-exclusion. 'Understanding your Customer' training has been delivered to all venue staff in recent years to enhance communication and improve customer interactions.

The directors also collaborate with employees, local communities, customers and regulators to foster public understanding of the gaming offerings within the subsidiaries of the Company. They participate in trade bodies' representations to political and regulatory bodies to ensure that such stakeholders clearly understand the positive contribution that the business provides to the economy. As a Group, Merkur are members of relevant Trade Associations, BACTA, The Bingo Association ("BA") and The Betting and Gaming Council ("BGC"). A number of key senior managers sit on the BA Executive Board and the Social Responsibility Committees for BACTA, BA and BGC.

All staff undertake relevant training for their roles to ensure that a good understanding of the objectives of compliance and the obligations of their role are maintained.

Financial risk

Liquidity

The management of the Group's cash and borrowing requirements are undertaken by the Company to maximise interest income and minimise interest expense, whilst ensuring that the Company and Group has sufficient liquid resources to meet the operating needs of its business.

Interest rate

The Company is exposed to cash flow interest rate risk due to fluctuations in the interest rate on loans from the German parent company.

The Company does not have any interest rate instruments that reference benchmark rates and is therefore not directly impacted by the ongoing benchmark reform.

Foreign currency

The Company's foreign currency exposure arises from transactions with its German parent companies, related party companies and overseas suppliers. The directors believe the materiality of these transactions do not warrant hedging of foreign currency risks.

Credit

The principal activities of the Group mean that cash is generated on a regular and even basis during the year, therefore, there is no assumption of credit risk.

Charitable and political donations

The Company made charitable donations during the year totalling £206,000 (2023: £263,000). Donations were directed towards charities and not-for-profit community interest companies that support the gambling industry such as Gamcare, YGAM and ESG Gaming.

During the year, the Company made no political donations (2023: £nil).

Merkur Casino Holdings UK Limited

Directors' Report for the Year Ended 31 December 2024

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of this report, therefore they continue to adopt the going concern basis for accounting in preparing the annual financial statements.

In reaching this conclusion, the directors have considered the Group's financial position, given the interconnectedness of the business and shared resources. They have reviewed the Group's financial stability and forecasts, which support the Company's continued ability to operate as a going concern. Additionally, the Company has received a letter of support from Merkur Casino UK Limited, confirming the group-wide commitment to provide financial assistance to the Company for the next 12 months if required.

For further information regarding the directors' assessment of the going concern status of the Company, refer to the accounting policies note in the financial statements.

Directors' indemnity

The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for directors and officers of the Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted or alleged to have been done or omitted, by them as officers or employees of the Company.

Appropriate directors' and officers' liability cover is in place in respect of all of the Company's directors.

Employee consultation

The Group, to which the Company belongs, routinely provides information to its employees through a variety of mediums, ensuring that information is disseminated regarding financial performance and/or matters affecting the business.

This is achieved through 1:1, departmental and regional meetings, regular business bulletins and weekly or monthly employee newsletters. Performance targets and indicators are published each week to inform employees of financial performance to budget both weekly and cumulatively; and staff participate in incentive and bonus schemes to achieve financial targets throughout the year.

All employees are actively informed and encouraged to participate in activities relating to the organisation's corporate social responsibility agenda which in 2024 saw the support of the gaming industry's charity Young Gamers & Gamblers Education Trust (YGAM) to which the Company, on behalf of its subsidiaries, has contributed £75,000 in the year. The Company, on behalf of its subsidiaries, also contributed £30,000 to ESG - a not-for-profit technology research company, and £75,000 to Gamcare, a charity to raise awareness of, and aid those affected by, problem gambling in the UK.

The constituent members of the Group are shown in the consolidated financial statements of Merkur Casino UK Limited, which are publicly available.

Employment of disabled persons

The Company's policy is to give full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. Disabled employees receive appropriate training to promote their career development within the Company and its subsidiaries. Employees who become disabled are retained in their existing posts where possible or retrained for suitable alternative posts.

Matters covered in the strategic report

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium sized Companies and Groups (Accounts and reports) Regulations 2008 certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report on pages 2 to 5. These matters relate to principal risks & uncertainties and key performance indicators.

Merkur Casino Holdings UK Limited

Directors' Report for the Year Ended 31 December 2024

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Statement as to disclosure of information to auditors

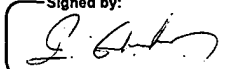
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant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

Auditors

The auditors, BDO LLP, will be proposed for re-appointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 18 March 2025 and signed on its behalf.

On behalf of the board:

Signed by:

0C5A7A464368482...
E Coskun - Director

18 March 2025

Independent Auditors' Report to the Members of Merkur Casino Holdings UK 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 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Merkur Casino Holdings UK Limited ("the Company") for the year ended 31 December 2024 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the 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 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (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 are 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, 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.

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.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors Report 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 Auditors' Report to the Members of Merkur Casino Holdings UK Limited

Other Companies Act 2006 reporting

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

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

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.

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, 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 the 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.

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:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with management; and
- Obtaining an understanding of the Company's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be the UK GAAP, Companies Act 2006, Corporate tax and VAT legislation, Employment Taxes, and UK Gambling Commission regulations.

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation, Bribery Act and Licensing Act.

Independent Auditors' Report to the Members of Merkur Casino Holdings UK Limited

Auditor's responsibilities for the audit of the financial statements (continued)

Non-compliance with laws and regulations (continued)

Our procedures in respect of the above included:

- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of correspondence with UK Gambling Commission for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit;
- Review of legal expenditure accounts to understand the nature of expenditure incurred; and
- Enquiry with management and those charged with governance of any non-compliance with laws and regulations.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met defined risk criteria, by agreeing to supporting documentation;
- Testing a sample of journal entries throughout the year, from the remainder of the population of journal entries, by agreeing to supporting documentation; and
- Assessing significant estimates made by management for bias such as useful economic life of tangible and intangible fixed assets, carrying value of investments and the timing and amount required to settle obligations included in provisions.

Non-compliance with laws and regulations

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Independent Auditors' Report to the Members of Merkur Casino Holdings UK Limited

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:

James Leigh

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James Leigh (Senior Statutory Auditor)
for and on behalf of BDO LLP, Statutory Auditor
London, UK

18 March 2025

Merkur Casino Holdings UK Limited

Statement of Comprehensive Income for the Year Ended 31 December 2024

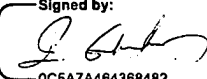
	Notes	2024 £'000	2023 £'000
Turnover		-	-
Exceptional administrative expenses	7	85	(2,044)
Administrative expenses		(18,054)	(16,637)
		(17,969)	(18,681)
Other operating income	4	<u>21,608</u>	<u>18,808</u>
Operating profit	7	3,639	127
Non-operating expense	9	<u>-</u>	<u>(79)</u>
		3,639	48
Income from shares in group undertakings	16	17,320	35,539
Interest receivable and similar income	10	2,188	3,266
Interest payable and similar expenses	11	<u>(4,436)</u>	<u>(5,349)</u>
Profit before taxation		18,711	33,504
Tax on profit	12	<u>(358)</u>	<u>237</u>
Profit for the financial year		18,353	33,741
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>18,353</u></u>	<u><u>33,741</u></u>

The notes on pages 18 to 31 form part of these financial statements

Merkur Casino Holdings UK Limited (Registered number: 07833708)**Statement of Financial Position
31 December 2024**

	Notes	£'000	2024 £'000	£'000	2023 £'000
Fixed assets					
Intangible assets	14		13		38
Tangible assets	15		638		514
Investments	16		<u>112,299</u>		<u>107,299</u>
			112,950		107,851
Current assets					
Debtors: amounts falling due within one year	17	5,289		1,409	
Debtors: amounts falling due after more than one year	17	17,700		46,000	
Cash at bank and in hand	18	<u>137</u>		<u>924</u>	
		23,126		48,333	
Creditors					
Amounts falling due within one year	19	<u>(7,414)</u>		<u>(36,607)</u>	
Net current assets			<u>15,712</u>		<u>11,726</u>
Total assets less current liabilities			128,662		119,577
Creditors					
Amounts falling due after more than one year	20		(50,476)		(59,611)
Provisions for liabilities	21		<u>(20)</u>		<u>(153)</u>
Net assets			<u>78,166</u>		<u>59,813</u>
Capital and reserves					
Called up share capital	22		-		-
Capital contribution	23		-		4,701
Retained earnings	23		<u>78,166</u>		<u>55,112</u>
Shareholders' funds			<u>78,166</u>		<u>59,813</u>

The financial statements were approved by the Board of Directors and authorised for issue on 18 March 2025 and were signed on its behalf by:

Signed by:

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 E Coskun - Director

The notes on pages 18 to 31 form part of these financial statements

Merkur Casino Holdings UK Limited

Statement of Changes in Equity for the Year Ended 31 December 2024

	Called up share capital £'000	Retained earnings £'000	Capital contribution £'000	Total equity £'000
Balance at 1 January 2023	-	29,371	4,701	34,072
Changes in equity				
Total comprehensive income	-	33,741	-	33,741
Dividends	-	(8,000)	-	(8,000)
Balance at 31 December 2023	-	<u>55,112</u>	<u>4,701</u>	<u>59,813</u>
Changes in equity				
Total comprehensive income	-	18,353	-	18,353
Capital Reduction	-	<u>4,701</u>	<u>(4,701)</u>	-
Balance at 31 December 2024	-	<u><u>78,166</u></u>	<u><u>-</u></u>	<u><u>78,166</u></u>

The notes on pages 18 to 31 form part of these financial statements

Merkur Casino Holdings UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2024

1. Statutory information

Merkur Casino Holdings UK 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 principal activities of the Company are to act as a holding company for Merkur Slots UK Limited, Merkur Technical Support Limited, Merkur Bingo and Casino Entertainment UK Limited, Merkur Casino Entertainment UK Limited and William Clark (Holdings) Limited. William Clark (Holdings) Limited is the holding company for the rest of the Group's non-trading entities.

The financial statements are presented in Sterling, which is also the functional currency of the Company, and rounded to the nearest £000.

2. Accounting policies

Basis of preparing the financial statements

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" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Financial Reporting Standard 102 – reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of paragraph 3.17(d);
- the requirement of paragraph 33.7.

This information is included in the consolidated financial statements of Merkur.com AG, the ultimate controlling party, as at 31 December 2024. A copy of these financial statements may be requested from Merkur.com AG, Merkur Allee 1-15, 32339, Espelkamp, Germany.

Preparation of consolidated financial statements

The financial statements contain information about Merkur Casino Holdings UK Limited as an individual Company and do not contain consolidated financial information as the parent of a group. The Company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Merkur Casino UK Limited, Second Floor, Matrix House, North Fourth Street, Milton Keynes, MK9 1NJ.

Going concern

The directors have reviewed the Group's budgets and forecasts for 12 months from the date of this report, their liquid resources and their medium-term plans. In considering the going concern status of the Group, sensitivity testing has been performed, which included a range of downside scenarios being applied to the latest forecast position.

After making enquiries, and the receipt of a letter of support from Merkur Casino UK Limited, confirming the intention to provide group-wide financial assistance to the Company if required, for the next 12 months, the directors have a reasonable expectation that both the Company, and the Group, have adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Software	- 3 to 5 years
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Merkur Casino Holdings UK Limited

Notes to the Financial Statements – continued for the Year Ended 31 December 2024

2. Accounting policies – continued

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance costs are charged to the Statement of Comprehensive Income during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Short leasehold property	- period of lease
Motor vehicles	- 4 years
Fixtures & fittings	- 3 to 10 years

Assets under construction are not depreciated.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost less any provision for impairment.

Impairment of fixed assets

Fixed asset investments and assets that are subject to depreciation are assessed at each Statement of Financial Position date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash generating unit ("CGU") to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGU's). Non-financial assets that have been previously impaired are reviewed at each Statement of Financial Position date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

Operating leases: the Company as a lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Financial instruments

Financial assets and liabilities are recognised when the Company becomes party to the contractual provisions of the financial instrument. The Company holds basic financial instruments, which comprise cash at bank and in hand, other receivables, trade and other payables and intercompany balances. The Company has chosen to apply the provisions of Section 11 Basic Financial Instruments and Section 12 Other Financial Instruments in full.

Financial assets and liabilities – classified as basic financial instruments

(i) Cash at bank and in hand

Cash at bank and in hand includes deposits held with banks and cash held at venues, which comprise the venue float and cash pending deposit.

Merkur Casino Holdings UK Limited

Notes to the Financial Statements – continued for the Year Ended 31 December 2024

2. Accounting policies – continued

Financial instruments (continued)

(ii) Other receivables

Other receivables are initially recognised at the transaction price, including any transaction costs, and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Amounts that are receivable within one year are measured at the undiscounted amount of the cash expected to be received, net of any impairment.

At the end of each reporting period, the Company assesses whether there is objective evidence that any receivable amount may be impaired. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised immediately in the Statement of Comprehensive Income.

(iii) Trade and other payables, loans, and borrowings – classified as basic financial instruments

Trade and other payables and loans and borrowings are initially measured at the transaction price, including any transaction costs, and subsequently measured at amortised cost using the effective interest method. Amounts that are payable within one year are measured at the undiscounted amount of the cash expected to be paid.

Loans with an interest rate higher or lower than the market rate of interest are measured at the present value at inception of the loan by discounting the loan cash flows over the term using the market rate of interest. The difference arising on the initial recognition of the loan is recognised in equity as a capital contribution.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Finance costs

Finance costs relating to loans from the Company's overseas parent Merkur Casino GmbH, are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount.

Finance costs relating to loans from other Group companies are calculated based on the balance outstanding at each month-end using an estimated market rate of interest and charged to the Statement of Comprehensive Income.

Merkur Casino Holdings UK Limited

Notes to the Financial Statements – continued for the Year Ended 31 December 2024

2. Accounting policies – continued

Foreign currencies

Functional and presentation currency

The Company's functional and presentational currency is Sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end, foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

Pension costs and other post-retirement benefits

The Group operates two defined contribution plans into which the employees of Merkur Casino Holdings UK Limited are enrolled. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid, the Group has no further payments obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income of the employing Company when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

Interest

Interest income and expenses are recognised in the Statement of Comprehensive Income using the effective interest method.

Exceptional items

Exceptional items are those that due to their size, nature, or incidence, are disclosed separately in the Statement of Comprehensive Income to provide further understanding of the Company's financial performance. These items are outside the normal course of business and are disclosed in the Statement of Comprehensive Income separately from the usual operating activities.

Provisions

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that requires probable settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation. The provision is discounted using the risk-free rate of interest pertaining to the duration of the provision. Where a provision represents the present value of the obligation, it is not discounted.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation and are measured at the best estimate at the date of the Statement of Financial Position of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are made, they are charged to the provision held in the Statement of Financial Position.

Merkur Casino Holdings UK Limited

Notes to the Financial Statements – continued for the Year Ended 31 December 2024

3. Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 102 requires the use of judgments, estimates and assumptions that impact the reported values of assets and liabilities at the reporting date, as well as the recognition of revenues and expenses during the reporting period.

These estimates and assumptions are based on historical experience and other factors deemed reasonable under the circumstances. They form the basis for judgments related to asset and liability carrying values that are not readily available from other sources. Actual results may differ from these estimates. Areas that involve significant judgment or complexity, or where assumptions and estimates are material to the financial statements, are disclosed in the accounting policies. This includes considerations such as impairment indicators for fixed assets; estimation of the useful economic life of intangible and tangible assets; and interest charges on intercompany balances.

Fixed asset investments, intangible and tangible fixed assets

The application of accounting policies for these assets requires judgments concerning impairment indicators and estimates to determine the recoverable amount of cash-generating units related to the intangible and tangible assets, where applicable. The recoverable amount is the higher of the fair value less costs of disposal and value in use. Estimates of fair value less cost of disposal are performed internally by experienced senior management supported by knowledge of similar transactions and advice from external experts where appropriate. Value in use is calculated using estimated cash flow projections from financial budgets, discounted at an appropriate rate.

Interest on balances owed by group undertakings

The directors have made judgments regarding the charging of interest on amounts owed by group undertakings. Interest is applied to outstanding balances when they exceed £1m at month-end, at a rate of 6%. The directors have considered the materiality of such balances, the fluctuating nature of the intercompany balances throughout the year, and the appropriateness of the interest rate applied. The judgment focuses on determining when interest applies, which is when the balance exceeds £1m at each month-end.

4. Other operating income

	2024 £'000	2023 £'000
Other operating income	21,583	18,759
Intra-group rents received	25	49
	<u>21,608</u>	<u>18,808</u>

Other operating income, in both the current and prior years, is made up of the fees receivable from subsidiaries for management and administration services.

5. Employees and directors

	2024 £'000	2023 £'000
Wages and salaries	8,343	7,987
Social security costs	1,246	1,156
Other pension costs	322	279
	<u>9,911</u>	<u>9,422</u>

The average number of employees during the year was as follows:

	2024	2023
Management and administration	<u>136</u>	<u>138</u>

Merkur Casino Holdings UK Limited

Notes to the Financial Statements – continued for the Year Ended 31 December 2024

6. Directors' emoluments

	2024 £'000	2023 £'000
Directors' emoluments	729	741
	<u>729</u>	<u>741</u>

During the year retirement benefits were accruing to two directors (2023: two) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £442,000 (2023: £380,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £30,000 (2023: £23,000).

7. Operating profit

The operating profit is stated after charging:

	2024 £'000	2023 £'000
Depreciation of tangible fixed assets – owned	184	100
Amortisation of intangible assets	25	42
Investment impairment	-	79
Defined contribution pension cost	322	279
Other operating leases	781	695
	<u>781</u>	<u>695</u>

Exceptional administrative (income) / expenses

	2024 £'000	2023 £'000
Re-measurement of the carrying value of parent company loan	(85)	717
Historic parent company recharge	-	1,327
	<u>(85)</u>	<u>2,044</u>

Re-measurement of the carrying value of the parent company loan

A group loan with an initial interest rate of 1% per annum has been recognised at inception using the market rate of 4.22%. In 2023, the interest rate charged on the loan increased from 3.5% to 5.927%. This resulted in a revision to the estimated cash flows relating to this group loan and a recalculation of the carrying value of the loan. The result of this recalculation was the recognition of a charge to the Statement of Comprehensive Income of £717,000.

In 2024, the loan was paid off in full which resulted in a credit to the Statement of Comprehensive Income of £85,000.

Historic parent company recharge

In the previous year, the Company received staff recharges for stakeholder support from its parent company, Merkur Casino GmbH. The charge included in exceptional administrative expenses is relevant to the period from 2015 to 2022. Charges for the period from 2023 onwards have been included in administrative expenses.

Merkur Casino Holdings UK Limited

Notes to the Financial Statements – continued for the Year Ended 31 December 2024

8. Auditors' remuneration

	2024 £'000	2023 £'000
Audit fees payable to Company's auditors	<u>257</u>	<u>244</u>

The Company bears the cost of audit fees for other companies in the Group. Details of amounts incurred by the Company on behalf of other group companies can be found in the respective financial statements for each company.

Fees for non-audit work provided in the prior year by the Company's previous auditor, Grant Thornton UK LLP, were borne by the Company, on behalf of all companies within the Group, and amounted to £63,000. There has not been any non-audit work provided by the Company's auditor in the current year.

9. Non-operating expense

	2024 £'000	2023 £'000
Impairment of investment in Merkur Bingo and Casino Entertainment UK Limited	<u>-</u>	<u>79</u>
	<u>-</u>	<u>79</u>

During the prior year, the Company paid deferred consideration on VAT refunds from HMRC to the previous owners of Merkur Bingo and Casino Entertainment UK Limited. Deferred consideration of £79,000 has been treated as an addition to the investment in the subsidiary entities in 2023, and also impaired during the year.

10. Interest receivable and similar income

	2024 £'000	2023 £'000
Interest income	230	178
Interest income – affiliates	<u>1,958</u>	<u>3,088</u>
	<u>2,188</u>	<u>3,266</u>

Interest on long-term group balances, or short-term group balances when the month-end balance exceeds £1m, is charged at a rate of 6% (2023: 6.25%). Interest is added to the total balance with the group company. No interest is charged on trading balances between group companies which are below £1m at month-end. The total amount outstanding from group undertakings as at 31 December 2024 is disclosed in note 17.

11. Interest payable and similar expenses

	2024 £'000	2023 £'000
Interest payable on finance leases	-	28
Interest payable – affiliates	<u>4,436</u>	<u>5,321</u>
	<u>4,436</u>	<u>5,349</u>

Interest on long-term group balances, or short-term group balances when the month-end balance exceeds £1m, is charged at a rate of 6% (2023: 6.25%). Interest is added to the total balance with the group company. No interest is charged on trading balances between group companies which are below £1m at month-end. The total amount outstanding from group undertakings as at 31 December 2024 is disclosed in note 19.

Merkur Casino Holdings UK Limited

Notes to the Financial Statements – continued for the Year Ended 31 December 2024

12. Taxation

	2024 £'000	2023 £'000
Corporation tax		
Current tax charge / (credit) on profit for the year	501	(338)
Adjustments in respect of prior periods	(174)	-
Total current tax	<u>327</u>	<u>(338)</u>
Deferred tax		
Origination and reversal of timing differences	(62)	125
Arising on rate change	-	(11)
Adjustments in respect of prior periods	93	(13)
Total deferred tax	<u>31</u>	<u>101</u>
Total tax charge / (credit)	<u>358</u>	<u>(237)</u>

Factors affecting the tax charge for the year

The tax assessed for the year is lower than (2023: lower than) the standard rate of corporation tax in the UK of 25% (2023: 23.50%). The differences are explained below:

	2024 £'000	2023 £'000
Profit on ordinary activities before tax	<u>18,711</u>	<u>33,504</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 25% (2023: 23.50%)	4,678	7,873
Effects of:		
Expenses not deductible for tax purposes	91	240
Group income not taxable	(4,330)	(8,352)
Deferred tax asset not recognised	-	15
Adjustments in respect of prior periods	(81)	(13)
	<u>358</u>	<u>(237)</u>

Factors that may affect future tax charges

At the year end, a deferred tax asset of £115,000 (2023: £147,000) has been recognised in the financial statements of the Company. Details of the deferred tax asset is shown in note 17 to these financial statements.

Changes in tax legislation

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25%. There has been no change to corporation tax rates for the financial year ended 31 December 2024. For the financial year ended 31 December 2024 the tax rate is 25% (2023: effective tax rate of 23.5%). Deferred tax has been measured using the tax rates applicable at the date any timing differences are expected to unwind.

13. Dividends

	2024 £'000	2023 £'000
Ordinary share of £1		
Interim	<u>-</u>	<u>8,000</u>

Merkur Casino Holdings UK Limited

Notes to the Financial Statements - continued for the Year Ended 31 December 2024

14. Intangible fixed assets

	Software £'000	Total £'000
Cost		
At 1 January 2024	148	148
At 31 December 2024	148	148
Amortisation		
At 1 January 2024	110	110
Charge for the year	25	25
At 31 December 2024	135	135
Net Book Value		
At 31 December 2024	13	13
At 31 December 2023	38	38

The amortisation charge for the year is included in the Statement of Comprehensive Income under administrative expenses.

15. Tangible fixed assets

	Short leasehold property £'000	Motor vehicles £'000	Fixtures & fittings £'000	Assets under construction £'000	Total £'000
Cost					
At 1 January 2024	-	1	581	307	889
Additions	-	-	336	-	336
Disposals	-	(1)	(282)	(4)	(287)
Transfers	36	-	265	(301)	-
At 31 December 2024	36	-	900	2	938
Amortisation					
At 1 January 2024	-	1	374	-	375
Charge for the year	3	-	181	-	184
Disposals	-	(1)	(258)	-	(259)
At 31 December 2024	3	-	297	-	300
Net book value					
At 31 December 2024	33	-	603	2	638
At 31 December 2023	-	-	207	307	514

Merkur Casino Holdings UK Limited

Notes to the Financial Statements – continued for the Year Ended 31 December 2024

16. Fixed asset investments

	2024 £'000
Cost or valuation	
At 1 January 2024	149,736
Additions	<u>5,000</u>
At 31 December 2024	154,736
Impairment	
At 1 January 2024	<u>42,437</u>
At 31 December 2024	42,437
Net book value	
At 31 December 2024	<u>112,299</u>
At 31 December 2023	<u>107,299</u>

During the year, the following changes to the value of investments took place:

Subscription to shares

During the year, the Company subscribed to an additional 4,999,999 £1 shares in Merkur Casino Entertainment UK Limited, representing 100% of the issued share capital of the subsidiary. The additional shares were issued on 15 November 2024, and the investment was made for the purpose of supporting business growth in the Group's casino business.

Subsidiary undertakings

The following are subsidiary undertakings of the Company:

Name	Shares	Holding	Principal Activity
Merkur Slots UK Limited	Ordinary	100%	Adult gaming centre operator
Merkur Bingo and Casino Entertainment UK Limited	Ordinary	100%	Bingo club operator
Merkur Casino Entertainment UK Limited	Ordinary	100%	Casino operator
Merkur Technical Support Limited	Ordinary	100%	Maintenance services company
William Clark (Holdings) Limited	Ordinary	100%	Intermediate holding company
Baleday Limited*	Ordinary	100%	Non-trading company
Classic Leisure (Northern) Limited*	Ordinary	100%	Non-trading company
Thomas Holdings Limited*	Ordinary	100%	Non-trading company
Cashino Gaming (E&J) Limited*	Ordinary	100%	Non-trading company
United Leisure Limited*	Ordinary	100%	Non-trading company
Dolphin Gaming Limited*	Ordinary	100%	Non-trading company
Mirage Centres Limited*	Ordinary	100%	Non-trading company
William Clark Limited*			In Members Voluntary Liquidation
Mayfair Acquisitionco Limited*	Ordinary	100%	In Members Voluntary Liquidation
Merkur Technical Support UK Limited*	Ordinary	100%	In Members Voluntary Liquidation

* Denotes entities which are not directly owned by Merkur Casino Holdings UK Limited. All subsidiaries are based in the UK.

Dividends

During the year, the Company received dividends of £17,320,000 from Merkur Bingo and Casino Entertainment UK Limited (2023: £15,000,000 from Merkur Bingo and Casino Entertainment UK Limited, £929,000 from Mirage Centres Limited and £11,000 from William Clark (Holdings) Limited. The Company also received a dividend in specie of £19,599,000 from Mayfair Acquisitionco Limited).

Merkur Casino Holdings UK Limited

Notes to the Financial Statements – continued for the Year Ended 31 December 2024

17. Debtors

	2024 £'000	2023 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	4,545	559
Other debtors	35	153
Deferred tax asset	115	147
Prepayments and accrued income	<u>594</u>	<u>550</u>
	<u>5,289</u>	<u>1,409</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>17,700</u>	<u>46,000</u>
Aggregate amounts	<u>22,989</u>	<u>47,409</u>

The amounts owed by group undertakings are unsecured and fluctuate throughout the year. Interest is charged at a rate of 6% (2023: 6.25%) on balances exceeding £1m at each month end. There are no fixed terms for repayment and interest is rolled into the group balance.

In 2021, £46.0m of the Company's balance with Merkur Slots UK Limited was formalised into a loan agreement. The balance as at 31 December 2024 is £17.7m (2023: £46.0m). The loan carries interest at 6% (2023: 6.25%) and no portion of this loan is repayable before 1 February 2026.

Deferred tax

	2024 £'000	2023 £'000
At 1 January 2024	147	248
Utilisation	<u>(32)</u>	<u>(101)</u>
At 31 December 2024	<u>115</u>	<u>147</u>

The deferred tax asset is made up as follows:

Accelerated capital allowances	69	81
Other timing differences	<u>46</u>	<u>66</u>
	<u>115</u>	<u>147</u>

18. Cash at bank and in hand

	2024 £'000	2023 £'000
Cash at bank and in hand	<u>137</u>	<u>924</u>

Merkur Casino Holdings UK Limited

Notes to the Financial Statements – continued for the Year Ended 31 December 2024

19. Creditors: amounts falling due within one year

	2024	2023
	£'000	£'000
Trade creditors	140	373
Amounts owed to group undertakings	3,358	32,861
Corporation tax	393	-
Social security and other taxes	415	604
Other creditors	88	55
Finance leases	-	186
Accruals and deferred income	3,020	2,528
	<u>7,414</u>	<u>36,607</u>

The amounts owed to group undertakings are unsecured and fluctuate throughout the year. Interest is charged at a rate of 6% (2023: 6.25%) on balances exceeding £1m at each month end. There are no fixed terms for repayment and interest is rolled into the group balance.

20. Creditors: amounts falling due after more than one year

	2024	2023
	£'000	£'000
Amounts owed to group undertakings	<u>50,476</u>	<u>59,611</u>
	<u>50,476</u>	<u>59,611</u>

Amounts owed to group undertakings represents the loan from Merkur Casino GmbH. Analysis of the maturity of loans is given below:

	2024	2023
	£'000	£'000
Amounts falling due within one year		
Loan from Merkur Casino GmbH	-	12,800
Amounts falling due 2 - 5 years		
Loan from Merkur Casino GmbH	<u>50,476</u>	<u>59,611</u>
	<u>50,476</u>	<u>72,411</u>

All loans from the intermediate parent undertaking are unsecured.

In 2017, Merkur Casino GmbH re-denominated a long-term Euro loan into Sterling at a value of £48.0m. The loan had an interest rate of 1% on inception of the loan, which was at a lower interest rate than could be obtained from a third-party bank in the UK.

Under FRS 102, where loans are obtained at interest rates lower than market rate, the loan must be measured at the present value of the future payments discounted at a market rate of interest for a similar loan as determined at initial recognition, with the difference in carrying value treated as a capital contribution within equity. The value of capital contribution recognised on the loan was £4.7m.

Where there is a change to the cash flows of loans obtained at interest rates lower than market rate, a recalculation of the present value of the loan is required, using the market value interest rate at the date of inception of the loan. The adjustment to the carrying value of the loan is recognised in the Statement of Comprehensive Income in the year of the recalculation.

In 2024 interest on the loan was charged at 5.927% (2023: 5.927%), resulting in a reduction to the interest charge of £99,000 (2023: £185,000) due to the differential between the market rate of interest of 4.22% and the actual interest rate.

Merkur Casino Holdings UK Limited

Notes to the Financial Statements - continued for the Year Ended 31 December 2024

20. Creditors: amounts falling due after more than one year (continued)

During the current year, the 2017 loan was fully repaid, resulting in a change in the cashflows of the loan. Consequently, a credit to the Statement of Comprehensive Income of £85,000 has been recognised in exceptional administrative income. See note 7 for further details.

In the prior year, the interest rate of the loan was increased from 3.5% to 5.927%, changing the cashflows of the loan. A charge to the Statement of Comprehensive Income of £717,000 was recognised as a result of this change.

The full repayment of the loan in 2024 has resulted in the derecognition of the outstanding loan liability and the associated capital contribution has been transferred to distributable reserves.

All loans from Merkur Casino GmbH are measured at amortised cost and interest is charged at 5.927% on all loans.

21. Provisions for liabilities

	Dilapidation provision £'000	Total £'000
At 1 January 2024	153	153
Additions	27	27
Utilised	(160)	(160)
At 31 December 2024	20	20

As part of the Company's property leasing arrangements there is an obligation to repair damages which occur during the life of the lease, such as wear and tear. The provision is based on the charge that could reasonably be expected to arise at the end of or during the respective lease terms and represents the accrued charge from the inception of the lease to 31 December 2024.

During the year, the Company surrendered the lease for its former head office building and utilised the provision that had previously been established for this purpose. Going forward, the provision will be rebuilt over the term of the new lease for the current head office property, which is set to expire in July 2033.

The provision is not discounted as it represents the present value of the obligation based on current estimates of the cost of repairs.

22. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2024 £	2023 £
1	Ordinary	£1	<u>1</u>	<u>1</u>

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

23. Reserves

Retained earnings

This reserve represents cumulative profits and losses.

Capital contribution reserve

On 15 December 2017, the Company recognised a capital contribution of £4.7m arising on the re-denomination of a long-term Euro loan into Sterling, which had been provided at an interest rate lower than the market rate of interest. Details of this transaction are provided in note 20.

In 2024, the capital contribution was transferred to retained earnings when the loan was fully repaid.

Merkur Casino Holdings UK Limited

Notes to the Financial Statements – continued for the Year Ended 31 December 2024

24. Pension commitments

The Group operates two defined contribution pension schemes into which the employees of Merkur Casino Holdings UK Limited are enrolled. The pension charge for the year represents contributions payable by the Company to the funds and amounted to £322,000 (2023: £279,000). At the end of the year there were employer and employee contributions outstanding of £81,000 (2023: £54,000).

25. Commitments under operating leases

At 31 December 2024, the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2024 £'000	2023 £'000
Not later than 1 year	433	388
Later than 1 year and not later than 5 years	929	645
Later than 5 years	539	680
	<u>1,901</u>	<u>1,713</u>

The increase in operating lease commitments at 31 December 2024 is a result of a new vehicle leases during the year.

26. Related party disclosures

The Company is a wholly owned subsidiary of Merkur Casino UK Limited and is included in the consolidated financial statements of that company. Consequently, the Company has taken advantage of the exemption, under the terms of FRS 102 Section 33 Related Party Disclosures, from disclosing related party transactions with wholly owned entities that are part of the Group.

During the year, the Company entered into transactions with other group companies which are under the common control of the ultimate parent company, Merkur.com AG. Under the terms of FRS 102 Section 33 Related Party Disclosures, an exemption from disclosing these transactions has been taken.

27. Ultimate controlling party

The immediate parent undertaking was Merkur Casino UK Limited, an intermediate holding company.

The immediate parent of Merkur Casino UK Limited is Merkur Casino GmbH, a company registered in Germany.

The smallest group in which the results of the Company are consolidated is that headed by Merkur Casino UK Limited. Copies of the Merkur Casino UK Limited financial statements may be obtained from The Secretary, Merkur Casino UK Limited, Second Floor, Matrix House, North Fourth Street, Milton Keynes, MK9 1NJ.

The largest group in which the results of the Company are consolidated is that headed by Merkur.com AG, the ultimate controlling party. A copy of these financial statements may be requested from Merkur.com AG, Merkur Allee 1-15, 32339, Espelkamp, Germany.